

Buffalo Urban Development Corporation

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Buffalo Urban Development Corporation

Board of Directors Meeting

Date: Tuesday, December 17, 2024

Time: 12:00 noon

**BUDC Offices – 95 Perry Street, Buffalo, NY 14203
Vista Room**

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)(Handout To Be Distributed)*

4.0 NEW BUSINESS

4.1 Appointment of Christopher Scanlon to BUDC Governance Committee *(Action)*

4.2 Appointment of Bryan Bollman to BUDC Downtown Committee *(Action)*

4.3 Ralph Wilson Park - Additional Modifications to MVVA Amendment #14 *(Recommendation)(Enclosure)*

4.4 Northland Corridor - Well Worth Products, Inc. Extension of Third Lease Renewal Term *(Action)(Enclosure)*

4.5 Northland Corridor Project Update *(Information)*

4.6 Ralph Wilson Park – Project Update *(Information)*

4.7 Buffalo's Race For Place Project Update *(Information)*

4.8 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
of
Buffalo Urban Development Corporation**

**95 Perry Street– 4th Floor Vista Room
Buffalo, New York 14203**

**November 19, 2024
12:00 p.m.**

Directors Present:

Catherine Amdur
Bryan J. Bollman
Daniel Castle
Thomas Halligan
Elizabeth A. Holden
Thomas A. Kucharski
Nathan Marton
Brendan R. Mehaffy
Crystal Morgan
Dennis M. Penman (Vice Chair)
Karen Utz

Directors Absent:

Scott Bylewski
Janique S. Curry
Dennis W. Elsenbeck
Darby Fishkin
Dottie Gallagher
Kimberley A. Minkel
David J. Nasca
Mayor Christopher P. Scanlon (Chair)

Officers Present:

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

Guests Present: Greg Baker, Gilbane Building Company; Jonathan Epstein, *The Buffalo News*; Alexis M. Florczak, Hurwitz Fine P.C.; Soma Hawramee, ECIDA Compliance Manager; Brian Krygier, Director of IT, ECIDA; Sean Najewski, Gilbane Building Company; Angelo Rhodes II, Northland Project Manager; and Andres Victoria, City of Buffalo.

- 1.0 Roll Call** – The meeting was called to order at 12:09 p.m. by Vice Chair Dennis M. Penman. The Secretary called the roll of directors and a quorum of the Board was determined to be present.

During his opening remarks, Mr. Penman welcomed Council President Bryan J. Bollman to the BUDC Board of Directors.

Ms. Amdur joined the meeting during the presentation of item 4.2.

- 2.0 Approval of Minutes – Meeting of October 29, 2024** – The minutes of the October 29, 2024 meeting of the Board of Directors were presented. Mr. Kucharski made a motion to approve the meeting minutes. The motion was seconded by Mr. Mehaffy and unanimously carried (10-0-0).

3.0 Monthly Financial Reports – Ms. Profic presented for information purposes the financial statements for 683 Northland Master Tenant, LLC for the period ending October 31, 2024. She then presented the consolidated financial statements for BUDC and its affiliates, 683 Northland LLC and 683 WTC, LLC for the period ending October 31, 2024. Ms. Profic also presented a cash flow forecast for BUDC, noting that a positive net cash flow is anticipated. Mr. Castle made a motion to accept the BUDC consolidated financial statements. The motion was seconded by Mr. Halligan and unanimously carried (10-0-0).

4.0 New Business

4.1 Northland Central – Updated Lease to Rookery Labs – Ms. Gandour presented her November 19, 2024 memorandum regarding the proposed updated lease with Rookery Labs and reviewed the changes made to the letter of intent between the parties. In response to a question from Mr. Mehaffy, Ms. Gandour noted that the rent to be paid by the tenant represents market rate for the space and an increase in the rental rate charged under the prior Garwood Medical lease. Ms. Holden made a motion to approve a lease with Rookery Labs consistent with the terms outlined in Ms. Gandour's memorandum, and to authorize the BUDC President or Executive Vice President to execute the lease on behalf of 683 Northland Master Tenant, LLC. The motion was seconded by Ms. Utz and unanimously carried (10-0-0).

