

Buffalo Urban Development Corporation

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Audit & Finance Committee Meeting
Wednesday, September 21, 2022
10:00 a.m.
95 Perry Street, 4th Floor Conference Room

Agenda

1. Minutes of July 18, 2022 Meeting (*Approval*) (*Enclosure*)
2. 2023 683 Northland Master Tenant Budget (*Enclosure*)
3. 2023 BUDC Draft Budget & Three-Year Forecast (*Enclosure*)
4. Miscellaneous Funding Source Updates (*Information*)
5. BBRP/BUDC Loan Program Update (*Information*)
6. Executive Session
7. Adjournment (*Approval*)

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

Via Video Conference Call & Live Stream Audio

**July 18, 2022
12:00 p.m.**

Call to Order:

Committee Members Present:

Catherine Amdur
Trina Burruss
Janique S. Curry
David J. Nasca
Dennis M. Penman (Committee Chair)

Committee Members Absent:

[None]

Officers Present:

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

Others Present: Alexis M. Florczak, Hurwitz Fine P.C.; Soma Hawramee, ECIDA Compliance Officer; Laurie Hendrix, ECIDA Administrative Coordinator; and Antonio Parker, BUDC Project Manager.

Roll Call – The meeting was called to order at 12:08 p.m. The Secretary called the roll of the Committee and a quorum was present. Ms. Burruss joined the meeting during executive session.

The meeting was held via Zoom in accordance with the provisions of Article 7 of the Public Officers Law, as amended effective January 14, 2022, which authorizes public bodies to conduct meetings and take such action authorized by law without permitting in public in-person access to meetings and to authorize such meetings to be held remotely by conference call or similar service, provided that the public has the ability to view or listen to such proceeding and that such meetings are recorded and later transcribed.

- 1.0 Approval of Minutes of the June 9, 2022 Meeting** – The minutes of the June 9, 2022 meeting of the Audit & Finance Committee were presented. Ms. Amdur made a motion to approve the meeting minutes. The motion was seconded by Mr. Nasca and unanimously carried (4-0-0).
- 2.0 BUDC Audit & Tax Services** – Ms. Gandour presented the July 18, 2022 memorandum regarding a proposal to retain Freed Maxick for audit and tax services. Ms. Gandour noted that the current arrangement with Freed Maxick is scheduled to expire at the end of 2022. In the past, BUDC has participated in a joint RFP process with ECIDA for audit and tax services, but staff is

recommending that BUDC not participate in the RFP process and move forward with retaining Freed Maxick through the 2025 audit period. Ms. Gandour explained that BUDC's corporate structure has become far more complex due to the Northland tax credits transaction, and Freed Maxick has provided the required audits since 2017 and has unique knowledge and expertise related to the project. These services qualify as a single source procurement under the BUDC procurement policy. Mr. Nasca commented that the firm's proposed fees for the four-year period are reasonable. Mr. Nasca then made a motion to recommend that the Board of Directors approve the retention of Freed Maxick to provide professional auditing and tax services to the BUDC and its affiliates for the 2022-2025 audits. The motion was seconded by Ms. Curry and unanimously carried (4-0-0).

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

American Rescue Plan Funds: Ms. Merriweather will appear before the Common Council on July 19th regarding BUDC's request for ARPA funding. The funding will be received in two equal tranches of \$600,000 each. \$300,000 of the funding is for reimbursement of COVID-19 related expenditures.

Grant Funding Updates: National Grid awarded BUDC a \$250,000 grant for the Court Street improvements project. BUDC will pass these funds through to the City and the proposed pass-through agreement will be presented to the BUDC Board of Directors for approval on July 26th. Ms. Merriweather noted that BUDC is also working with ESD on a funding agreement for the \$75,000 CFA grant award for the inner harbor and waterfront public realm study.

Build Back Better: Ms. Gandour reported that BUDC staff continues to respond to questions from EDA regarding the application.

