

Buffalo Urban Development Corporation

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**Audit & Finance Committee Meeting
Thursday, October 17, 2024
12:00 p.m.
95 Perry Street, 4th Floor Vista Room**

Agenda

1. Minutes of September 19, 2024, Meeting (*Approval*) (*Enclosure*)
2. 2025 683 Northland Master Tenant Budget (*Enclosure*)
3. 2025 BUDC Draft Budget & Three-Year Forecast (*Enclosure*)
4. 2024 BUDC Single Audit Services (*Approval*)
5. 683 Northland LOC Update (*Information*)
6. 683 Northland Tax Credit Discussion (*Information*)
7. Adjournment (*Approval*)

**Minutes of the Joint Meeting
of the
Audit & Finance and Real Estate Committees
of
Buffalo Urban Development Corporation**

**95 Perry Street
Buffalo, New York
September 19, 2024
12:00 p.m.**

Call to Order:

Committee Members Present:

Catherine Amdur (A&F)
Janique S. Curry (A&F, R.E.)
Elizabeth Holden (R.E.)
Thomas Kucharski (R.E.)
Brendan Mehaffy (R.E.)
Kimberly Minkel (R.E. Committee Chair)
Crystal Morgan (A&F)
Dennis M. Penman (A&F Committee Chair,
R.E.)

Committee Members Absent:

Scott Bylewski (R.E.)
David J. Nasca (A&F)

Officers Present:

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

Others Present: Dennis Cannon, Comvest; Matthew DiFrancesco, CBRE Upstate NY (via Zoom); Alexis M. Florczak, Hurwitz Fine P.C.; Brian Krygier, Director of IT, ECIDA; Yolando Mullen, BUDC Project Manager; Angelo Rhodes II, Northland Project Manager; Aaron Schauger, LaBella Associates; and Paul Tronolone, Empire State Development.

Roll Call – The meeting was called to order at 12:11 p.m. Mr. Zanner called the roll of both Committees and a quorum of Each Committee was determined to be present. Ms. Amdur joined the meeting during the presentation of item 1. Mr. Mehaffy left the meeting during the presentation of item 6 and rejoined the meeting during the presentation of item 7.

Mr. Penman served as Chair of the meeting with respect to items 1 through 5 of the meeting agenda. Ms. Minkel served as Chair of the meeting with respect to items 6 through 12 of the meeting agenda.

Audit and Finance Committee Items

1.0 Approval of Audit & Finance Committee Minutes of the December 14, 2023 Meeting

– The minutes of the December 14, 2023 meeting of the Audit & Finance Committee were

presented to the Audit & Finance Committee. Ms. Curry made a motion to approve the meeting minutes. The motion was seconded by Ms. Amdur and unanimously carried (4-0-0).

- 2.0 ESD RECAP Grant Operational Impact** – Ms. Merriweather and Ms. Gandour provided an update regarding BUDC and ESD efforts to identify a solution to BUDC's reimbursement challenges under the RECAP grant and the potential impact on BUDC operations. Ms. Merriweather noted that the original RECAP grant disbursement agreement was signed in 2023 and included grant allocations for 683 Northland cost recovery and project development fees. These funding allocations are critical to BUDC operations and its financial sustainability. BUDC and ESD are now working closely to amend language in the RECAP grant disbursement agreement to reallocate funding. It is anticipated that additional information regarding these efforts will be available in the next few weeks. Ms. Gandour added that BUDC staff is looking closely at the timing of receipt of funds with ESD and its other partners and how delays in funding may impact BUDC operations. Members of the Committees discussed potential impacts on BUDC cash flow and the importance of a path forward with respect to the sustainability of BUDC.

- 3.0 2025 683 Northland Master Tenant Budget** – Ms. Profic reviewed the draft 2025 budget for 683 Northland Master Tenant, LLC. A net loss on a GAAP basis is projected. Factoring in cash flow adjustments, there is a projected net cash increase. Ms. Gandour noted that BUDC is meeting with its tax credits team on September 20th to discuss BUDC's exit from historic tax credits and New Markets tax credits structure, which is anticipated to take place in 2025. It was noted that the maximum amount of the investor put option that BUDC would pay to the investor is one million dollars. BUDC will work with its tax credits team to determine whether this amount can be negotiated, and the impact such negotiations may have on the exit from the tax credits model.

- 4.0 2025 BUDC Draft Budget** – Ms. Profic presented the 2025 draft budget. She began the presentation by reviewing the proposed 2025 project budgets for Buffalo Lakeside Commerce Park, Buffalo Building Reuse Project/Race for Place, Ralph Wilson Park, Northland Corridor, and general corporate operations. 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. Ms. Profic noted that some figures in the proposed budget are expected to change as updated numbers are received. She also noted that another Committee meeting will be scheduled in October to review and recommend approval of the proposed budget. All Board members will be invited to attend the Committee meeting

- 5.0 683 Northland Tax Credits Discussion** – This item was reviewed as part of the presentation of the 2025 683 Northland Master Tenant budget.

Real Estate Committee Items

- 6.0 Real Estate Committee Minutes of August 20, 2024 Meeting** – The minutes of the August 20, 2024 Real Estate Committee meeting were presented to the Real Estate Committee. Mr. Kucharski made a motion to approve the meeting minutes. The motion was seconded by Ms. Curry and (with Ms. Holden abstaining) carried with four affirmative votes (4-0-1).

- 7.0 Northland Corridor– Snow Removal Services** – Mr. Rhodes presented his September 19, 2024 memorandum regarding Northland Corridor snow removal services. Following the presentation, Mr. Kucharski made a motion to recommend that the BUDC Board of Directors authorize a contract between Comvest Real Estate Management and Landscape Associates of WNY for snowplow services for the Northland Corridor for a total amount up to \$384,077 for the three year contract period. The motion was seconded by Ms. Curry and unanimously carried (6-0-0).