4.2 Northland Corridor Project Update – Mr. Rhodes presented an update regarding Northland Corridor projects. The bid response deadline for the Phase 3 redevelopment project has been extended to December 13th to allow contractors additional time to review bid documents and submit proposals. With respect to the substation portion of the Phase 3 project, Mr. Zanner reported that the petition has been submitted to the Public Service Commission, and expedited review has been requested. With respect to the Phase 4 redevelopment project at 631 Northland, Mr. Rhodes reported that Wendel submitted the Brownfield Cleanup Program application and the SHPO Part 2 application. Mr. Hodes then reported on the Northland BOA nomination plan, referring Board members to a meeting announcement flyer for a public stakeholder meeting that is scheduled for November 20th. BUDC's consultant for the BOA project, Colliers Engineering & Design, will be holding stakeholder meetings to discuss future projects within the BOA. Mr. Rhodes also reported that BUDC submitted its cost recovery GURF to ESD and anticipates receiving funds in December. He concluded his presentation with a report that the Northland Workforce Training Center auto-tech space is nearly complete, and that CBRE is working with Manna on terms for its lease renewal at Northland Central.

4.3 Ralph Wilson Park Project Update – Sean Najewski of Gilbane Building Company presented an update regarding the Ralph Wilson Park project. Concrete for the new pedestrian bridge has been poured. Remaining work, which includes the installation of handrails, mesh and lighting will be completed in the spring. Shoreline work continues at the central revetment. Geo foam and site grading work is moving forward. Grading of the soccer fields is complete, and planting along the south lawn of the park has begun.

4.4 Buffalo's Race for Place Project Update – Ms. Merriweather presented an update regarding Buffalo's Race for Place. BUDC and the selection committee continue to work through information from respondents to its RFP for project and cost management services to oversee implementation and coordinate infrastructure improvement projects in the City of Buffalo. It is anticipated that the selection committee recommendation for a project manager will be presented to the Downtown Committee at its December meeting. Work on the Queen City Hub Revisited initiative continues. A stakeholder meeting will be held November 21st to discuss the use of public-private partnerships to advance development in the City. BUDC is working on holiday programming in collaboration with the Office of Strategic Planning and Buffalo Place.

4.5 Buffalo Lakeside Commerce Park – Project Update – Ms. Gandour presented an update regarding Buffalo Lakeside Commerce Park. CBRE continues to market the available properties at

BLCP. The POA Board of Directors met last week, and assessment notices for 2025 will be issued soon.

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, the November 19, 2024 meeting of the Board of Directors was adjourned at 12:44 p.m.

Respectfully submitted,

Kevin J. Zanner
Secretary

683 Northland Master Tenant, LLC

Financial Statements

November 30, 2024

(Unaudited)

683 NORTHLAND MASTER TENANT, LLC
Balance Sheet

	November 2024	October 2024	December 2023
ASSETS			
Current assets:			
Cash	\$ 414,691	\$ 414,983	\$ 518,270
Tenant receivable	69,492	24,926	26,512
Prepaid expenses	127,889	142,048	117,269
Total current assets	612,072	581,958	662,052
Prepaid rent - sublessee	561,376	559,749	535,596
Prepaid leasing commission	163,783	166,251	190,936
Tenant security deposits	75,707	75,663	79,908
Cash reserves	341,894	341,694	349,306
Equipment, net	30,754	30,754	23,162
Right of use asset - Master Lease Agreement	25,068,420	25,214,433	26,671,582
Total assets	\$ 26,854,005	\$ 26,970,502	\$ 28,512,542
LIABILITIES & MEMBERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 71,502	\$ 83,826	\$ 85,937
Due to related parties	254,935	254,935	254,935
Total current liabilities	326,437	338,761	340,872
Operating deficit loan	132,359	132,359	132,359
Tenant security deposits	75,050	75,050	79,850
Deferred operating lease liability - Master Lease Agreement	7,050,370	7,082,350	7,399,167
Deferred operating lease liability - sublessee	4,537,706	4,583,795	5,044,691
Distribution payable - priority return	-	-	257,904
Total noncurrent liabilities	11,795,484	11,873,554	12,913,970
MEMBERS' EQUITY	14,732,084	14,758,187	15,257,700
Total liabilities and net position	\$ 26,854,005	\$ 26,970,502	\$ 28,512,542

683 NORTHLAND MASTER TENANT, LLC
Income Statement

Year-to-Date For the Period Ended:

