

Buffalo Urban Development Corporation

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Buffalo Urban Development Corporation
Board of Directors Meeting

Date: Tuesday, July 25, 2023

Time: 12:00 noon

***New Location: Center of Excellence in Bioinformatics & Life Sciences
701 Ellicott Street, 2nd Floor -- The Event Space Conference Room B2-205
Buffalo, NY 14203***

1.0 CALL TO ORDER

2.0 READING OF THE MINUTES *(Action) (Enclosure)*

3.0 MONTHLY FINANCIAL REPORTS *(Enclosure)*

3.1 683 Northland Master Tenant, LLC Financial Statements *(Information)*

3.2 BUDC Consolidated Financial Statements *(Action)*

4.0 NEW BUSINESS

4.1 Northland Central – Proposed Lease to Northland Workforce Training Center *(Action)(Enclosure)*

4.2 Northland Corridor Project Update *(Information)*

4.3 Ralph Wilson Park – Project Update Presentation *(Information)*

4.4 Buffalo’s Race For Place Update *(Information)*

4.5 Buffalo Lakeside Commerce Park Update *(Information)*

5.0 LATE FILES

6.0 TABLED ITEMS

7.0 EXECUTIVE SESSION

8.0 ADJOURNMENT *(Action)*

**Minutes of the Annual Meeting
of the
Board of Directors
of
Buffalo Urban Development Corporation**

***Center for Excellence in Bioinformatics & Life Sciences
701 Ellicott Street, 2nd Floor—The Event Space Conference Room B2-205
Buffalo, New York 14203***

**June 27, 2023
12:00 p.m.**

Directors Present:

Catherine Amdur
Mayor Byron W. Brown (Chair)
Scott Bylewski
Daniel Castle
Janique S. Curry
Dennis W. Elsenbeck
Darby Fishkin
Thomas Halligan
Thomas A. Kucharski
Brendan R. Mehaffy
Kimberley A. Minkel
Karen Utz

Directors Absent:

Trina Burruss
Dottie Gallagher
Elizabeth Holden
Nathan Marton
David J. Nasca
Dennis M. Penman (Vice Chair)
Darius G. Pridgen

Officers Present:

Brandye Merriweather, President
Rebecca Gandour, Executive Vice President
Mollie M. Profic, Treasurer
Atiqa Abidi, Assistant Treasurer

Guests Present: Jonathan Epstein, *Buffalo News*; Alexis M. Florczak, Hurwitz Fine P.C.; Soma Hawramee, ECIDA Compliance Officer; Laurie Hendrix, ECIDA Administrative Coordinator; Brian Krygier, Director of IT, ECIDA; Antonio Parker, BUDC Project Manager; and Angelo Rhodes, BUDC Project Manager.

- 1.0** **Roll Call** – The meeting was called to order at 12:23 p.m. Ms. Florczak, who served as Secretary of the meeting, called the roll of directors and a quorum of the Board was determined to be present.
- 2.0** **Approval of Minutes – April 25, 2023** – The minutes of the April 25, 2023 meeting of the Board of Directors were presented. Ms. Minkel made a motion to approve the meeting minutes. The motion was seconded by Mr. Mehaffy and unanimously carried (12-0-0).
- 3.0** **Monthly Financial Reports** – Ms. Profic presented for information purposes the financial statements for 683 Northland Master Tenant, LLC for the period ending May 31, 2023. She then presented the consolidated financial statements for BUDC and its affiliates, 683 Northland LLC and 683 WTC, LLC for the period ending May 31, 2023. Mr. Elsenbeck made a motion to accept the BUDC

consolidated financial statements. The motion was seconded by Mr. Halligan and unanimously carried (12-0-0).

4.0 **New Business**

4.1 **2023-2024 Election of Officers** – Mr. Kucharski presented the following proposed slate of officers of BUDC as set forth in his June 27, 2023 memorandum to the Board of Directors:

Chair:	Hon. Byron W. Brown
Vice Chair:	Dennis M. Penman
President:	Brandye Merriweather
Executive Vice President:	Rebecca Gandour
Treasurer:	Mollie M. Profic
Assistant Treasurer:	Atiqa Abidi
Secretary:	Kevin J. Zanner

Upon motion made by Mr. Kucharski, seconded by Ms. Curry and unanimously carried (12-0-0), the foregoing slate of officers was approved, with each officer to serve a term of one (1) year and until his or her successor has been elected or appointed.

