

Buffalo Urban Development Corporation

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Buffalo Urban Development Corporation **Board of Directors Meeting**

Date: Tuesday, February 28, 2023

Time: Noon

New Location: Highmark Building - Heritage Conference Room
257 W. Genesee Street, Buffalo, NY 14202

1.0 CALL TO ORDER

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

3.0 MONTHLY FINANCIAL REPORTS

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

3.2 BUDC Consolidated Financial Statements *(Action)(Enclosure)*

4.0 NEW BUSINESS

4.1 Appointment of Karen Utz to BUDC Downtown Committee *(Action)*

4.2 Ralph C. Wilson, Jr. Centennial Park – GLC Grant Agreement #4 *(Action)(Handout To Be Distributed)*

4.3 Waterfront / Ralph C. Wilson, Jr. Centennial Park Project Update *(Information)*

4.4 BBRP / Buffalo's Race For Place Project Update *(Information)*

4.5 Northland Beltline Corridor Update *(Information)*

4.6 Buffalo Lakeside Commerce Park Project Update *(Information)*

5.0 LATE FILES

6.0 TABLED ITEMS

7.0 EXECUTIVE SESSION

8.0 ADJOURNMENT *(Action)*

**Minutes of the Meeting
of the
Board of Directors
Buffalo Urban Development Corporation
Highmark Building—Heritage Conference Room
257 W. Genesee Street
Buffalo, New York 14202
January 31, 2023
12:00 p.m.**

1.0 Call to Order

Directors Present:

Catherine Amdur
Trina Burruss
Scott Bylewski
Daniel Castle
Dennis W. Eisenbeck
Dottie Gallagher
Thomas Halligan
Elizabeth Holden
Brendan R. Mehaffy
Kimberley A. Minkel
David J. Nasca
Dennis M. Penman (Vice Chair)
Karen Utz

Directors Absent:

Hon. Byron W. Brown (Chair)
Janique S. Curry
Darby Fishkin
Thomas A. Kucharski
Nathan Marton
Darius G. Pridgen

Officers Present:

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

Others Present: Cristina Cordero, Gardiner and Theobald (via Zoom); Jonathan Epstein, *The Buffalo News*; Zaque Evans, Senior Economic Development Specialist, Erie County Executive's Office; Alexis M. Florczak, Hurwitz Fine P.C.; Kevin Gulvin, Gardiner and Theobald (via Zoom) Soma Hawramee, ECIDA Compliance Officer; Brian Krygier, Director of IT, ECIDA; Kelly Maloney, Gilbane Building Company; and Antonio Parker, BUDC Project Manager.

Roll Call – The meeting was called to order at 12:05 p.m. by Vice Chair Penman. The Secretary called the roll and a quorum of the Board was determined to be present. Ms. Burruss joined the meeting during the presentation of item 4.6.

2.0 Reading of the Minutes – The minutes of the December 20, 2022 meeting of the Board of Directors were presented. Mr. Castle made a motion to approve the meeting minutes. The motion was seconded by Ms. Amdur and (with Mr. Bylewski abstaining) carried with eleven affirmative votes (11-0-1).

3.0 Monthly Financial Reports – Ms. Profic reported that the 2022 audit is currently underway and BUDC is working with its auditors Freed Maxick to respond to audit inquiries and requirements. Draft reports will be available for review at the March 9, 2023 Audit & Finance Committee meeting.

4.0 New Business

4.1 Appointment of Scott Bylewski to BUDC Real Estate Committee – Mr. Penman and Ms. Merriweather welcomed Mr. Bylewski to the BUDC Board of Directors. Ms. Minkel made a motion to appoint Mr. Bylewski to the BUDC Real Estate Committee. The motion was seconded by Mr. Nasca and unanimously carried (12-0-0).