	November 2024	October 2024	December 2023
Revenues:			
Lease revenue	\$ 1,339,472	\$ 1,220,798	\$ 1,445,436
Additional lease revenue	591,393	526,169	752,072
Interest and other revenue	6,918	6,431	7,033
Total revenues	<u>1,937,783</u>	<u>1,753,397</u>	<u>2,204,541</u>
Expenses:			
Lease expense	1,738,407	1,580,370	1,913,148
Payroll	105,287	95,495	155,609
Utilities expense	35,546	31,098	28,115
Insurance expense	124,480	112,740	127,632
Professional fees	78,194	71,724	81,054
Property management fee	70,262	64,469	69,719
Real estate taxes	18,369	18,369	25,914
Repairs and maintenance	277,853	263,895	263,437
Asset management fee	10,000	10,000	10,000
Miscellaneous expense	2,000	1,750	347
Depreciation expense	3,000	3,000	6,448
Total expenses	<u>2,463,399</u>	<u>2,252,910</u>	<u>2,681,424</u>
Net Income/(Loss)	(525,616)	(499,513)	(476,883)
Members' equity - beginning of period	<u>15,257,700</u>	<u>15,257,700</u>	<u>15,992,487</u>
Change in members' equity	(525,616)	(499,513)	(476,883)
Members' capital contributions	-	-	-
Distributions	-	-	(257,904)
Members' equity - end of period	<u>\$ 14,732,084</u>	<u>\$ 14,758,187</u>	<u>\$ 15,257,700</u>

683 NORTHLAND MASTER TENANT, LLC
Statement of Cash Flows

Year-to-Date For the Period Ended:

	November 2024	October 2024	December 2023
Cash flows from operating activities:			
Net loss	\$ (525,616)	\$ (499,513)	\$ (476,883)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	3,000	3,000	6,448
Decrease (increase) in assets:			
Tenant receivables	(42,979)	1,586	15,694
Prepaid insurance	(10,620)	(24,779)	(1,387)
Accrued rental income	(25,780)	(24,153)	(52,202)
Prepaid leasing commission	27,154	24,685	(2,320)
Right of use asset - Master Lease Agreement	1,254,365	1,140,332	1,420,725
Increase (decrease) in liabilities:			
Security deposit liability	(4,800)	(4,800)	(5,000)
Accounts payable	(14,435)	(2,111)	(44,958)
Deferred operating lease liability - sublessee	(506,985)	(460,895)	(592,742)
Net cash provided (used) by operating activities	153,304	153,352	267,373
Cash flows from investing activities:			
Equipment purchases	(10,593)	(10,593)	(9,741)
Net cash used by investing activities	(10,593)	(10,593)	(9,741)
Cash flows from financing activities:			
Members' contributions	-	-	-
Distributions	(257,904)	(257,904)	(238,207)
Payments of prepaid rent under Master Lease Agreement	-	-	-
Net cash provided by financing activities	(257,904)	(257,904)	(238,207)
Net increase (decrease) in cash	(115,193)	(115,145)	19,425
Cash and restricted cash - beginning of period	947,484	947,484	928,059
Cash and restricted cash - end of period	\$ 832,291	\$ 832,339	\$ 947,484

683 NORTHLAND MASTER TENANT, LLC
Budget to Actual Comparison

	YTD November 2024	YTD Budget 2024	Variance
Revenues:			
Lease revenue	\$ 1,339,472	\$ 1,349,333	\$ (9,861)
Additional lease revenue	591,393	715,000	(123,607)
Interest and other revenue	6,918	229	6,689
Total revenues	1,937,783	2,064,563	(126,779)
Expenses:			
Lease expense	1,738,407	1,738,407	-
Payroll	105,287	159,280	(53,993)
Utilities	35,546	45,833	(10,287)
Insurance	124,480	126,500	(2,020)
Professional fees	78,194	68,750	9,444
Property management fee	70,262	67,833	2,429
Real estate taxes	18,369	30,250	(11,881)
Repairs and maintenance	277,853	270,998	6,855
Asset management fee	10,000	10,000	-
Miscellaneous	2,000	2,921	(920)
Depreciation	3,000	4,583	(1,583)
Total expenses	2,463,399	2,525,355	(61,956)
Net income (loss)	\$ (525,616)	\$ (460,793)	\$ (64,823)

Budget variances:

- Additional lease revenue is amounts charged to tenants for common area maintenance (CAM) charges, insurance, etc. Negative variance is due to 2023 CAM refunds applied in 2024 and a lower than anticipated rate for 2024.
- Payroll is under budget due to cost differences with new property management firm.
- Repairs and maintenance includes snow removal and landscaping. General maintenance costs have been higher than anticipated as building systems age.

