

Buffalo Urban Development Corporation

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**Audit & Finance Committee Meeting
Thursday, January 12, 2023 – 12:00 p.m.
95 Perry Street, Suite 404 – Vista Room**

Agenda

1. Minutes of September 21, 2022 Meeting (*Approval*) (*Enclosure*)
2. 714 Northland LLC Amendment to M&T Loan Documents for LIBOR-SOFR Transition (*Recommendation*) (*Enclosure*)
3. 2022 Audit Plan Discussion (*Information*)
4. 2022 Audit Engagement Letters (*Information*)
5. Funding Updates (*Information*)
6. Adjournment (*Approval*)

**Minutes of the Meeting
of the
Audit & Finance Committee
of
Buffalo Urban Development Corporation**

**95 Perry Street
Buffalo, New York
September 21, 2022
10:00 a.m.**

Call to Order:

Committee Members Present:

Catherine Amdur
Janique S. Curry
Dennis M. Penman (Committee Chair)

Committee Members Absent:

Trina Burruss
David J. Nasca

Officers Present:

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

Others Present: Soma Hawramee, ECIDA Compliance Officer; and Antonio Parker, BUDC Project Manager.

Roll Call – The meeting was called to order at 10:07 a.m. without a quorum present. Agenda item 4.0 was presented first, and Ms. Curry joined the meeting during the presentation, at which time a quorum of the Committee was present.

- 1.0 Approval of Minutes of the July 18, 2022 Meeting** – The minutes of the July 18, 2022 meeting of the Audit & Finance Committee were presented. Ms. Curry made a motion to approve the meeting minutes. The motion was seconded by Ms. Amdur and unanimously carried (3-0-0).
- 2.0 2023 683 Northland Master Tenant Budget** – Ms. Profic reviewed the draft 2023 budget for 683 Northland Master Tenant, LLC. The draft budget projects a net loss on a GAAP basis in the amount of \$520,348. Factoring in cash flow adjustments, there is a projected net cash increase of \$80,853. Ms. Profic noted that the budget does not include any further adjustment for member capital contributions, as the final historic tax credit equity installment payment for the project was received this past August. Ms. Profic also reviewed projections for 2024, 2025 and 2026.
- 3.0 2023 BUDC Draft Budget & Three-Year Forecast** – Ms. Profic reviewed the proposed 2023 budget and 2024-2026 forecast. Ms. Profic began the presentation by reviewing the proposed project budgets for Buffalo Lakeside Commerce Park, Buffalo Building Reuse Project/Race for Place, Centennial Park, Northland Corridor, and general corporate operations. She noted that with the completion of the land sales at 308 Crowley during 2022, the budget does not include any further expenditures for that project. Ms. Profic also reviewed a separate budget sheet that breaks

out the budgeted revenue, operating expenses, capital budget and cash flow adjustments for the Northland Corridor project. The overall draft budget projects a net income of approximately \$1,752,122. With respect to the proposed budget for BBRP/Race for Place, Mr. Penman asked whether the budget line for general development expenses could be reduced by \$10,000 to reduce the projected net loss in that project category to zero. The three-year forecast for 2024-2026 was also presented. Another Committee meeting will be scheduled in October to review and recommend approval of the proposed budget.

4.0 Miscellaneous Funding Source Updates – The following funding updates were presented:

American Rescue Plan Funds: Ms. Merriweather reported that the Common Council has approved BUDC’s request for ARPA funding. Lisa Hicks has been designated as the point person at City Hall for the distribution of ARPA funds. In response to a question from Ms. Amdur, Ms. Merriweather explained that \$300,000 of the funding is for reimbursement of COVID-19 related expenditures. She added that a portion of the grant funding will be used to expand Queen City Pop-up and other small business initiatives and for organizational sustainability.

Project for Public Spaces Grant: Ms. Merriweather reported on a \$40,000 grant from Project for Public Spaces that will be used for placemaking improvements to the Ellicott Street underpass area and the Ellicott/William/Broadways intersection near the public library. Funding is expected to be received in the next few weeks.

BUDC Grant Administration Policy: Ms. Merriweather reported that the Governance Committee reviewed a proposed grant administration and private sector donation acceptance policy that will be presented for approval at the September 27th Board of Directors meeting. Ms. Merriweather explained that BUDC, as a 501(c)(3) tax-exempt organization, is permitted to accept donations, subject to certain restrictions.

Inner Harbor and Waterfront Public Realm Study - BUDC received a \$75,000 CFA grant award for the inner harbor and waterfront public realm study. RFPs for the study were issued, and ten responses were received.

Build Back Better Grant: Ms. Gandour reported that EDA awarded BUDC a 14.4 million dollar grant for four separate Northland projects. This is a reimbursement-based grant with a 20% match component that will be contributed by ESD. BUDC will be seeking, through a competitive RFP process, a project manager to coordinate the work. Mr. Penman suggested that the RFP include a requirement that the project manager maintain an office at BUDC.

5.0 BBRP/BUDC Loan Program Update – Presentation of this update was deferred until the next meeting of the Committee.

6.0 Executive Session – None.

7.0 Adjournment – There being no further business to come before the Committee, upon motion made by Ms. Curry, seconded by Ms. Amdur and unanimously carried, the September 21, 2022 meeting of the Audit & Finance Committee was adjourned at 11:30 a.m.

Respectfully submitted,

Kevin J. Zanner
Secretary

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Item 2

MEMORANDUM

TO: BUDC Audit & Finance Committee

FROM: Brandye Merriweather, President

SUBJECT: 714 Northland LLC—Amendment to M&T Loan Documents for LIBOR-SOFR Transition

DATE: January 12, 2023

At its December 18, 2018 Board meeting, the BUDC Board of Directors authorized BUDC and/or 714 Northland LLC to borrow up to \$425,000 from M&T Bank to finance the acquisition of 714 Northland Avenue. A term note (the “Term Note”) and related documents were executed by 714 Northland LLC and M&T Bank on February 28, 2019 for a principal sum of \$369,750 plus interest (the “714 Northland Loan”). The interest rate on the unpaid principal of the Term Note was set at one-month LIBOR plus 2.65 percentage points. A replacement interest rate was not contemplated under the terms of the 714 Northland Loan.

LIBOR—the London Interbank Offered Rate—was a key benchmark used to calculate interest for commercial and personal financial contracts, including loans, mortgages and corporate debt. The use of LIBOR is being phased out by June 30, 2023, with U.S. financial institutions looking to the Secured Overnight Financing Rate (SOFR) as its primary replacement. Unlike the LIBOR rate, which utilizes a forward-looking term structure, SOFR is a transaction-based benchmark that looks at the rates large financial institutions pay one another for overnight loans.

Due to the phasing out of the use of LIBOR, M&T Bank has provided BUDC staff with an amendment to the parties’ existing agreement for the 714 Northland Loan. The proposed amendment will allow the 714 Northland Loan to transition from use of the LIBOR rate to a SOFR rate.

Action:

We are requesting that the BUDC Audit & Finance Committee recommend that the Board of Directors: (a) 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.

Hon. Byron W. Brown, Chairman of the Board • Dennis Penman, Vice Chairman • Brandye Merriweather, President
Rebecca Gandour, Executive Vice President • Mollie Profic, Treasurer • Atiqah Abidi, Assistant Treasurer • Kevin J. Zanner, Secretary