- 8.0 Northland Corridor – 631 Northland Avenue Consultant Change Order** – Mr. Rhodes presented his September 19, 2024 memorandum regarding a proposed change order to the

consulting agreement with Wendel for the 631 Northland Avenue project. Mr. Rhodes explained that the change order would allow for additional environmental testing to determine eligibility for the NYS Brownfield Cleanup Program. Following the presentation, Mr. Penman made a motion to recommend that the BUDC Board of Directors: (i) approve an amendment to the Wendel consulting agreement for a not-to-exceed amount of \$14,670 for additional environmental testing for the 631 Northland redevelopment project; and (ii) authorize the BUDC President or Executive Vice President to execute an amendment to the Wendel agreement and take such other actions as may be necessary or appropriate to implement this authorization. The motion was seconded by Ms. Holden and unanimously carried (6-0-0).

9.0 Northland Beltline Corridor

(a) Northland Corridor – Phase 3 Redevelopment Update – Mr. Rhodes presented an update regarding the Phase 3 Northland redevelopment project. Phase 3 bid documents have been informally approved by EDA, with formal approval anticipated soon. Mr. Schauger then presented an update regarding discussions with the Buffalo Sewer Authority (BSA) and funding for Phase 3. The project team initially estimated receiving approximately \$836,000 in incentives from BSA for work relating to the removal of impervious areas within the Phase 3 project. BSA, through its consultant Stantec, made several proposed changes to add additional green infrastructure. The revised proposal would increase project costs by \$745,000, resulting in a net \$393,000 in incentives. Mr. Schauger presented potential options in light of the revised proposal, which include incorporating Stantec's green infrastructure changes, maintaining the design plans as-is with no incentives, or engaging in additional discussions with BSA. Mr. Schauger noted that BUDC's existing plans incorporate green infrastructure elements in its design, but BSA is requiring additional elements to be incorporated at higher cost. The Committee discussed the potential options. The Committee expressed that BSA is disincentivizing BUDC from implementing existing plans that incorporate green infrastructure elements and that BUDC could remove these plans entirely from the Phase 3 redevelopment. Following input received from the Committee, Ms. Minkel suggested that BUDC re-engage BSA and discuss the feedback that BUDC staff received from the Real Estate Committee.

Mr. Zanner then presented an update regarding regulatory issues relating to the substation at 644 Northland. Counsel has reached out to several firms specializing in PSC regulatory matters, and with staff input, will engage Read and Laniado, LLP to assist with seeking a declaratory ruling from PSC regarding the substation. The plan is to request a determination that BUDC's substation is not subject to regulation, or in the alternative, would be subject to a lightened and incidental regulation. Ms. Gandour added that BUDC has received feedback from National Grid, which has indicated that work can proceed on the substation in parallel with seeking a declaratory ruling from PSC.

(b) Northland Corridor – Phase 4 Redevelopment Update – Mr. Rhodes presented an update regarding the Phase 4 project. Wendel continues to work on the SHPO process for the 631 Northland building.

(c) Northland Corridor– 741 Northland and 777 Northland Building Condition Update – Mr. Rhodes reported that there are no additional updates regarding this matter at this time.

(d) Northland Corridor– Brownfield Opportunity Area (BOA) Plan – Mr. Rhodes reported that BUDC and Colliers Engineering & Design will meet on September 23rd to discuss scope and review project requirements.

(e) Northland Corridor – Tenant & Property Management Updates – Mr. DiFrancesco reported that CBRE continues to negotiate a lease renewal with Manna and is working to resolve drainage issues identified by Manna. There is continued interest from a potential tenant for the mezzanine space at 683 Northland; additional information is anticipated from the potential

tenant in October. An affordable housing developer that expressed interest in the Fillmore parcels last month is working with the New York State Division of Housing and Community Renewal to determine if the site is compatible for an affordable housing project. CBRE also received an additional inquiry for the Fillmore parcels from a second housing developer. Mr. Cannon then presented an update regarding property management at Northland. The Northland Workforce Training Center anticipates that its auto-tech space build-out will be complete in October. Comvest submitted its capital budget to BUDC, which includes allocations for roof repairs at 714 Northland and a proposed contingency fund to provide for unanticipated repairs. Ms. Gandour indicated that these figures will be included in BUDC's budget update presented in October. Ms. Gandour then shared an updated spreadsheet prepared by Mr. Mehaffy setting forth revenue, expenses and overhead costs for each BUDC-owned property in the Northland Corridor.

(f) **Northland Corridor – Phase I Construction Additional HVAC Work Claim Update** Mr. Zanner reported that a mediation session is scheduled for October 24th.

(g) **Discussion of Northland Corridor Properties Grant & Other Obligations** – This item was discussed during the presentation of items 2, 4, and 9(e).

10.0 Buffalo Lakeside Commerce Park

(a) **193, 80, 134, 158 and 200 Ship Canal Parkway Update** – Ms. Gandour reported that BUDC and CBRE have executed the marketing/broker agreement for the remaining unsold parcels at BLCF and CBRE has begun marketing the properties. CBRE is working to collect information to address prior Committee questions regarding why these properties have not sold to date. The Committee discussed the properties and potential options to increase the marketability of the properties, including a possible spec building project.

(b) **Buffalo Lakeside Commerce Park Property Owners Association** – Ms. Gandour reported that Uniland has not yet paid an outstanding assessment invoice. BUDC legal counsel has drafted a letter reminding Uniland of its obligations to the POA. Mr. Zanner added that if Uniland's POA assessment remains unpaid, the next step would be to call a POA Board meeting to discuss the POA's legal rights and remedies for nonpayment.