BUDC Grant Policy: Ms. Merriweather noted that BUDC staff is working with the Governance Committee regarding a grant administration policy which will address the acceptance and administration of grant funding and private sector donations.

4.0 BBRP/BUDC Loan Program Update – Ms. Merriweather reported that BUDC staff is working to coordinate meetings with the private sector regarding the restructuring of the BBRP loan program.

5.0 Executive Session – Ms. Amdur made a motion to enter executive session to discuss claims and litigation relating to 683 Northland. The motion was seconded by Mr. Nasca and unanimously carried. At the conclusion of the executive session, Mr. Nasca made a motion to exit executive session, which was seconded by Ms. Curry and unanimously carried. No votes were taken during executive session.

6.0 Adjournment – There being no further business to come before the Committee, the July 18, 2022 meeting of the Audit & Finance Committee was adjourned at 12:51 p.m.

Respectfully submitted,

Kevin J. Zanner
Secretary

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683 Northland Master Tenant, LLC Proposed 2023 Budget

	<u>2023 Budget</u>	<u>2022 Projected</u>	<u>2021 Actual</u>
Revenues:			
Rental revenue	\$ 1,456,000	\$ 1,471,033	\$ 1,468,498
Additional rental revenue	742,000	766,243	648,676
Interest and other revenue	250	306	261
Total	<u>2,198,250</u>	<u>2,237,582</u>	<u>2,117,435</u>
Expenses:			
Rent expense	1,879,742	1,879,742	1,879,742
Payroll	166,100	140,440	149,471
Utilities	102,000	88,008	150,924
Insurance	123,000	123,120	120,629
Professional fees	67,700	70,535	85,899
Property management fee	73,000	69,732	67,515
Real estate taxes	26,000	17,956	19,626
Repairs and maintenance	261,000	226,038	120,242
Asset management fee	10,000	10,000	10,000
Depreciation	5,056	5,056	2,429
Miscellaneous	5,000	8,000	7,920
Total	<u>2,718,598</u>	<u>2,638,627</u>	<u>2,614,397</u>
Net Income / (Loss)	<u><u>(520,348)</u></u>	<u><u>(401,044)</u></u>	<u><u>(496,962)</u></u>
Members' Equity			
Members' equity - beginning of period	15,729,468	14,578,450	9,658,723
Members' capital contributions	-	2,090,803	5,680,517
Distributions	<u>(274,800)</u>	<u>(538,741)</u>	<u>(263,828)</u>
Members' equity - end of period	<u><u>14,934,320</u></u>	<u><u>15,729,468</u></u>	<u><u>14,578,450</u></u>
Cash Flow Adjustments			
Net Income / (Loss)	(520,348)	(401,044)	(496,962)
Members' capital contributions	-	2,090,803	5,680,517
Distributions	(274,800)	(538,741)	(148,096)
Prepaid rent - rent expense	1,387,319	1,395,256	1,393,059
Prepaid rent - Master Lease Agreement	-	(1,826,862)	(5,532,421)
Deferred lease liability	(553,074)	(553,074)	(553,074)
Prepaid leasing commission	26,700	28,950	(105,715)
Use of reserves	10,000	10,000	10,000
Equipment purchases	-	(18,390)	-
Depreciation	5,056	5,056	2,429
Changes in assets/liabilities (net)	-	-	(199,401)
Net Cash Increase/(Decrease)	<u><u>\$ 80,853</u></u>	<u><u>\$ 191,954</u></u>	<u><u>\$ 50,336</u></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.