4.2 **Appointment and Re-appointment of Citizen Board Members** – Ms. Merriweather and Mayor Brown presented Mayor Brown's June 27, 2023 memorandum to the Board regarding his re-appointment of Darby Fishkin and Dennis Elsenbeck as citizen members and directors of BUDC. Mayor Brown thanked Ms. Fishkin and Mr. Elsenbeck for their service to BUDC.

4.3 **2023-2024 Committee Appointments** – Ms. Merriweather presented the proposed slate of Committee appointments for 2023-2024. Mr. Kucharski made a motion to approve the proposed slate of Committee appointments. The motion was seconded by Ms. Minkel and unanimously carried (12-0-0). The Committee appointments made by the Board are as follows:

Downtown Committee: Catherine Amdur; Daniel Castle; Darby Fishkin, Dottie Gallagher; Nathan Marton; Brendan R. Mehaffy (*Committee Chair*); Kimberley A. Minkel; Darius G. Pridgen; and Karen Utz.

Governance Committee: Hon. Byron W. Brown; Dennis W. Elsenbeck; Thomas Halligan; Thomas A. Kucharski (*Committee Chair*); Brendan R. Mehaffy; Dennis M. Penman; and Karen Utz.

Audit & Finance Committee: Catherine Amdur; Trina Burruss; Janique S. Curry; David J. Nasca; and Dennis M. Penman (*Committee Chair*).

Real Estate Committee: Scott Bylewski; Janique S. Curry; Elizabeth Holden; Thomas A. Kucharski; Brendan R. Mehaffy; Kimberley A. Minkel (*Committee Chair*); and Dennis M. Penman.

Loan Committee: Dottie Gallagher; and Brendan R. Mehaffy (*Committee Chair*).

4.4 **Ralph C. Wilson Centennial Park – Fifth Amendment to BUDC-City of Buffalo Wilson Foundation Subgrant Agreement** – Mr. Parker presented his June 27, 2023 memorandum regarding the Fifth Amendment to the BUDC-City of Buffalo Wilson Foundation subgrant agreement. Following his presentation, Ms. Minkel made a motion to: (i) approve the Fifth Amendment to the BUDC-City of Buffalo subgrant agreement allowing BUDC to transfer the \$252,000 Ralph Wilson Foundation Grant to the City of Buffalo to fund the Grant Manager position; and (ii) authorize the BUDC President or Executive Vice President to execute the Fifth Amendment

and take such other actions as are necessary to implement this authorization. The motion was seconded by Ms. Utz and unanimously carried (12-0-0).

4.5 Buffalo’s Race for Place – Downtown Waterfront Improvement Plan MIG Contract

Extension – Ms. Merriweather presented her June 27, 2023 memorandum regarding the Downtown Waterfront Improvement Plan Contract Extension. Following her presentation, Ms. Curry made a motion to: (i) approve the BUDC-MIG contract extension of \$19,030 with BUDC providing an additional \$9,515; and (ii) authorize the BUDC President or Executive Vice President to execute the extension and take such other actions as are necessary to implement this authorization. The motion was seconded by Mr. Halligan and (with Ms. Utz abstaining) carried with eleven affirmative votes (11-0-1).

4.6 Buffalo’s Race for Place – Project for Public Spaces Electrical Contractor

Agreement – Mr. Parker presented his June 27, 2023 memorandum regarding the Project for Public Spaces electrical contractor agreement. Following his presentation, Mr. Kucharski made a motion to: (i) approve a contract between BUDC and CIR Electrical Construction Corporation for the Project’s installation work for a total cost of \$12,900.00; and (ii) authorize the BUDC President or Executive Vice President to execute the contract and take such other actions as are necessary and appropriate to implement this authorization. The motion was seconded by Ms. Fishkin and unanimously carried (12-0-0).

4.7 BBRP Loan Program – Loan Termination Agreement

– Ms. Merriweather presented her June 27, 2023 memorandum regarding the BBRP loan program termination agreement. Following her presentation, Mr. Mehaffy commended the program’s success and noted that discussions regarding programming are to continue in the future. Ms. Merriweather also thanked BUDC’s private sector partners, including the Buffalo Niagara Partnership, ESD, Evans Bank and other participating partner banks. Mr. Mehaffy made a motion to: (i) enter into a termination agreement with the respective banking partners to terminate the BBRP Loan Program; and (ii) authorize the BUDC President or Executive Vice President to execute the termination agreement and take such other actions as are necessary or appropriate to implement this authorization. The motion was seconded by Ms. Amdur and (with Ms. Utz abstaining) carried with eleven affirmative votes (11-0-1).