11.0 Executive Session – None.

12.0 Adjournment – There being no further business to come before the Committees, upon motion made by Mr. Mehaffy, seconded by Mr. Kucharski and unanimously carried, the September 19, 2024 joint meeting of the Audit & Finance and Real Estate Committees was adjourned at 1:34 p.m.

Respectfully submitted,

Kevin J. Zanner
Secretary

683 Northland Master Tenant, LLC
2025 Proposed Budget

683 Northland Master Tenant, LLC
Proposed 2025 Budget

	2025 Budget	2024 Projected	2023 Actual
Revenues:			
Lease revenue	\$ 1,481,000	\$ 1,439,960	\$ 1,445,435
Additional lease revenue	806,000	656,013	752,071
Other income	1,000	7,872	7,033
Total	<u>2,288,000</u>	<u>2,103,845</u>	<u>2,204,539</u>
Expenses:			
Lease expense	1,896,444	1,896,444	1,913,150
Payroll	158,000	130,357	155,609
Utilities	55,000	37,165	28,115
Insurance	146,000	136,000	127,632
Professional fees	80,000	77,398	81,054
Property management fee	70,800	76,079	69,719
Real estate taxes	34,000	28,866	25,914
Repairs and maintenance	295,800	306,228	263,437
Asset management fee	10,000	10,000	10,000
Depreciation	5,970	5,970	6,448
Miscellaneous	3,000	1,000	347
Total	<u>2,755,014</u>	<u>2,705,508</u>	<u>2,681,425</u>
Net Income / (Loss)	<u>(467,014)</u>	<u>(601,663)</u>	<u>(476,886)</u>
Members' Equity			
Members' equity - beginning of period	\$ 14,398,243	\$ 15,257,697	\$ 15,992,374
Investor member put	(1,000,000)	-	-
Distributions	(386,743)	(257,791)	(257,791)
Members' equity - end of period	<u>\$ 12,544,486</u>	<u>\$ 14,398,243</u>	<u>\$ 15,257,697</u>
Cash Flow Adjustments			
Net Income / (Loss)	\$ (467,014)	\$ (601,663)	\$ (476,886)
Right of use asset - Master Lease Agreement	1,757,446	1,749,230	1,420,727
Deferred operating lease liability - sublessee	(553,074)	(553,074)	(553,075)
Prepaid leasing commission	30,345	15,839	(2,320)
Use of reserves	-	-	10,000
Capital purchases	(48,000)	(19,000)	(9,741)
Depreciation	5,970	5,970	6,448
Changes in assets/liabilities (net)	-	-	(137,521)
Cash Increase/(Decrease) before Equity Items	<u>725,673</u>	<u>597,302</u>	<u>257,632</u>
Investor member put	(1,000,000)	-	-
Distributions	(386,743)	(257,791)	(238,207)
Net Cash Increase/(Decrease)	<u>\$ (661,070)</u>	<u>\$ 339,511</u>	<u>\$ 19,425</u>

683 Northland Master Tenant, LLC's 1% owner and Managing Member is 683 WTC, LLC.
An investor-owned fund owns 99% of the entity.

683 Northland Master Tenant, LLC
Proposed 2025 Budget + 3 Year Projection

	2025 Budget	2026 Projected	2027 Projected	2028 Projected
Revenues:				
Rental revenue	\$ 1,481,000	\$ 1,430,000	\$ 1,401,000	\$ 1,346,000
Additional rental revenue	806,000	772,200	756,500	726,800
Interest and other revenue	1,000	1,000	1,000	1,000
Total	<u>2,288,000</u>	<u>2,203,200</u>	<u>2,158,500</u>	<u>2,073,800</u>
Expenses:				
Rent expense	1,896,444	1,896,444	1,896,444	1,896,444
Payroll	158,000	162,740	167,622	172,651
Utilities	55,000	56,650	58,350	60,100
Insurance	146,000	150,380	154,891	159,538
Professional fees	80,000	82,400	84,872	87,418
Property management fee	70,800	70,800	73,000	76,000
Real estate taxes	34,000	35,020	36,071	37,153
Repairs and maintenance	295,800	304,674	313,814	323,228
Asset management fee	10,000	-	-	-
Depreciation	5,970	5,970	5,970	5,970
Miscellaneous	3,000	3,090	3,183	3,278
Total	<u>2,755,014</u>	<u>2,768,168</u>	<u>2,794,216</u>	<u>2,821,780</u>
Net Income / (Loss)	<u>\$ (467,014)</u>	<u>\$ (564,968)</u>	<u>\$ (635,716)</u>	<u>\$ (747,980)</u>
Members' Equity				
Members' equity - beginning of period	\$ 14,398,243	\$ 12,544,486	\$ 11,979,519	\$ 11,343,803
Investor member put	(1,000,000)	-	-	-
Distributions	(386,743)	-	-	-
Members' equity - end of period	<u>\$ 12,544,486</u>	<u>\$ 11,979,519</u>	<u>\$ 11,343,803</u>	<u>\$ 10,595,822</u>
Cash Flow Adjustments				
Net Income / (Loss)	\$ (467,014)	\$ (564,968)	\$ (635,716)	\$ (747,980)
Prepaid rent - rent expense	1,757,446	1,766,203	1,775,381	1,785,063
Deferred lease liability	(553,074)	(553,074)	(553,074)	(553,074)
Prepaid leasing commission	30,345	33,249	33,249	33,249
Depreciation	5,970	5,970	5,970	5,970
Cash Increase/(Decrease) before Equity Items	<u>773,673</u>	<u>687,380</u>	<u>625,810</u>	<u>523,228</u>
Investor member put	(1,000,000)	-	-	-
Distributions	(386,743)	-	-	-
Net Cash Increase/(Decrease)	<u>\$ (613,070)</u>	<u># \$ 687,380</u>	<u># \$ 625,810</u>	<u># \$ 523,228</u>

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Buffalo Urban Development Corporation

Proposed 2025 Budget



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2025 Proposed Budget

A. Overview:

Buffalo Urban Development Corporation (“BUDC”) continues to make significant progress on all of its initiatives by advancing projects related to the Northland Corridor Redevelopment on Buffalo’s East Side, the Buffalo’s Race for Place initiative in Downtown Buffalo, transformation of Ralph C. Wilson Jr. Centennial Park (“Ralph Wilson Park”) as well as other strategic planning efforts and small business support.