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683 Northland Master Tenant, LLC Proposed 2023 Budget + 3 Year Projection

	2023 Budget	2024 Projected	2025 Projected	2026 Projected
Revenues:				
Rental revenue	\$ 1,456,000	\$ 1,427,000	\$ 1,409,000	\$ 1,321,000
Additional rental revenue	742,000	725,000	711,500	660,000
Interest and other revenue	250	250	250	250
Total	<u>2,198,250</u>	<u>2,152,250</u>	<u>2,120,750</u>	<u>1,981,250</u>
Expenses:				
Rent expense	1,879,742	1,879,742	1,879,742	1,879,742
Payroll	166,100	171,083	176,215	181,502
Utilities	102,000	105,060	108,212	111,458
Insurance	123,000	126,690	130,491	134,405
Professional fees	67,700	69,731	71,823	73,978
Property management fee	73,000	72,000	71,000	67,000
Real estate taxes	26,000	26,780	27,583	28,411
Repairs and maintenance	261,000	268,830	276,895	285,202
Asset management fee	10,000	10,000	-	-
Depreciation	5,056	3,200	3,200	3,200
Miscellaneous	5,000	5,150	5,305	5,464
Total	<u>2,718,598</u>	<u>2,738,266</u>	<u>2,750,466</u>	<u>2,770,362</u>
Net Income / (Loss)	<u>(520,348)</u>	<u>(586,016)</u>	<u>(629,716)</u>	<u>(789,112)</u>
Members' Equity				
Members' equity - beginning of period	15,729,468	14,934,320	14,073,503	13,168,987
Members' capital contributions	-	-	-	-
Distributions	(274,800)	(274,800)	(274,800)	(274,800)
Members' equity - end of period	<u>14,934,320</u>	<u>14,073,503</u>	<u>13,168,987</u>	<u>12,105,076</u>
Cash Flow Adjustments				
Net Income / (Loss)	(520,348)	(586,016)	(629,716)	(789,112)
Members' capital contributions	-	-	-	-
Distributions	(274,800)	(274,800)	(274,800)	(274,800)
Prepaid rent - rent expense	1,387,319	1,387,319	1,351,696	1,321,644
Prepaid rent - Master Lease Agreement	-	-	-	-
Deferred lease liability	(553,074)	(553,074)	(553,074)	(553,074)
Prepaid leasing commission	26,700	26,700	26,295	21,695
Usage of/(additions to) reserves	10,000	10,000	10,000	-
Depreciation	5,056	3,200	3,200	3,200
Net Cash Increase/(Decrease)	<u>\$ 80,853</u>	<u>\$ 13,329</u>	<u>\$ (66,399)</u>	<u>\$ (270,446)</u>

683 Northland Master Tenant, LLC's 1% owner and Managing Member is 683 WTC, LLC.
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Buffalo Urban Development Corporation
Proposed 2023 Budget - Summary