4.8 Buffalo Lakeside Commerce Park – Exclusivity Agreement with Savarino Companies Relating to 193 Ship Canal Parkway

– Ms. Gandour presented her June 27, 2023 memorandum regarding the proposed exclusivity agreement with Savarino Companies relating to 193 Ship Canal Parkway. This item was reviewed at the Real Estate Committee’s June 15, 2023 meeting and is being recommended for approval. Ms. Minkel made a motion to: (i) approve BUDC entering into an exclusivity agreement with Savarino Companies regarding 193 Ship Canal Parkway, consistent with the terms set forth in Ms. Gandour’s June 27, 2023 memorandum; and (ii) authorize the President or Executive Vice President to execute the exclusivity agreement and take such other actions as may be necessary or appropriate to implement this action. The motion was seconded by Ms. Utz and unanimously carried (12-0-0).

4.9 Buffalo Lakeside Commerce Park Project Update

– Ms. Gandour presented an update regarding Buffalo Lakeside Commerce Park. Savarino has decided not to move forward with extending its exclusivity agreement for 80, 134, 158 and 200 Ship Canal Parkway. BUDC is working with Invest Buffalo Niagara to update its BLCP brochure and market these available sites. Staff plans to schedule a POA meeting in July to provide an update regarding operations of the POA through June 30, 2023 and anticipated expenses for the remainder of the year. Ms. Merriweather added that BUDC has selected Landon & Rian through a request for qualifications (RFQ) process to provide MWBE compliance monitoring services for Phase 1 of Zephyr’s project at BLCP. Counsel has prepared a three-party MOU that has been circulated to Landon & Rian and Zephyr for review.

4.10 BBRP / Buffalo’s Race for Place Project Update – Ms. Merriweather presented an update on Buffalo’s Race for Place. BUDC continues its work with MIG and the City on its Inner Harbor and Waterfront Public Realm master plan. Stakeholder interviews were conducted recently regarding the accessibility of neighborhoods and the opportunities for small businesses and local artists through this development. The City continues its work on its Smart Streets Design Program. A public meeting was held last week which reported on progress to date and noted the project will be entering its design phase. Mr. Mehaffy commended MIG for its work toward connecting neighborhoods such as East Buffalo and the Lower West Side to the City’s Waterfront. A discussion from the Board followed regarding incorporating electrical and utility infrastructure improvements in the Smart Streets Design Program assessment.

4.11 Northland Beltline Corridor Update – Ms. Gandour presented the Northland Beltline Corridor update. LaBella presented an update regarding Northland Redevelopment Phase 3 to the Real Estate Committee at its June 15, 2023 meeting. Discussions with National Grid are ongoing regarding substation upgrades and the community solar elements of Northland Phase 3. A stakeholder meeting at Buffalo Manufacturing Works will be held July 20th. BUDC is coordinating with the City on topics to be discussed at this meeting. Mayor Brown was interviewed by the Brookings Institute to present the region as a case study for Build Back Better. A request for proposals (RFP) was released last week for architectural & engineering, inspection, and grant administration services for 631 Northland.

5.0 Late Files – None.

6.0 Tabled Items – None.

7.0 Executive Session – None.

8.0 Adjournment – There being no further business to come before the Board, on motion made by Mr. Elsenbeck, seconded by Ms. Minkel and unanimously carried (12-0-0), the June 27, 2023 meeting of the Board of Directors was adjourned at 1:02 p.m.