BUDC staff continues developing and managing the transformation of Ralph Wilson Park. The Ralph C. Wilson, Jr. Foundation initially awarded BUDC a \$2.8 million dollar grant to enhance both BUDC’s and the City’s capacity to manage such development activities and to successfully implement the design and construction of Ralph Wilson Park. The project continues to advance through the first phase of construction, as significant work on the shoreline is underway. The installation of the state-of-the-art pedestrian bridge is in process. In addition to securing and managing additional grant funding from the Ralph C. Wilson Foundation in the amount of \$50 million, BUDC was also successful in leveraging and managing additional funding from the Great Lakes Commission; Division of Homeland Security and Emergency Services (DHSES) and other sources to support the park’s transformation. BUDC continues to successfully manage contracts with Gardiner & Theobald for project management and cost estimating services, as well as a contract with Michael Van Valkenburg & Associates for landscape design and construction administration. BUDC continues to provide assistance to the City of Buffalo to secure Gilbane Companies for Construction Management services and consistently collaborates with the Ralph Wilson Conservancy and other project partners.

The Northland Beltline Corridor continues to evolve as an innovation hub focused on workforce training, advanced manufacturing, energy and automotive training, with an emphasis on training and employment for East Side residents. BUDC secured \$55 million in funding from Empire State Development and has continued to leverage the previously awarded \$14.4 million in funding from Economic Development Administration (EDA). This funding supports the development of 631 Northland; 541 E. Delavan Avenue; 612 Northland–B Building; substation upgrades and other improvements within the Northland Beltline Corridor. BUDC recently executed a grant amendment with Empire State Development that will allow up to \$6 million dollars from the initial \$55 million dollar grant to be used towards BUDC’s operational and working capital costs.

BUDC also secured funding from the Dept. of State for the Northland Brownfield Opportunity Area (BOA). The project goals are to create opportunities for new and existing businesses to relocate, launch and grow within the BOA boundary. BUDC continues to engage with Northland Campus businesses and anchors such as the Northland Workforce Training Center – that recently expanded into additional space for its new automotive training program within the Northland Central Building. BUDC is also negotiating a new leasing agreement for the Northland Red Shed building and is in negotiations with Manna Culinary to extend their lease. BUDC consistently coordinates with tenants such as Buffalo Manufacturing Works; Rodriguez Construction; Bank On Buffalo and others as well as the surrounding community on strategic initiatives, public art and other opportunities that add to the vitality of the corridor.

Buffalo Urban Development Corporation 2025 Proposed Budget

The combined project at Northland Central will now exceed \$150 million. In addition to the grant funding from ESD, EDA, NYPA and the City of Buffalo, additional financing has been provided by Citibank and Key Bank, through the use of Historic Preservation Tax Credits and New Market Tax Credits allocated through the National Trust Community Investment Corporation and Building America Community Development Entity. Key Bank and Evans Bank have provided construction bridge financing for development of the Northland Central Building. BUDC is also working with its tax credit consultant team to prepare for the anticipated financial obligations to investors as well as anticipated capital costs related to the Northland Beltline Corridor.

BUDC continues to advance its downtown development efforts through its Buffalo's Race for Place initiative. BUDC completed the Downtown Waterfront Improvement Plan, which provides infrastructure and public realm recommendations to improve connections from the downtown waterfront to the investment at Ralph Wilson Park. BUDC has worked to develop concepts for improvements to Erie Street that will spur additional development around the waterfront and Marina. BUDC also completed the Ellicott Street Underpass Lighting project and continues to identify resources for additional phases of the Ellicott Street Placemaking Strategy. BUDC has also participated with the City of Buffalo's Office of Strategic Planning in the Smart Streets Design Planning initiative, infrastructure and waterfront coordination efforts and implementation planning. BUDC recently issued a Request For Proposals to secure a project and cost management firm to assist with accelerating the construction and development of public realm projects identified in the above mentioned planning efforts within the downtown and waterfront area. BUDC is a key project partner with the City of Buffalo on the Queen City Hub Revisited Action Plan, which looks to address challenges caused by remote work, a decline in office space occupancy, retail vacancy and changing consumer habits that impact downtown's vitality. These investments and initiatives will increase development density in the City of Buffalo that encourages walkability and multi-modal transportation, improved accessibility of disadvantaged communities with employment clusters, and attracts private investment to further foster a vibrant, sustainable community in line with the Region's established smart growth principles.