4.2 Northland Beltline Corridor – 714 Northland LLC Amendment to M&T Loan Documents for LIBOR-SOFR Transition –Ms. Merriweather presented her January 31, 2023 memorandum regarding proposed amendments to the M&T loan agreement with 714 Northland LLC. The proposed amendment will effectuate the transition from the LIBOR interest-rate benchmark, which is being phased out, to a SOFR-based interest rate benchmark. Mr. Nasca made a motion to: (i) approve the amendment to the existing agreement for the 714 Northland Loan in order to transition the existing LIBOR-based interest rate to a SOFR-based interest rate; and (ii) authorize the President or Executive Vice President to execute and deliver such amendments and other documents and to take such actions on behalf of 714 Northland LLC as may be reasonably necessary or appropriate to implement this action. The motion was seconded by Ms. Gallagher and unanimously carried (12-0-0).

4.3 Ralph C. Wilson, Jr. Centennial Park – Fourth Amendment to BUDC-City of Buffalo Wilson Foundation Subgrant Agreement – Mr. Parker presented his January 31, 2023 memorandum regarding a proposed fourth amendment to the BUDC-City of Buffalo subgrant agreement. Ms. Holden made a motion to: (i) approve the Fourth Amendment to the BUDC-City of Buffalo subgrant agreement allowing BUDC to transfer up to \$13,484,507 in Wilson Foundation funds to the City for Phase 1 construction of Ralph Wilson Park; and (ii) authorize the BUDC President or Executive Vice President to execute the Fourth Amendment to the Subgrant Agreement and take such other actions as are necessary to implement this authorization. The motion was seconded by Mr. Halligan and unanimously carried (12-0-0).

4.4 Ralph C. Wilson, Jr. Centennial Park – BUDC-City of Buffalo MLB-MLBPA Youth Development Foundation Subgrant Agreement – Mr. Parker presented his January 31, 2023 memorandum regarding a BUDC-City of Buffalo subgrant agreement for the transfer of MLBPA Youth Development Foundation funds. Mr. Mehaffy made a motion to: (i) approve the MLBYDF Subgrant Agreement allowing BUDC to transfer grant funds in an amount up to \$960,000 to the City of Buffalo for the field renovation work at Ralph Wilson Park; and (ii) authorize the BUDC President or Executive Vice President to execute the MLBYDF Subgrant Agreement and take such other actions as are necessary to implement this authorization. The motion was seconded by Mr. Bylewski and unanimously carried (12-0-0).

4.5 Waterfront/Ralph C. Wilson, Jr. Centennial Park Project Update – Ms. Maloney presented an update regarding the Ralph C. Wilson, Jr. Centennial Park Project. The bridge steel fabrication bid package was previously released and bids are due this week. Remaining bid packages will be released next week, which include the sled hill, athletic fields, and landscaping work packages. In response to a question from Mr. Castle, Ms. Maloney indicated that contractors generally have 4-6 weeks to respond to bid requests. Contract negotiations with the City continue to move forward, with the parties moving closer to finalizing the project labor agreement and construction manager at risk agreements.

4.6 BBRP/Buffalo's Race for Place Project Update – Ms. Merriweather presented an update regarding Buffalo's Race for Place. The Inner Harbor and Waterfront Public Realm master plan is

moving forward. BUDC has entered into a contract with MIG for this work. An initial project kickoff meeting took place on January 5th. MIG and its partners are scheduled to visit February 27th and 28th and will conduct focus groups, stakeholder meetings and public engagement meetings. MIG has also started participating in the waterfront stakeholder meetings. Ms. Merriweather also reported that BUDC is working with the Office of Strategic Planning with respect to transportation demand management and curbside management studies. The library lighting underpass project continues to progress. The Board of the Buffalo and Erie County Public Library will meet later this week to consider approving funding for the lighting underpass project. The Queen City Pop-Up Downtown Dollars Sweepstakes has wrapped up, and Ms. Merriweather thanked the Mayor's Office, Buffalo Place, Buy Black Buffalo and Mr. Parker for their respective efforts in making this program a success.