Respectfully submitted,

Alexis M. Florczak
Secretary of the Meeting

683 Northland Master Tenant, LLC

Financial Statements

June 30, 2023

(Unaudited)

683 NORTHLAND MASTER TENANT, LLC
Balance Sheet

ASSETS	June	May	December
	2023	2023	2022
Current assets:			
Cash	\$ 406,598	\$ 343,124	\$ 486,590
Tenant receivable	77,811	90,588	42,206
Prepaid expenses	29,937	42,526	115,882
Total current assets	<u>514,346</u>	<u>476,238</u>	<u>644,678</u>
Prepaid rent - sublessee	512,715	507,828	483,394
Prepaid leasing commission	175,257	177,483	188,616
Tenant security deposits	80,198	85,143	84,894
Cash reserves	347,825	347,596	356,575
Equipment, net	19,869	19,869	19,869
Right of use asset - Master Lease Agreement	27,543,510	27,688,639	28,430,126
Total assets	<u>\$ 29,193,720</u>	<u>\$ 29,302,796</u>	<u>\$ 30,208,152</u>
LIABILITIES & MEMBERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 71,483	\$ 57,238	\$ 130,895
Due to related parties	254,935	254,935	254,935
Total current liabilities	<u>326,418</u>	<u>312,173</u>	<u>385,830</u>
Operating deficit loan	132,359	132,359	132,359
Tenant security deposits	79,850	84,850	84,850
Deferred operating lease liability - Master Lease Agreement	7,569,085	7,597,212	7,736,986
Deferred operating lease liability - sublessee	5,321,228	5,367,317	5,637,433
Distribution payable - priority return	-	-	238,207
Total noncurrent liabilities	<u>13,102,522</u>	<u>13,181,738</u>	<u>13,829,835</u>
MEMBERS' EQUITY	15,764,780	15,808,885	15,992,487
Total liabilities and net position	<u>\$ 29,193,720</u>	<u>\$ 29,302,796</u>	<u>\$ 30,208,152</u>

683 NORTHLAND MASTER TENANT, LLC
Income Statement

Year-to-Date For the Period Ended:

	<u>June 2023</u>	<u>May 2023</u>	<u>December 2022</u>
Revenues:			
Lease revenue	\$ 730,968	\$ 611,890	\$ 1,466,335
Additional lease revenue	368,670	304,770	753,037
Interest and other revenue	3,090	2,550	1,372
Total revenues	<u>1,102,728</u>	<u>919,210</u>	<u>2,220,744</u>
Expenses:			
Lease expense	964,926	806,889	1,879,742
Payroll	76,797	64,783	143,808
Utilities expense	(53)	(474)	85,089
Insurance expense	62,252	51,877	122,769
Professional fees	55,056	44,598	77,936
Property management fee	35,111	29,397	70,520
Real estate taxes	4,701	4,701	20,398
Repairs and maintenance	121,645	91,041	286,011
Asset management fee	10,000	10,000	10,000
Miscellaneous expense	-	-	318
Depreciation expense	-	-	5,056
Total expenses	<u>1,330,435</u>	<u>1,102,812</u>	<u>2,701,647</u>
Net loss	(227,707)	(183,602)	(480,903)
Members' equity - beginning of period	<u>15,992,487</u>	<u>15,992,487</u>	<u>14,578,450</u>
Change in members' equity	(227,707)	(183,602)	(480,903)
Members' capital contributions	-	-	2,091,098
Distributions	-	-	(196,158)
Members' equity - end of period	<u>\$ 15,764,780</u>	<u>\$ 15,808,885</u>	<u>\$ 15,992,487</u>

683 NORTHLAND MASTER TENANT, LLC
Statement of Cash Flows

Year-to-Date For the Period Ended:

	<u>June 2023</u>	<u>May 2023</u>	<u>December 2022</u>
Cash flows from operating activities:			
Net loss	\$ (227,707)	\$ (183,602)	\$ (480,903)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	-	-	5,056
Decrease (increase) in assets:			
Tenant receivables	(35,605)	(48,382)	32,479
Prepaid insurance	85,945	73,356	(9,220)
Accrued rental income	(29,321)	(24,434)	(57,085)
Prepaid leasing commission	13,359	11,133	29,322
Right of use asset - Master Lease Agreement	718,715	601,713	1,395,256
Increase (decrease) in liabilities:			
Security deposit liability	(5,000)	-	(4)
Accounts payable	(59,412)	(73,657)	(13,655)
Deferred operating lease liability - sublessee	(316,205)	(270,116)	(513,406)
Net cash provided (used) by operating activities	<u>144,769</u>	<u>86,011</u>	<u>387,840</u>
Cash flows from investing activities:			
Equipment purchases	-	-	(18,390)
Net cash used by investing activities	<u>-</u>	<u>-</u>	<u>(18,390)</u>
Cash flows from financing activities:			
Members' contributions	-	-	2,091,098
Distributions	(238,207)	(238,207)	(221,892)
Payments of prepaid rent under Master Lease Agreement	-	-	(1,869,206)
Net cash provided by financing activities	<u>(238,207)</u>	<u>(238,207)</u>	<u>-</u>
Net increase (decrease) in cash	(93,438)	(152,196)	369,450
Cash and restricted cash - beginning of period	<u>928,059</u>	<u>928,059</u>	<u>558,609</u>
Cash and restricted cash - end of period	<u>\$ 834,621</u>	<u>\$ 775,863</u>	<u>\$ 928,059</u>