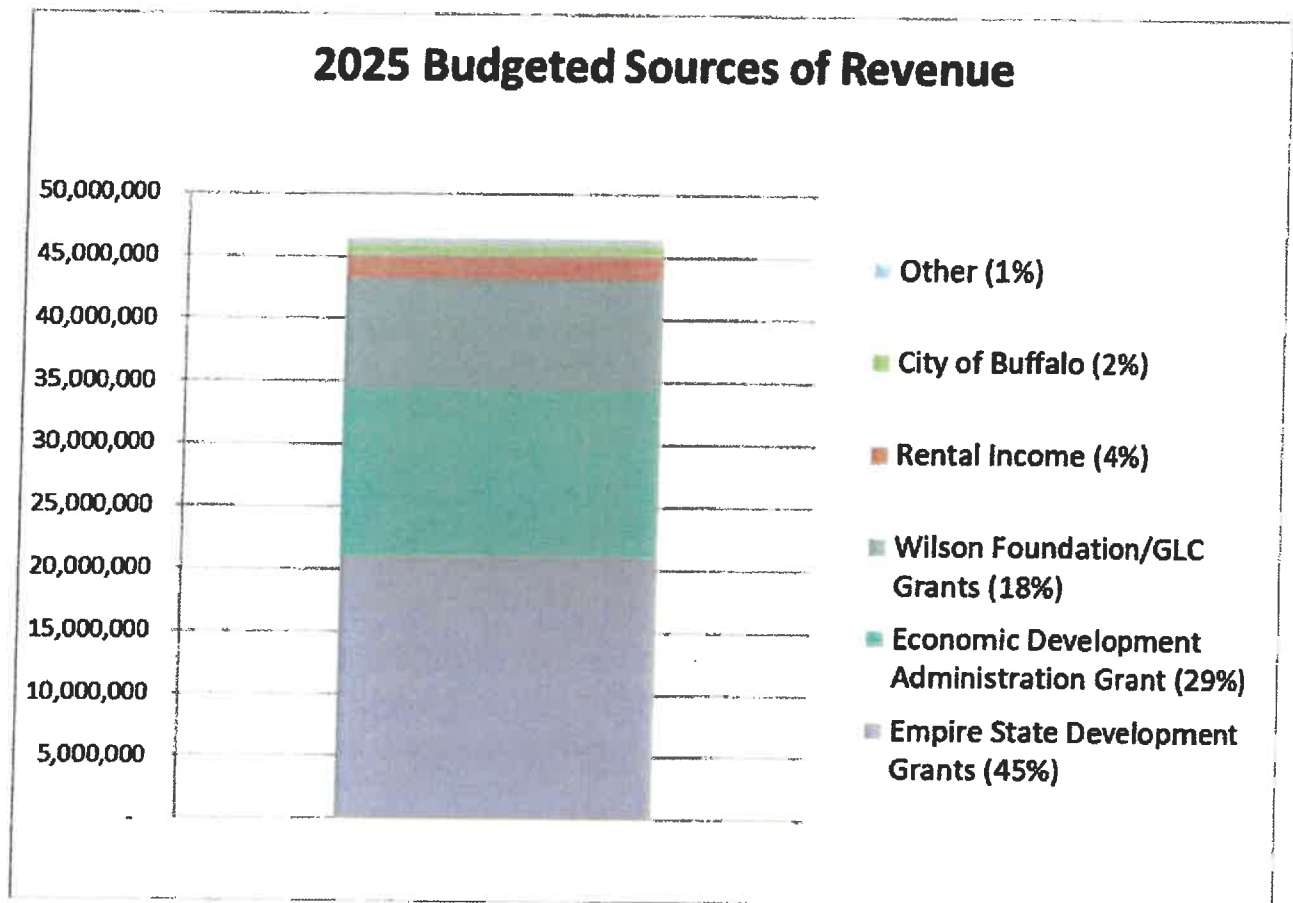
BUDC continues to market available parcels within Buffalo Lakeside Commerce Park and has recently contracted with CBRE to further promote the remaining parcels on a local, regional and national level to increase interest in the site. BUDC also manages the BLCP Property Owners association and coordinates with the City of Buffalo to ensure proper maintenance and upkeep.

Income for operations has been generated primarily through land sales, lease payments and grants. BUDC has recently negotiated funding for operational support and sustainability on several initiatives to ensure the organization's ability to continue delivering transformational projects.

Buffalo Urban Development Corporation 2025 Proposed Budget

B. Sources of BUDC Funds:

The following chart summarizes the significant sources of the \$46.5 million in revenue that has been budgeted for BUDC projects in 2025:



- (1) **Empire State Development Grants** – In 2025 BUDC expects to recognize \$20,891,000 in grant revenue from Empire State Development for projects along the Northland Corridor, most under the RECAP Grant, including work at 541 East Delavan Avenue and 631 Northland. Included in this figure is \$729,000 of working capital for BUDC personnel and other costs related to the ownership and maintenance of Northland Corridor properties.
- (2) **Economic Development Administration** – In 2025 BUDC expects to recognize \$13,650,000 in grant revenue under EDA's Build Back Better grant related to core and shell renovations at 541 East Delavan Avenue.
- (3) **Ralph C. Wilson, Jr. Foundation and Great Lakes Commission Grants** – In 2025 BUDC expects to recognize \$8,577,000 in grant revenue from the Wilson Foundation and Great Lakes Commission associated with multiple grant agreements supporting the redevelopment of LaSalle Park into Ralph Wilson Park along the city's shoreline.

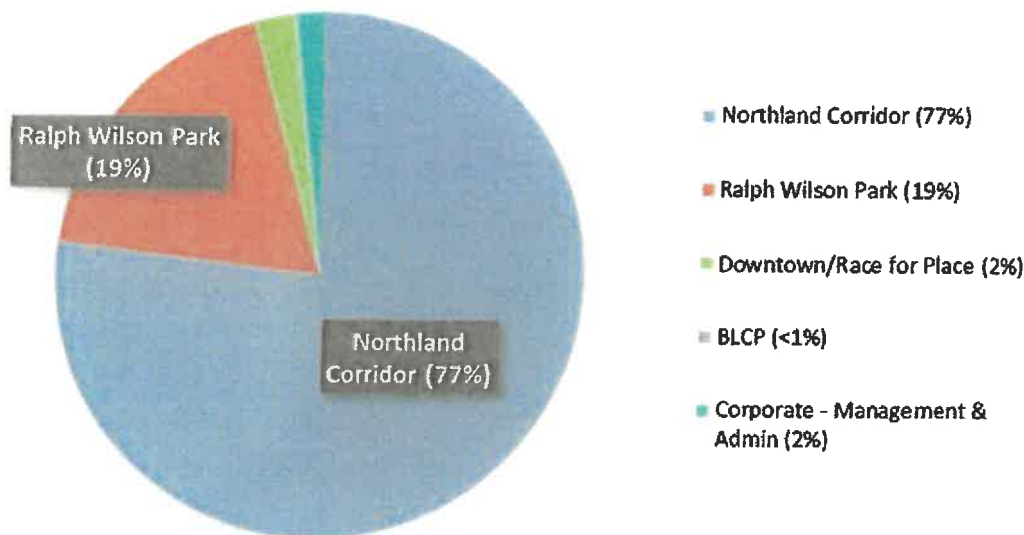
Buffalo Urban Development Corporation 2025 Proposed Budget