REVENUE	YTD			
	Budget 2023	Projected 2022	June 2022	Actual 2021
Grant Revenue				
Empire State Development	\$ 3,900,000	\$ 149,738	\$ 65,992	\$ 50,262
Restore NY	1,600,000	45,471	45,471	79,258
Ralph C. Wilson, Jr. Foundation/GLC	27,205,000	4,884,208	2,267,104	4,126,388
National Grid (various)	250,000	267,450	17,450	-
NYSERDA	-	-	-	119,232
ECIDA	100,000	100,000	-	-
Other	3,600,000	32,000	7,000	50,000
Gross Proceeds from Land Sales	540,000	1,791,429	180,000	599,000
Less: Cost of Land Sales	(342,300)	(2,574,164)	(86,438)	(746,345)
Buffalo Brownfield Fund Revenue (net)	40,000	36,183	36,183	40,821
Rental Income	1,959,162	2,030,250	1,015,566	2,025,331
BLCP Maintenance Contribution	5,200	13,200	5,200	1,000
Interest Income & Fees - Loans	96,664	197,914	48,332	112,107
Investment Interest Income/Miscellaneous	6,500	776	388	722
Other Income	-	7,942,056	6,993,156	12,872,507
Total	<u>38,960,226</u>	<u>14,916,511</u>	<u>10,595,405</u>	<u>19,330,284</u>
OPERATING EXPENSES				
Property Operations & Maintenance	76,878	129,823	69,961	181,454
Legal	135,000	124,235	90,657	162,887
Insurance	202,000	204,378	109,937	159,401
Marketing	50,000	18,560	15,730	21,057
Utilities	5,250	2,100	1,050	3,347
Misc.	16,500	5,744	2,872	8,527
Consultants	553,500	4,911,305	2,185,200	3,622,222
General Development Expenses	29,780,000	1,121,192	123,246	417,450
Personnel Costs	519,094	375,706	185,886	482,780
Interest	278,674	317,229	185,875	450,479
Rent	27,000	23,205	11,528	23,338
ECIDA Management Fee	87,000	81,600	40,800	79,629
Audit & Tax	275,300	348,623	347,423	204,381
Operating Expenses	15,000	18,541	12,966	226,485
Grant Expense	937,176	924,792	425,449	1,209,773
General & Administrative	168,731	146,142	37,910	194,101
Depreciation	4,081,000	4,168,414	2,044,454	4,225,517
Amortization	-	-	-	43,675
Total	<u>37,208,104</u>	<u>12,921,590</u>	<u>5,890,944</u>	<u>11,716,502</u>
Net Income / (Loss)	<u>\$ 1,752,122</u>	<u>\$ 1,994,921</u>	<u>\$ 4,704,460</u>	<u>\$ 7,613,782</u>
CAPITAL/LOAN FUND BUDGET				
Capital expenditures/equipment	(3,400,000)	(28,391)	(28,391)	(175,794)
Proceeds from loans/line of credit	-	-	-	183,575
Prepaid rent - Master Lease Agreement	-	1,826,862	-	5,532,421
Capital contributions	-	398,267	348,325	961,846
Repayment of debt	(875,228)	(9,413,566)	(7,188,437)	(19,884,504)
	<u>(4,275,228)</u>	<u>(7,216,828)</u>	<u>(6,868,503)</u>	<u>(13,382,456)</u>
CASH FLOW ADJUSTMENTS				
Cost of Land Sales	312,300	2,574,164	86,438	746,345
Prepaid rental income	(1,387,319)	(1,395,256)	(696,628)	(1,393,059)
Deferred lease liability	511,932	511,932	255,966	511,932
Use of reserves	76,941	96,932	44,682	97,848
Depreciation/amortization	4,081,000	4,168,414	2,044,454	4,269,192
Principal repayment - BUDC loans	-	-	-	750,000
Net Cash Increase/(Decrease)	<u>\$ 1,071,748</u>	<u>\$ 734,279</u>	<u>\$ (429,131)</u>	<u>\$ (786,416)</u>

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Buffalo Urban Development Corporation