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Item 4.3

MEMORANDUM

TO: BUDC Board of Directors

FROM: Rebecca Gandour, Executive Vice President

SUBJECT: Ralph C. Wilson Park – Additional Modifications to MVVA Amendment #14

DATE: December 17, 2024

On October 29, 2024, the BUDC Board of Directors approved modifications to the 14th amendment to the Master Service Agreement (the “MVVA Agreement”) with Michael Van Valkenburgh Associates (“MVVA”) for Phase 2 value engineering design services at Ralph Wilson Park. These modifications included additional value engineering services and a permitting scope of work at an additional cost of \$55,787.00, bringing the total not-to-exceed cost of the 14th amendment to \$395,934.00. This authorization also modified the not to exceed amount under the 12th amendment to the MVVA Agreement in order to reallocate \$16,178.00 to services under the 14th amendment.

BUDC’s project manager, Gardiner and Theobald has informed BUDC of a miscalculation to the total cost of MVVA’s services under the 14th amendment. The corrected total cost of these services is a not to exceed amount of \$412,112.00, which represents a \$16,178.00 increase to the amendment. The cost of this increase will be funded through Wilson Grant 12, which was accepted by the Board of Directors at its September 24, 2024 meeting.

This item was reviewed by the Downtown Committee at its December 11, 2024 meeting and is being recommended for approval by the BUDC Board of Directors.

ACTION:

We are requesting that the BUDC Board of Directors: (i) amend its October 29, 2024 authorization to provide an additional \$16,178.00 for Phase 2 value engineering design and permitting services for Ralph Wilson Park, to a revised total not-to-exceed amount of \$412,112.00; and (ii) authorize the BUDC President or Executive Vice President to execute the 14th amendment to the MVVA Agreement, as modified as described in this memorandum, and take such other actions as are necessary to implement this authorization.

Hon. Christopher P. Scanlon, Chairman of the Board • Dennis Penman, Vice Chairman • Brandye Merriweather, President
Rebecca Gandour, Executive Vice President • Mollie Profic, Treasurer • Atiqa Abidi, Assistant Treasurer • Kevin J. Zanner, Secretary

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Item 4.4

MEMORANDUM

TO: BUDC Board of Directors

FROM: Rebecca Gandour, BUDC Executive Vice President

SUBJECT: Well Worth Products, Inc. Extension of Third Lease Renewal Term

DATE: December 17, 2024

At its September 20, 2021 meeting, the BUDC Real Estate Committee approved a Second Lease Renewal of the lease agreement (the "Lease") between 714 Northland LLC and Well Worth Products, LLC ("Well Worth") for 714 Northland Avenue. This Second Lease Renewal extended the term of the Lease an additional five (5) years, from October 1, 2021 through September 30, 2026. In addition, Well Worth was granted a third option to extend the Lease (the "Third Extension Option") for an additional five (5) years (to commence upon the end of the Lease). In the event the Third Extension Option is exercised, there would be a new triple net lease generated by BUDC counsel and the rent due and payable to Landlord would be adjusted to the fair market rate of monthly rent for the building under then-prevailing market conditions, as determined by an independent, qualified real estate appraiser.

Well Worth has recently informed BUDC that it is selling its business to an as-yet identified buyer. The prospective buyer plans to secure a loan through the U.S. Small Business Administration ("SBA"). One of SBA's lending requirements is that the lease term for 714 Northland Avenue be no less than the term of the loan. Due to this requirement, and in order for the transaction to move forward, Well Worth has asked BUDC to extend the Third Extension Option by an additional two (2) years, to a total of seven (7) years. All other terms of the Lease will remain as-is.

This extension request was reviewed by the Real Estate Committee at its December 10, 2024 meeting and is being recommended for approval by the BUDC Board of Directors, subject to the contingencies outlined below.

ACTION

We are requesting that the BUDC Board of Directors: (i) approve a two (2) year extension of the Third Extension Option, subject to the following: (a) disclosure to BUDC of the identity of the prospective buyer/tenant and BUDC's review of the prospective buyer/tenant's financial information and such other information as BUDC may deem necessary or appropriate; and (b) the consummation of the sale of the business to the new buyer/tenant;

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and, subject to satisfaction of the foregoing approve the assignment of the Lease, as amended, from Well Worth Products, LLC to the to-be identified buyer/tenant; and (iii) authorize the BUDC President or Executive Vice President to execute such documents and agreements on behalf of 714 Northland LLC as necessary or appropriate to implement this authorization.

Hon. Christopher P. Scanlon, Chairman of the Board • Dennis Penman, Vice Chairman • Brandye Merriweather, President
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