- (4) **Rental Income** – In 2025 BUDC expects to realize rental income of approximately \$1,981,000 for leased space in the Northland Corridor from tenants, the majority under the terms of a Master Lease Agreement between 683 Northland Master Tenant, LLC and 683 Northland LLC. It is of note that rent payments for leased space within the Northland Central (683 Northland) complex are paid to 683 Northland Master Tenant, LLC, a separate entity for financial reporting purposes.
- (5) **City of Buffalo** – In 2025 BUDC expects to recognize \$908,000 in American Rescue Plan grant revenue from the City of Buffalo. The majority of grant funding is budgeted for downtown based initiatives.
- (6) **Other** – Other income totaling approximately \$536,250 on a consolidated basis reflects the following:
- a. \$381,250 from National Grid grants for certain projects.
 - b. \$100,000 grant from the Erie County Industrial Development Agency.
 - c. \$45,000 bank interest/miscellaneous income.
 - d. \$10,000 net revenue to the Buffalo Brownfields Redevelopment Fund.

C. Uses of BUDC Funds:

BUDC expects to spend \$45.8 million in 2025 as outlined in the following chart:

2025 Budgeted Use of Funds



- (1) **Northland Corridor** – As part of the continuing Northland Corridor project, BUDC anticipates spending \$35.3 million on capital and development costs, in addition to operating costs at Northland Corridor properties. The majority of 2025 spending will focus on core and shell renovations at 537 East Delavan Avenue and 631 Northland Ave.
- (2) **Ralph Wilson Park** – BUDC anticipates spending \$8.6 million in 2025 to support the development of Ralph Wilson Park, as construction continues in 2025. Much of the funding will be passed through to the City of Buffalo under subgrant agreements.

Buffalo Urban Development Corporation 2025 Proposed Budget

- (3) Downtown/Race for Place** – BUDC anticipates spending \$1.1 million in 2025 to support various downtown initiatives in conjunction with the City of Buffalo.
- (4) Buffalo Lakeside Commerce Park** – In 2025 BUDC has budgeted \$19,000 for operations and maintenance costs of Ship Canal Commons, its share of costs under the Property Owners' Association agreement.
- (5) Corporate – Management & Administrative** – In 2025, BUDC expects to spend \$836,000 on management and administrative costs. This includes salary and benefit costs of BUDC staff totaling \$319,000. In addition, \$106,500 in other administrative, financial and property management services provided by ECIDA staff are budgeted to be reimbursed based on the number of hours ECIDA employees devote to these activities. Other management and administrative costs total \$410,500 and include legal, audit and tax, insurance, marketing, rent and other general and administrative costs.

Buffalo Urban Development Corporation

2025 Proposed Budget - Summary

REVENUE	Budget 2025	Projected 2024	YTD August 2024	Actual 2023
Grant Revenue				
Empire State Development	\$ 20,890,585	\$ 6,001,540	\$ 1,326,999	\$ 423,755
EDA - Build Back Better	13,650,000	750,000	15,290	55,798
Ralph C. Wilson, Jr. Foundation/GLC	8,577,115	26,460,803	21,119,459	30,139,708
National Grid	381,250	250,000	-	-
City of Buffalo	908,050	291,950	-	-
ECIDA	100,000	100,000	39,297	200,000
Other	-	325,560	325,560	777,415
Gross Proceeds from Land Sales	-	-	-	-
Less: Cost of Land Sales	-	-	-	-
Buffalo Brownfield Fund Revenue (net)	10,000	36,000	33,860	35,823
Rental Income	1,980,629	1,972,293	1,314,067	2,004,510
Interest Income & Fees - Loans	-	96,664	64,443	96,664
Investment Interest Income/Miscellaneous	45,000	132,187	88,177	126,418
Other Income	-	24,584	14,584	960,491
Total	46,542,629	36,441,581	24,341,736	34,820,581
OPERATING EXPENSES				
Property Operations & Maintenance	89,365	85,572	45,736	80,491
Legal	178,450	161,664	99,946	119,032
Insurance	187,418	168,329	121,939	155,688
Marketing	50,000	37,671	22,614	23,841
Utilities	25,088	19,904	13,213	16,117
Misc.	18,265	15,572	10,411	15,245
Consultants	798,500	2,697,928	1,798,619	1,800,089
General Development Expenses	8,725,165	24,445,409	19,846,939	28,937,684
Personnel Costs	514,309	461,277	332,869	440,560
Interest	42,000	119,462	101,143	197,771
Rent	31,800	23,216	15,478	24,291
ECIDA Management Fee	114,000	102,000	76,000	87,262
Audit & Tax	228,100	195,917	201,517	342,622
Operating Expenses	15,000	39,494	36,996	20,611
Grant Expense	958,625	949,935	631,133	1,068,103
General & Administrative	42,250	100,574	53,529	169,362
Depreciation	4,081,000	4,006,648	2,674,157	4,138,093
Total	16,099,336	33,630,572	26,082,239	37,636,862
Net Income / (Loss)	\$ 30,443,293	\$ 2,811,009	\$ (1,740,504)	\$ (2,816,280)
CAPITAL BUDGET				
Capital expenditures/equipment	(32,829,340)	(3,043,221)	(1,104,587)	(348,535)
Proceeds from loans/line of credit	-	1,151,839	1,151,839	-
Tax credits exist cost	(1,000,000)	-	-	-
Capital contributions, net	-	-	-	42,311
Repayment of debt	-	(1,891,839)	(1,354,587)	(1,108,325)
	(33,829,340)	(3,783,221)	(1,307,335)	(1,414,549)
CASH FLOW ADJUSTMENTS				
Cost of Land Sales	-	-	-	-
Prepaid rental income	(1,338,346)	(1,351,696)	(587,839)	(1,420,727)
Deferred lease liability	511,932	511,932	341,288	513,406
Use of reserves	47,049	99,240	61,740	98,533
Depreciation	4,081,000	4,006,648	2,674,157	4,138,093
Net Cash Increase/(Decrease)	\$ (84,412)	\$ 2,293,911	\$ (558,493)	\$ (901,525)