683 NORTHLAND MASTER TENANT, LLC
Budget to Actual Comparison

	YTD June 2023	YTD Budget 2023	Variance
Revenues:			
Lease revenue	\$ 730,968	\$ 728,000	\$ 2,968
Additional lease revenue	368,670	371,000	(2,330)
Interest and other revenue	3,090	125	2,965
Total revenues	<u>1,102,728</u>	<u>1,099,125</u>	<u>3,603</u>
Expenses:			
Lease expense	964,926	939,871	25,055
Payroll	76,797	83,050	(6,253)
Utilities	(53)	51,000	(51,053)
Insurance	62,252	63,500	(1,248)
Professional fees	55,056	33,850	21,206
Property management fee	35,111	36,500	(1,389)
Real estate taxes	4,701	13,000	(8,299)
Repairs and maintenance	121,645	130,500	(8,855)
Asset management fee	10,000	10,000	-
Miscellaneous	-	2,500	(2,500)
Depreciation	-	-	-
Total expenses	<u>1,330,435</u>	<u>1,363,771</u>	<u>(33,336)</u>
Net income (loss)	\$ (227,707)	\$ (264,646)	\$ 36,939

Budget variances:

- Additional lease revenue is amounts charged to tenants for common area maintenance (CAM) charges, insurance, etc.
- Lease expense represents the base lease cost of the Master Lease with 683 Northland LLC
- Utility costs are negative due to timing. Costs incurred must be paid by the Master Tenant, then billed back to the tenants in the following month based on leased area.
- Professional fees are above budget year-to-date because of timing (e.g. audit and tax prep fees).
- Repairs and maintenance includes building automation system costs, snow removal and landscaping.

Buffalo Urban Development Corporation
Consolidated Financial Statements
June 30, 2023
(Unaudited)

BUFFALO URBAN DEVELOPMENT CORPORATION
Consolidated Statements of Net Position
(Unaudited)

ASSETS	June 2023	May 2023	December 2022
Current assets:			
Cash	\$ 20,410,515	\$ 20,621,598	\$ 20,354,669
Restricted cash	3,849,454	3,867,815	4,014,036
Grants receivable	42,196,624	42,246,624	32,183,206
Other current assets	5,914,588	5,920,978	6,230,118
Total current assets	<u>72,371,181</u>	<u>72,657,016</u>	<u>62,782,029</u>
Noncurrent assets:			
Loans receivable	9,666,400	9,666,400	9,666,400
Equity investment	178,051	178,051	178,051
Capital assets, net	102,706,361	103,052,253	104,743,214
Land and improvement held for sale, net	788,212	788,212	788,212
Total noncurrent assets	<u>113,339,023</u>	<u>113,684,916</u>	<u>115,375,877</u>
Total assets	<u>\$ 185,710,204</u>	<u>\$ 186,341,931</u>	<u>\$ 178,157,906</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 117,055	\$ 120,572	\$ 244,121
Lines of credit	647,158	677,158	677,158
Loans payable, current	369,750	369,750	1,001,167
Unearned grant revenue	64,517,511	64,678,217	53,843,821
Total current liabilities	<u>65,651,474</u>	<u>65,845,697</u>	<u>55,766,267</u>
Deferred rent liability	19,966,073	20,084,467	20,693,140
Loans payable, noncurrent	13,730,000	13,730,000	14,099,750
Total noncurrent liabilities	<u>33,696,073</u>	<u>33,814,467</u>	<u>34,792,890</u>
NET POSITION			
Net investment in capital assets	89,394,822	89,740,715	90,430,509
Restricted	3,311,036	3,310,454	3,510,166
Unrestricted	<u>(6,343,201)</u>	<u>(6,369,401)</u>	<u>(6,341,926)</u>
Total net position	<u>86,362,657</u>	<u>86,681,768</u>	<u>87,598,749</u>
Total liabilities and net position	<u>\$ 185,710,204</u>	<u>\$ 186,341,931</u>	<u>\$ 178,157,906</u>