- 4.7 Northland Beltline Corridor - Project Update** – Ms. Gandour presented the Northland Beltline Corridor update. A request for proposals (RFP) for architectural and engineering services was due January 17th. BUDC received five (5) responses to the RFP. The selection committee, consisting of representatives from BUDC, ESD, the Office of Permits & Inspections and the Office of Strategic Planning will meet on February 1st to select two or three proposals to advance to the interview stage. Ms. Gandour also reported that BUDC was recently awarded Brownfield Opportunity Area (BOA) funding for Northland. The BOA funding is subject to review by the State Comptroller's office. It is anticipated that a grant disbursement agreement will be presented to the Board for approval sometime in the next few months.
- 4.8 Buffalo Lakeside Commerce Park – Project Update** – Ms. Gandour presented an update regarding Buffalo Lakeside Commerce Park. Krog and Savarino are both current on payments under their respective exclusivity agreements with BUDC and are in discussions with prospective tenants. Potential land sale agreements will be discussed at the Real Estate Committee meeting on Friday, February 3rd.
- 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 of Directors, the January 31, 2023 meeting of the Board of Directors was adjourned at 12:27 p.m.

Respectfully submitted,

Kevin J. Zanner, Secretary

683 Northland Master Tenant, LLC
Financial Statements
January 31, 2023
(Unaudited)

683 NORTHLAND MASTER TENANT, LLC
Balance Sheet

	(Unaudited) January 2023	(Unaudited) December 2022	December 2021
ASSETS			
Current assets:			
Cash	\$ 373,744	\$ 486,590	\$ 107,787
Tenant receivable	97,334	42,206	74,685
Prepaid expenses	<u>108,128</u>	<u>115,882</u>	<u>106,662</u>
Total current assets	579,206	644,678	289,134
Prepaid rent - sublessee	488,281	483,394	426,309
Prepaid leasing commission	186,389	188,616	217,938
Tenant security deposits	84,940	84,894	84,854
Cash reserves	346,767	356,575	365,968
Equipment, net	19,869	19,869	6,535
Prepaid rent - Master Lease Agreement	<u>27,397,807</u>	<u>27,397,807</u>	<u>25,528,601</u>
Total assets	<u>\$ 29,103,259</u>	<u>\$ 29,175,833</u>	<u>\$ 26,919,339</u>
LIABILITIES & MEMBERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 63,891	\$ 170,563	\$ 144,550
Due to related parties	<u>254,935</u>	<u>254,935</u>	<u>254,935</u>
Total current liabilities	318,826	425,498	399,485
Operating deficit loan	132,359	132,359	132,359
Tenant security deposits	84,850	84,850	84,854
Deferred rent liability - Master Lease Agreement	6,820,277	6,704,667	5,309,411
Deferred rent liability - sublessee	5,551,675	5,597,765	6,150,839
Distribution payable - priority return	<u>238,207</u>	<u>238,207</u>	<u>263,941</u>
Total noncurrent liabilities	12,827,368	12,757,848	11,941,404
MEMBERS' EQUITY	15,957,065	15,992,487	14,578,450
Total liabilities and net position	<u>\$ 29,103,259</u>	<u>\$ 29,175,833</u>	<u>\$ 26,919,339</u>

683 NORTHLAND MASTER TENANT, LLC
Income Statement

Year-to-Date For the Period Ended:

	(Unaudited) January 2023	(Unaudited) December 2022	December 2021
Revenues:			
Rental revenue	\$ 122,378	\$ 1,466,336	\$ 1,468,498
Additional rental revenue	65,830	753,037	648,676
Interest and other revenue	483	1,372	261
Total revenues	<u>188,691</u>	<u>2,220,745</u>	<u>2,117,435</u>
Expenses:			
Rent expense	156,645	1,879,742	1,879,742
Payroll	11,993	143,808	149,471
Utilities expense	(10,870)	85,089	150,924
Insurance expense	10,375	122,769	120,629
Professional fees	3,904	77,936	85,899
Property management fee	5,879	70,520	67,515
Real estate taxes	4,701	20,398	19,626
Repairs and maintenance	28,896	286,011	120,242
Asset management fee	10,000	10,000	10,000
Miscellaneous expense	2,590	319	7,920
Depreciation expense	-	5,056	2,429
Total expenses	<u>224,113</u>	<u>2,701,648</u>	<u>2,614,397</u>
Net loss	(35,422)	(480,903)	(496,962)
Members' equity - beginning of period	<u>15,992,487</u>	<u>14,578,450</u>	<u>9,658,723</u>
Change in members' equity	(35,422)	(480,903)	(496,962)
Members' capital contributions	-	2,091,098	5,680,517
Distributions	-	(196,158)	(263,828)
Members' equity - end of period	<u>\$ 15,957,065</u>	<u>\$ 15,992,487</u>	<u>\$ 14,578,450</u>