Buffalo Urban Development Corporation
2025 Proposed Budget - Project Detail

	Downtown /					
	BLCP	Race for Place	Ralph Wilson Park	Northland Corridor	Corporate Operations	Total
REVENUE						
Grant Revenue						
ESD - Northland	\$ -	\$ -	\$ -	\$ 20,162,000	\$ 728,585	\$ 20,890,585
Ralph C. Wilson, Jr. Foundation/GLC	-	-	8,577,115	-	-	8,577,115
National Grid	-	250,000	-	131,250	-	381,250
EDA - Build Back Better	-	-	-	13,650,000	-	13,650,000
City of Buffalo	-	788,050	-	-	120,000	908,050
ECIDA	-	100,000	-	-	-	100,000
Gross Proceeds from Land Sales	-	-	-	-	-	-
Less: Cost of Land Sales + closing costs	-	-	-	-	-	-
Buffalo Brownfield Fund Revenue (net)	-	-	-	-	10,000	10,000
Rental Income	-	-	-	1,980,629	-	1,980,629
Interest Income & Fees - Loans	-	-	-	-	-	-
Investment Interest Income/Miscellaneous	-	-	-	-	45,000	45,000
Total	-	1,138,050	8,577,115	35,923,879	903,585	46,542,629
OPERATING EXPENSES						
Property Operations & Maintenance	10,365	-	-	79,000	-	89,365
Legal	3,450	-	10,000	120,000	45,000	178,450
Insurance	1,918	-	-	115,500	70,000	187,418
Marketing	-	25,000	-	-	25,000	50,000
Utilities	88	-	-	25,000	-	25,088
Misc.	3,265	-	-	-	15,000	18,265
Consultants	-	25,000	720,000	28,500	25,000	798,500
General Development Expenses	-	1,038,050	7,687,115	-	-	8,725,165
Personnel Costs	-	50,000	145,000	-	319,309	514,309
Interest	-	-	-	42,000	-	42,000
Operating Expenses	-	-	-	5,000	10,000	15,000
Rent	-	-	-	-	31,800	31,800
ECIDA Management Fee	-	-	7,500	-	106,500	114,000
Audit & Tax	-	-	5,000	55,500	167,600	228,100
General & Administrative	-	-	2,500	983,375	15,000	1,000,875
Depreciation	-	-	-	4,075,000	6,000	4,081,000
Total	19,087	1,138,050	8,577,115	5,528,875	836,209	16,099,336
Net Income / (Loss)	(19,087)	-	-	30,395,004	67,376	30,443,293
CAPITAL BUDGET						
Capital expenditures/equipment	-	-	-	(32,829,340)	-	(32,829,340)
Tax credits exit cost	-	-	-	(1,000,000)	-	(1,000,000)
Total	-	-	-	(33,829,340)	-	(33,829,340)
Prepaid Rental Income	-	-	-	(1,338,346)	-	(1,338,346)
Deferred lease liability	-	-	-	511,932	-	511,932
Use of reserves	-	-	-	47,049	-	47,049
Depreciation	-	-	-	4,075,000	6,000	4,081,000
Net Cash Increase/(Decrease)	\$ (19,087)	\$ -	\$ -	\$ (138,701)	\$ 73,376	\$ (84,412)

Buffalo Urban Development Corporation
2025 Proposed Budget - Northland Corridor Project Breakout

	BUDC	683 WTC, LLC	683 Northland LLC	Eliminations ¹	Northland Corridor Total
REVENUE					
Grant Revenue					
Empire State Development	\$ 20,162,000	\$ -	\$ -	\$ -	\$ 20,162,000
EDA - Build Back Better	13,650,000	-	-	-	13,650,000
Loan interest	522,000	-	-	(522,000)	-
Rental income	84,185	-	1,896,444	-	1,980,629
Other income	-	-	-	-	-
Total	34,549,435	-	1,896,444	(522,000)	35,923,879
OPERATING EXPENSES					
Property Operations & Maintenance	79,000	-	-	-	79,000
Legal	75,000	-	45,000	-	120,000
Insurance	115,500	-	-	-	115,500
Utilities	25,000	-	-	-	25,000
Operating expenses	-	-	5,000	-	5,000
Administrative	958,625	-	-	-	958,625
Consultants	28,500	-	-	-	28,500
Interest	-	522,000	42,000	(522,000)	42,000
Asset Management Fee	-	-	18,750	-	18,750
Audit & Tax	-	6,500	49,000	-	55,500
Loan servicing fees	-	-	6,000	-	6,000
Depreciation	75,000	-	4,000,000	-	4,075,000
Total	1,356,625	528,500	4,165,750	(522,000)	5,528,875
Net Income/(Loss)	33,192,810	(528,500)	(2,269,306)	-	30,395,004
CAPITAL BUDGET					
Capital expenditures/equipment	(32,829,340)	-	-	-	(32,829,340)
Tax credits exit cost	(1,000,000)	-	-	-	(1,000,000)
	(33,829,340)	-	-	-	(33,829,340)
CASH FLOW ADJUSTMENTS					
Prepaid rent (rental income)	-	-	(1,338,346)	-	(1,338,346)
Deferred lease liability	511,932	-	-	-	511,932
Deferred interest payments	(522,000)	522,000	-	-	-
Use of/(additions to) reserves	-	-	47,049	-	47,049
Depreciation/amortization	75,000	-	4,000,000	-	4,075,000
Net Cash Increase/(Decrease)	\$ (571,598)	\$ (6,500)	\$ 439,397	\$ -	\$ (138,701)