Balance Sheet Notes:

- Cash decreased mainly due to payments made during the month.
- Capital assets decrease is due to monthly depreciation expense.
- Lines of credit: balances at end of April are BUDC: \$0 ; 683 Northland: \$647,158. 683 Northland took no advances during the month and BUDC's line is currently paid down.
- Unearned grant revenue decreased due to recognition of grant revenue.

BUFFALO URBAN DEVELOPMENT CORPORATION
Consolidated Statements of Revenues, Expenses
and Changes in Net Position
Year to Date (with Comparative Data)
(Unaudited)

	<u>June 2023</u>	<u>May 2023</u>	<u>December 2022</u>
Operating revenues:			
Grant revenue	\$ 678,092	\$ 524,005	\$ 8,056,897
Brownfield funds	31,181	31,181	36,183
Loan interest and commitment fees	48,332	40,277	618,537
Rental and other revenue	1,939,000	1,768,117	9,024,458
Proceeds from sale of land, net	-	-	(440,604)
Total operating revenues	<u>2,696,606</u>	<u>2,363,580</u>	<u>17,295,471</u>
Operating expenses:			
Development costs	658,294	544,222	8,152,353
Adjustment to net realizable value	44,314	25,670	121,587
Salaries and benefits	201,330	167,496	384,460
General and administrative	966,231	852,026	1,678,689
Management fee	46,200	38,500	83,967
Depreciation	<u>2,029,154</u>	<u>1,690,961</u>	<u>4,152,122</u>
Total operating expenses	<u>3,945,523</u>	<u>3,318,875</u>	<u>14,573,179</u>
Operating income (loss)	(1,248,917)	(955,295)	2,722,292
Non-operating revenues (expenses):			
Loss on disposal	-	-	18,051
Interest expense	(101,789)	(67,872)	(782,784)
Interest income	78,024	63,874	18,966
Other income	<u>(5,720)</u>	<u>-</u>	<u>(44,366)</u>
Total non-operating revenues (expenses)	<u>(29,485)</u>	<u>(3,997)</u>	<u>(790,133)</u>
Change in net position	(1,278,403)	(959,292)	1,932,159
Net position - beginning of period	<u>87,598,749</u>	<u>87,598,749</u>	<u>85,318,266</u>
Capital contributions, net of distributions	42,311	42,311	348,325
Net position - end of period	<u>\$ 86,362,658</u>	<u>\$ 86,681,768</u>	<u>\$ 87,598,749</u>

BUFFALO URBAN DEVELOPMENT CORPORATION
Consolidating Statement of Net Position
June 30, 2023 (Unaudited)

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
ASSETS					
Current assets:					
Cash	\$ 20,402,394	\$ 60	\$ 8,061	\$ -	\$ 20,410,515
Restricted cash	3,668,405	-	181,048	-	3,849,454
Grants receivable	42,196,624	-	-	-	42,196,624
Other current assets	7,793,221	26,833	132,359	(2,037,824) (1)	5,914,588
Total current assets	74,060,645	26,893	321,468	(2,037,824)	72,371,181
Noncurrent assets:					
Loans receivable	61,853,679	-	-	(52,187,279) (1)	9,666,400
Equity investment	-	67,097,964	-	(66,919,913) (1)	178,051
Capital assets, net	8,402,866	-	94,303,495	-	102,706,361
Land and improvement held for sale, net	788,212	-	-	-	788,212
Total noncurrent assets	71,044,756	67,097,964	94,303,495	(119,107,192)	113,339,023
Total assets	\$ 145,105,401	\$ 67,124,856	\$ 94,624,963	\$ (121,145,016)	\$ 185,710,204
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expense	\$ 107,832	\$ 2,042,874	\$ 4,173	\$ (2,037,824) (1)	\$ 117,055
Line of credit	-	-	647,158	-	647,158
Loans payable, current	369,750	-	-	-	369,750
Unearned grant revenue	64,517,511	-	-	-	64,517,511
Total liabilities	64,995,094	2,042,874	651,331	(2,037,824)	65,651,474
Noncurrent liabilities:					
Deferred rent liability	-	-	19,966,073	-	19,966,073
Loans payable, noncurrent	-	52,187,279	13,730,000	(52,187,279) (1)	13,730,000
Total noncurrent liabilities	-	52,187,279	33,696,073	(52,187,279)	33,696,073
NET POSITION					
Net investment in capital assets	8,821,327	-	80,573,495	-	89,394,822
Restricted	3,311,036	-	-	-	3,311,036
Unrestricted	67,977,944	12,894,703	(20,295,935)	(66,919,913) (1)	(6,343,201)
Total net position	80,110,307	12,894,703	60,277,560	(66,919,913)	86,362,657
Total liabilities and net position	\$ 145,105,401	\$ 67,124,856	\$ 94,624,963	\$ (121,145,016)	\$ 185,710,204