683 NORTHLAND MASTER TENANT, LLC
Statement of Cash Flows

Year-to-Date For the Period Ended:

	(Unaudited) January 2023	(Unaudited) December 2022	December 2021
Cash flows from operating activities:			
Net loss	\$ (35,422)	\$ (480,903)	\$ (496,962)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	-	5,056	2,429
Decrease (increase) in assets:			
Tenant receivables	(55,128)	32,479	(44,152)
Prepaid insurance	7,754	(9,220)	(16,307)
Accrued rental income	(4,887)	(57,085)	(119,344)
Prepaid leasing commission	2,227	29,322	(105,715)
Prepaid rent - Master Lease Agreement	115,610	1,395,256	1,393,059
Increase (decrease) in liabilities:			
Security deposit liability	-	(4)	9,104
Accounts payable	(106,672)	26,013	25,216
Due to related parties	-	-	(126,346)
Operating deficit loan	-	-	82,428
Deferred rent liability - sublessee	(46,090)	(553,074)	(553,074)
Net cash provided (used) by operating activities	(122,608)	387,840	50,336
Cash flows from investing activities:			
Equipment purchases	-	(18,390)	-
Net cash used by investing activities	-	(18,390)	-
Cash flows from financing activities:			
Members' contributions	-	2,091,098	5,680,517
Distributions	-	(221,892)	(148,096)
Payments of prepaid rent under Master Lease Agreement	-	(1,869,206)	(5,532,421)
Net cash provided by financing activities	-	-	-
Net increase (decrease) in cash	(122,608)	369,450	50,336
Cash and restricted cash - beginning of period	928,059	558,609	508,273
Cash and restricted cash - end of period	\$ 805,451	\$ 928,059	\$ 558,609

683 NORTHLAND MASTER TENANT, LLC
Budget to Actual Comparison

	(Unaudited) YTD January 2023	YTD Budget 2023	Variance
Revenues:			
Rental revenue	\$ 122,378	\$ 121,333	\$ 1,045
Additional rent revenue	65,830	61,833	3,997
Interest and other revenue	483	21	462
Total revenues	<u>188,691</u>	<u>183,188</u>	<u>5,504</u>
Expenses:			
Rent expense	156,645	156,645	(0)
Payroll	11,993	13,842	(1,849)
Utilities	(10,870)	8,500	(19,370)
Insurance	10,375	10,583	(208)
Professional fees	3,904	5,642	(1,738)
Property management fee	5,879	6,083	(204)
Real estate taxes	4,701	2,167	2,534
Repairs and maintenance	28,896	21,750	7,146
Asset management fee	10,000	10,000	-
Miscellaneous	2,590	417	2,173
Depreciation	-	-	-
Total expenses	<u>224,113</u>	<u>235,629</u>	<u>(11,516)</u>
Net income (loss)	\$ (35,422)	\$ (52,441)	\$ 17,019

Budget variances:

- Additional rent represents amounts charged to tenants for common area maintenance (CAM) charges, insurance, etc.
- 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.
- Repairs and maintenance includes building automation system costs, snow removal and landscaping. Some costs are annual and were incurred in January.

Buffalo Urban Development Corporation
Consolidated Financial Statements
January 31, 2023
(Unaudited)