¹ Eliminations consist of interest revenue/expense between BUDC and 683 WTC, LLC.

Buffalo Urban Development Corporation

2025 Proposed Budget and 3 Year Forecast

REVENUE	Budget 2025	Projected 2026	Projected 2027	Projected 2028
Grant Revenue	\$ 44,507,000	\$ 18,667,500	\$ 13,020,000	\$ 13,020,000
Gross Proceeds from Land Sales	-	-	-	-
Less: Cost of Land Sales	-	-	-	-
Buffalo Brownfield Fund Revenue (net)	10,000	10,000	10,000	10,000
Rental Income	1,980,629	333,000	890,000	890,000
Investment Interest Income/Miscellaneous	45,000	34,000	22,000	22,000
Other Income	-	-	-	-
Total	46,542,629	19,044,500	13,942,000	13,942,000
OPERATING EXPENSES				
Property Operations & Maintenance	89,365	85,587	85,784	85,981
Legal	178,450	80,000	85,000	85,000
Insurance	187,418	205,000	210,000	214,000
Marketing	50,000	50,000	-	-
Utilities	25,088	25,841	26,616	27,414
Misc.	18,265	10,000	10,000	10,000
Consultants	798,500	-	-	-
General Development Expenses	8,725,165	1,750,000	-	-
Personnel Costs	514,309	529,420	555,891	583,686
Interest	42,000	-	-	-
Rent	31,800	26,750	27,000	27,000
ECIDA Management Fee	114,000	115,000	117,500	120,000
Audit & Tax	228,100	126,900	89,500	92,185
Operating Expenses	15,000	5,000	5,150	5,305
Grant Expense	958,625	110,000	110,000	-
General & Administrative	42,250	49,000	48,850	51,696
Depreciation	4,081,000	4,081,000	4,081,000	4,081,000
Total	16,099,336	7,249,498	5,452,291	5,383,266
Net Income / (Loss)	\$ 30,443,293	\$ 11,795,002	\$ 8,489,709	\$ 8,558,734
CAPITAL BUDGET				
Capital expenditures/equipment	(32,829,340)	(15,500,000)	(12,000,000)	(12,000,000)
Tax credits exit cost	(1,000,000)	-	-	-
Total	(33,829,340)	(15,500,000)	(12,000,000)	(12,000,000)
CASH FLOW ADJUSTMENTS				
Cost of Land Sales	-	-	-	-
Prepaid rental income	(1,338,346)	-	-	-
Deferred lease liability	511,932	-	-	-
Use of reserves	47,049	-	-	-
Depreciation/amortization	4,081,000	4,081,000	4,081,000	4,081,000
Net Cash Increase/(Decrease)	\$ (84,412)	\$ 376,002	\$ 570,709	\$ 639,734

Buffalo Urban Development Corporation

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Item 4

MEMORANDUM

TO: BUDC Audit & Finance Committee

FROM: Rebecca Gandour, Executive Vice President
Mollie Profic, Treasurer

SUBJECT: 2024 BUDC Single Audit Services

DATE: October 17, 2024

On July 28, 2022 the BUDC Board of Directors approved the retention of Freed Maxick to provide professional auditing and tax services to BUDC and its affiliates for the 2022-2025 audits. The fee schedule approved did not include authorization to complete a Single Audit during each fiscal year, since the need for such services varies from year to year and is dependent on the amount of federal funds expended in a fiscal year.

BUDC has been awarded several Federal grants from the Great Lakes Commission as well as a subgrant from the Federal Emergency Management Agency via the NYS Division of Homeland Security and Emergency Services in relation to Ralph Wilson, Jr. Centennial Park. In addition, American Rescue Plan funds (ARP) from the City of Buffalo are Federal dollars.

BUDC's expenditures of Federal dollars for fiscal year 2024 have surpassed the \$1,000,000 threshold, which requires BUDC to obtain a Single Audit for the year ending December 31, 2024. BUDC staff obtained a quote of \$5,500 from Freed Maxick to perform a Single Audit for BUDC in addition to the year-end audits for BUDC and its affiliates. This quote for Single Audit Services was provided by Freed Maxick during BUDC's 2022 procurement process.

ACTION:

We request that the Audit & Finance Committee approve the retention of Freed Maxick for \$5,5000 to provide Single Audit services to BUDC for the year ending December 31, 2024.

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

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BUDC Audit & Finance Committee Monthly Meeting Schedule – 2025 **Meetings are held the Second Thursday of the Month at 12:00 p.m.**

Thursday, January 9th

Thursday, February 13th

Thursday, March 13th

Thursday, April 10th

Thursday, May 8th

Thursday, June 12th

Thursday, July 10th

Thursday, August 14th

Thursday, September 11th

Thursday, October 9th

Thursday, November 6th

Thursday, December 4th

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