(1) This represents activity between the entities to be eliminated for the consolidated financial statements.

BUFFALO URBAN DEVELOPMENT CORPORATION
Consolidating Statement of Revenues, Expenses and Changes in Net Position
Year to Date: June 30, 2023 (Unaudited)

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
Operating revenues:					
Grant revenue	\$ 678,092	\$ -	\$ -	\$ -	\$ 678,092
Brownfield funds	31,181	-	-	-	31,181
Loan interest and commitment fees	48,332	-	-	-	48,332
Rental and other revenue	68,720	897,001	973,279	-	1,939,000
Proceeds from land sales, net	-	-	-	-	-
Total operating revenue	<u>826,326</u>	<u>897,001</u>	<u>973,279</u>	<u>-</u>	<u>2,696,606</u>
Operating expenses:					
Development costs	658,294	-	-	-	658,294
Adjustment to net realizable value	44,314	-	-	-	44,314
Salaries and benefits	201,330	-	-	-	201,330
General and administrative	749,099	126,000	91,132	-	966,231
Management fee	46,200	-	-	-	46,200
Depreciation	-	-	2,029,154	-	2,029,154
Total operating expenses	<u>1,699,238</u>	<u>126,000</u>	<u>2,120,285</u>	<u>-</u>	<u>3,945,523</u>
Operating income	(872,912)	771,001	(1,147,006)	-	(1,248,917)
Non-operating revenues (expenses):					
Interest expense	(13,865)	-	(87,924)	-	(101,789)
Interest income	77,507	325	192	-	78,024
Other income/expenses	-	-	(5,720)	-	(5,720)
Total non-operating revenues (expenses)	<u>63,642</u>	<u>325</u>	<u>(83,452)</u>	<u>-</u>	<u>(29,485)</u>
Change in net position	(809,270)	771,326	(1,240,458)	-	(1,278,403)
Net position - beginning of year	80,919,578	12,123,377	60,669,506	(66,113,712) (1)	87,598,749
Capital contributions, net of distributions	-	-	848,512	(806,201) (1)	42,311
Net position - end of period	<u>\$ 80,110,307</u>	<u>\$ 12,894,703</u>	<u>\$ 60,277,560</u>	<u>\$ (66,919,913)</u>	<u>\$ 86,362,657</u>

(1) This represents activity between the entities to be eliminated for the consolidated financial statements.

BUFFALO URBAN DEVELOPMENT CORPORATION
Budget to Actual Comparison
Year to Date: June 30, 2023 (Unaudited)

	YTD June 2023	YTD Budget 2023	Variance
Operating revenues:			
Grant revenue	\$ 678,092	\$ 18,827,500	\$ (18,149,408)
Brownfield funds	31,181	20,000	11,181
Loan interest and commitment fees	48,332	48,332	-
Rental and other revenue	1,939,000	990,181	948,819
Proceeds from land sales, net	-	98,850	(98,850)
Total operating revenues	<u>2,696,606</u>	<u>19,984,863</u>	<u>(17,288,257)</u>
Operating expenses:			
Development costs	658,294	15,953,580	(15,295,286)
Adjustment to net realizable value	44,314	-	44,314
Salaries and benefits	201,330	259,547	(58,217)
General and administrative	966,231	662,588	303,643
Management fee	46,200	43,500	2,700
Depreciation	2,029,154	2,040,500	(11,346)
Total operating expenses	<u>3,945,523</u>	<u>18,959,715</u>	<u>(15,014,192)</u>
Operating income (loss)	<u>(1,248,917)</u>	1,025,148	(2,274,065)
Non-operating revenues (expenses):			
Interest expense	(101,789)	(122,837)	21,048
Interest income	78,024	250	77,774
Other income	(5,720)	-	(5,720)
Total non-operating revenues (expenses)	<u>(29,485)</u>	<u>(122,587)</u>	<u>93,102</u>
Change in net position	<u>\$ (1,278,403)</u>	<u>\$ 902,561</u>	<u>\$ (2,180,964)</u>