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

ASSETS	January 2023	December 2022
Current assets:		
Cash	\$ 21,074,193	\$ 20,354,669
Restricted cash	4,015,392	4,014,036
Grants receivable	32,183,206	32,183,206
Other current assets	6,211,511	6,230,118
Total current assets	<u>63,484,302</u>	<u>62,782,029</u>
Noncurrent assets:		
Loans receivable	9,666,400	9,666,400
Equity investment	178,051	178,051
Capital assets, net	104,425,163	104,725,163
Land and improvement held for sale, net	788,212	788,212
Total noncurrent assets	<u>115,057,826</u>	<u>115,357,826</u>
Total assets	<u>\$ 178,542,128</u>	<u>\$ 178,139,855</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 258,222	\$ 244,121
Lines of credit	677,158	677,158
Loans payable, current	1,001,167	1,001,167
Unearned grant revenue	53,739,327	53,843,821
Total current liabilities	<u>55,675,875</u>	<u>55,766,267</u>
Deferred rent liability	20,577,530	20,693,140
Loans payable, noncurrent	14,099,750	14,099,750
Total noncurrent liabilities	<u>34,677,280</u>	<u>34,792,890</u>
NET POSITION		
Net investment in capital assets	90,112,458	90,412,458
Restricted	3,510,935	3,510,166
Unrestricted	(5,434,420)	(6,341,926)
Total net position	<u>88,188,973</u>	<u>87,580,698</u>
Total liabilities and net position	<u>\$ 178,542,128</u>	<u>\$ 178,139,855</u>

Balance Sheet Notes:

- Cash increased mainly due to receipt of 2020 Brownfield tax credit of \$897,000 during the month.
- Capital assets decrease is due to monthly depreciation expense.
- Lines of credit: balances at end of January are BUDC: \$0 ; 683 Northland: \$677,158. 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>January 2023</u>	<u>December 2022</u>
Operating revenues:		
Grant revenue	\$ 104,493	\$ 8,056,897
Brownfield funds	-	36,183
Loan interest and commitment fees	8,055	618,537
Rental and other revenue	1,061,259	9,024,458
Proceeds from sale of land, net	-	(440,604)
Total operating revenues	<u>1,173,808</u>	<u>17,295,471</u>
Operating expenses:		
Development costs	122,226	8,152,353
Adjustment to net realizable value	-	121,587
Salaries and benefits	35,607	384,460
General and administrative	100,006	1,678,689
Management fee	7,700	83,967
Depreciation	300,000	4,152,122
Total operating expenses	<u>565,539</u>	<u>14,573,179</u>
Operating income (loss)	608,269	2,722,292
Non-operating revenues (expenses):		
Interest expense	(12,001)	(782,784)
Interest income	12,007	18,966
Other income	-	(44,366)
Total non-operating revenues (expenses)	<u>6</u>	<u>(808,184)</u>
Change in net position	608,275	1,914,108
Net position - beginning of period	<u>87,580,698</u>	<u>85,318,266</u>
Add: Capital contribution	-	348,325
Net position - end of period	<u>\$ 88,188,973</u>	<u>\$ 87,580,698</u>

BUFFALO URBAN DEVELOPMENT CORPORATION
Consolidating Statement of Net Position
January 31, 2023 (Unaudited)

	<u>Buffalo Urban Development Corporation</u>	<u>683 WTC, LLC</u>	<u>683 Northland LLC</u>	<u>Eliminations (1)</u>	
ASSETS					
Current assets:					
Cash	\$ 20,086,084	\$ 897,205	\$ 90,904	\$ -	\$ -
Restricted cash	3,767,262	-	248,130	-	-
Grants receivable	32,183,206	-	-	-	-
Other current assets	8,060,447	56,530	132,359	(2,037,824)	(1)
Total current assets	<u>64,096,999</u>	<u>953,735</u>	<u>471,393</u>	<u>(2,037,824)</u>	<u>-</u>
Noncurrent assets:					
Loans receivable	61,853,679	-	-	(52,187,279)	(1)
Equity investment	-	66,291,763	-	(66,113,712)	(1)
Capital assets, net	8,402,866	-	96,022,298	-	-
Land and improvement held for sale, net	788,212	-	-	-	-
Total noncurrent assets	<u>71,044,756</u>	<u>66,291,763</u>	<u>96,022,298</u>	<u>(118,300,991)</u>	<u>-</u>
Total assets	<u>\$ 135,141,755</u>	<u>\$ 67,245,497</u>	<u>\$ 96,493,690</u>	<u>\$ (120,338,815)</u>	<u>\$ -</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expense	\$ 246,065	\$ 2,037,824	\$ 12,157	\$ (2,037,824)	(1)\$
Line of credit	-	-	677,158	-	-
Loans payable, current	-	-	1,001,167	-	-
Unearned grant revenue	53,739,327	-	-	-	-
Total liabilities	<u>53,985,393</u>	<u>2,037,824</u>	<u>1,690,482</u>	<u>(2,037,824)</u>	<u>-</u>
Noncurrent liabilities:					
Deferred rent liability	-	-	20,577,530	-	-
Loans payable, noncurrent	369,750	52,187,279	13,730,000	(52,187,279)	(1)
Total noncurrent liabilities	<u>369,750</u>	<u>52,187,279</u>	<u>34,307,530</u>	<u>(52,187,279)</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	8,821,327	-	81,291,131	-	-
Restricted	3,510,935	-	-	-	-
Unrestricted	68,454,350	13,020,394	(20,795,453)	(66,113,712)	(1)
Total net position	<u>80,786,612</u>	<u>13,020,394</u>	<u>60,495,678</u>	<u>(66,113,712)</u>	<u>-</u>
Total liabilities and net position	<u>\$ 135,141,755</u>	<u>\$ 67,245,497</u>	<u>\$ 96,493,690</u>	<u>\$ (120,338,815)</u>	<u>\$ -</u>

(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: January 31, 2023 (Unaudited)

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminatio
Operating revenues:				
Grant revenue	\$ 104,493	\$ -	\$ -	\$ -
Brownfield funds	-	-	-	-
Loan interest and commitment fees	8,055	-	-	-
Rental and other revenue	7,613	897,001	156,645	-
Proceeds from land sales, net	-	-	-	-
Total operating revenue	<u>120,162</u>	<u>897,001</u>	<u>156,645</u>	<u>-</u>
Operating expenses:				
Development costs	122,226	-	-	-
Adjustment to net realizable value	-	-	-	-
Salaries and benefits	35,607	-	-	-
General and administrative	97,439	-	2,567	-
Management fee	7,700	-	-	-
Depreciation	-	-	300,000	-
Total operating expenses	<u>262,972</u>	<u>-</u>	<u>302,567</u>	<u>-</u>
Operating income	(142,810)	897,001	(145,922)	-
Non-operating revenues (expenses):				
Interest expense	(2,092)	-	(9,908)	-
Interest income	11,937	16	54	-
Other income/expenses	-	-	-	-
Total non-operating revenues (expenses)	<u>9,845</u>	<u>16</u>	<u>(9,855)</u>	<u>-</u>
Change in net position	(132,965)	897,017	(155,777)	-
Net position - beginning of year	80,919,578	12,123,377	60,651,455	(66,100)
Add: capital contributions	-	-	-	-
Net position - end of period	<u>\$ 80,786,612</u>	<u>\$ 13,020,394</u>	<u>\$ 60,495,678</u>	<u>\$ (66,100)</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 January 31, 2023 (Unaudited)

	<u>YTD January 2023</u>	<u>YTD Budget 2023</u>	<u>Variance</u>
Operating revenues:			
Grant revenue	\$ 104,493	\$ 3,137,917	\$ (3,033,423)
Brownfield funds	-	3,333	(3,333)
Loan interest and commitment fees	8,055	8,055	(0)
Rental and other revenue	1,061,259	165,030	896,229
Proceeds from land sales, net	-	16,475	(16,475)
Total operating revenues	<u>1,173,808</u>	<u>3,330,811</u>	<u>(2,157,002)</u>
Operating expenses:			
Development costs	122,226	2,658,930	(2,536,704)
Adjustment to net realizable value	-	-	-
Salaries and benefits	35,607	43,258	(7,651)
General and administrative	100,006	110,431	(10,425)
Management fee	7,700	7,250	450
Depreciation	300,000	340,083	(40,083)
Total operating expenses	<u>565,539</u>	<u>3,159,953</u>	<u>(2,594,413)</u>
Operating income (loss)	608,269	170,858	437,411
Non-operating revenues (expenses):			
Interest expense	(12,001)	(20,473)	8,472
Interest income	12,007	42	11,965
Other income	-	-	-
Total non-operating revenues (expenses)	<u>6</u>	<u>(20,431)</u>	<u>20,437</u>
Change in net position	<u>\$ 608,275</u>	<u>\$ 150,427</u>	<u>\$ 457,848</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 construction of 683 Northland and the related line of credit.