Budget variances:

- Grant revenue relates mainly to Ralph C. Wilson, Jr. Centennial Park and Northland Solar Projects. The variance is due to lower grant revenue recognition than anticipated as a result of project timing.
- Rental and other revenue consists of recognition of prepaid rent income (straight-line basis) by 683 Northland LLC from 683 Northland Master Tenant, LLC, and rent income at properties other than 683 Northland Avenue. Also included is 2020 brownfield tax credit refund to 683 WTC, LLC of \$897,000, received in January.
- Development costs consist of property/project-related costs (e.g. consultants, operations and maintenance, legal and utility costs). Some costs may be capitalized upon project completion. Variance due mainly to timing of project costs.
- General and administrative costs consist of insurance, rents, audit/tax, marketing and other G&A costs. Rents include BUDC offices, Buffalo Manufacturing Works base rent (per ESD grant agreement) and recognition of prepaid rent for Workforce Training Center.
- Depreciation relates mainly to capitalized assets at 683 Northland Avenue.
- Interest expense represents cost of borrowing related to 714 Northland and 683 Northland line of credit.

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Item 4.1

MEMORANDUM

TO: Buffalo Urban Development Corporation Board of Directors
FROM: Rebecca Gandour, Executive Vice President
SUBJECT: Northland Central – Proposed Lease to Northland Workforce Training Center
DATE: July 25, 2023

BUDC staff, in collaboration with Mancuso Management, Inc., has entered into lease negotiations with The Economic Development Group, Inc., d/b/a Northland Workforce Training Center (“NWTC”) for approximately 6,159+/- square feet of industrial space in Area 2 (Unit 683-1-03) at Northland Central (683 Northland). NWTC plans to utilize the space to provide automotive technician training at Northland Central and has provided BUDC with a term sheet outlining its proposed lease of the space.

The principal terms of the proposed lease with NWTC are as follows:

- A. Landlord: 683 Northland Master Tenant, LLC (an affiliate of BUDC).
- B. Tenant: The Economic Development Group, Inc., d/b/a Northland Workforce Training Center.
- C. Leased Premises: A 6,159+/- square foot portion of Area 2 in the building located at 683 Northland Avenue.
- D. Uses: NWTC will use the Premises to provide automotive technology service and repair training, and any other appropriate and related ancillary services.
- E. Term: Ten (10) years commencing October 1, 2023.
- F. Base Rent: NWTC will pay base rent in the initial amount of \$3,600.00 per month. The Lease will be subject to a 2.5% annual increase in Base Rent.
- G. Security Deposit: \$0.00.

- H. Triple Net Lease: The Lease will be structured on a triple net basis. NWTC will pay its pro-rata and/or metered share of all costs associated with the 683 Northland property including all real estate taxes and assessments, general liability and property insurance, maintenance, pest control, utilities, carrying costs and other obligations and liabilities of ownership during the Lease term.
- I. Leasehold Improvements: The Leased Premises is being leased in “as is” condition.
- J. Contingency: NWTC’s lease is contingent upon NWTC securing requested grant funding from the Power Proceeds Allocation Board by September 30, 2023. The requested grant funding is anticipated to cover all rent and expenses for the entire Term of the lease.
- K. Broker Fee: Landlord’s Broker shall receive a commission from Landlord per the terms of a separate agreement.

This item was reviewed with the Real Estate Committee at its July 20th meeting and was recommended for Board approval.

ACTION

We are requesting that the Board of Directors: (i) authorize 683 Northland Master Tenant, LLC to enter into a lease with The Economic Development Group, Inc. upon the terms set forth in this memorandum; and (ii) authorize the President or Executive Vice President to execute a lease agreement with The Economic Development Group, Inc. and take such other actions as are necessary and appropriate to implement this authorization.