Proposed 2023 Budget - Project Detail

	BLCP	BBRP / Race for Place	Centennial Park	Northland Corridor	Corporate Operations	Total
REVENUE						
Grant Revenue						
Restore NY 5	\$ -	\$ -	\$ -	\$ 1,600,000	\$ -	\$ 1,600,000
Ralph C. Wilson, Jr. Foundation/GLC	-	-	27,205,000	-	-	27,205,000
National Grid	-	250,000	-	-	-	250,000
ESD - Northland	-	-	-	3,900,000	-	3,900,000
ECIDA	-	100,000	-	-	-	100,000
Other	-	-	3,000,000	-	600,000	3,600,000
Gross Proceeds from Land Sales	540,000	-	-	-	-	540,000
Less: Cost of Land Sales + closing costs	(342,300)	-	-	-	-	(342,300)
Buffalo Brownfield Fund Revenue (net)	-	-	-	-	40,000	40,000
Rental Income	-	-	-	1,959,162	-	1,959,162
BLCP Property Maintenance	5,200	-	-	-	-	5,200
Interest Income & Fees - Loans	-	-	-	96,664	-	96,664
Investment Interest Income/Miscellaneous	6,000	-	-	-	500	6,500
Total	208,900	350,000	30,205,000	7,555,826	640,500	38,960,226
OPERATING EXPENSES						
Property Operations & Maintenance	19,026	-	-	57,852	-	76,878
Legal	20,000	10,000	10,000	52,500	42,500	135,000
Insurance	4,000	-	-	135,000	63,000	202,000
Marketing	-	25,000	-	-	25,000	50,000
Utilities	250	-	-	5,000	-	5,250
Misc.	1,500	-	-	-	15,000	16,500
Consultants	-	-	500,000	28,500	25,000	553,500
General Development Expenses	-	275,000	29,500,000	5,000	-	29,780,000
Personnel Costs	-	50,000	180,000	-	289,094	519,094
Interest	-	-	-	278,674	-	278,674
Operating Expenses	-	-	-	5,000	10,000	15,000
Rent	-	-	-	-	27,000	27,000
ECIDA Management Fee	-	-	7,500	9,500	70,000	87,000
Audit & Tax	-	-	3,000	106,800	165,500	275,300
General & Administrative	-	-	4,500	1,086,407	15,000	1,105,907
Depreciation	-	-	-	4,075,000	6,000	4,081,000
Amortization	-	-	-	-	-	-
Total	44,777	360,000	30,205,000	5,845,233	753,094	37,208,104
Net Income / (Loss)	164,123	(10,000)	-	1,710,593	(112,594)	1,752,122
CAPITAL BUDGET						
Capital expenditures/equipment	-	-	-	(3,400,000)	-	(3,400,000)
Prepaid rent - Master Lease Agreement	-	-	-	-	-	-
Capital contributions (5% BTCs)	-	-	-	-	-	-
Repayment of debt	-	-	-	(875,228)	-	(875,228)
Total	-	-	-	(4,275,228)	-	(4,275,228)
CASH FLOW ADJUSTMENTS						
Cost of Land Sales	312,300	-	-	-	-	312,300
Prepaid Rental Income	-	-	-	(1,387,319)	-	(1,387,319)
Deferred lease liability	-	-	-	511,932	-	511,932
Line of credit usage	-	-	-	-	-	-
Use of reserves	-	-	-	76,941	-	76,941
Depreciation	-	-	-	4,075,000	6,000	4,081,000
Amortization	-	-	-	-	-	-
Net Cash Increase/(Decrease)	\$ 476,423	\$ (10,000)	\$ -	\$ 711,919	\$ (106,594)	\$ 1,071,748

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Buffalo Urban Development Corporation
Proposed 2023 Budget - Northland Corridor Project Breakout

	BUDC	683 WTC, LLC	683 Northland LLC	Eliminations ¹	Northland Corridor Total
REVENUE					
Grant Revenue					
Restore NY 5	\$ 1,600,000	\$ -	\$ -	\$ -	\$ 1,600,000
ESD	3,900,000	-	-	-	3,900,000
Loan interest	646,664	-	-	(550,000)	96,664
Rental Income	79,420	-	1,879,742	-	1,959,162
Other Income	-	-	-	-	-
Total	6,226,084	-	1,879,742	(550,000)	7,555,826
OPERATING EXPENSES					
Property Operations & Maintenance	57,852	-	-	-	57,852
Legal	50,000	-	2,500	-	52,500
Insurance	135,000	-	-	-	135,000
Marketing	-	-	-	-	-
Utilities	5,000	-	-	-	5,000
Operating expenses	-	-	5,000	-	5,000
Administrative	937,176	-	72,290	-	1,009,466
Consultants	28,500	-	-	-	28,500
General Development Expenses	5,000	-	-	-	5,000
Interest	15,000	550,000	263,674	(550,000)	278,674
ECIDA Management Fee	9,500	-	-	-	9,500
Asset Management Fee	-	-	55,000	-	55,000
Audit & Tax	-	60,800	46,000	-	106,800
Loan servicing fees	-	-	21,941	-	21,941
Depreciation	75,000	-	4,000,000	-	4,075,000
Amortization	-	-	-	-	-
Total	1,318,028	610,800	4,466,405	(550,000)	5,845,233
Net Income/(Loss)	4,908,056	(610,800)	(2,586,663)	-	1,710,593
CAPITAL BUDGET					
Capital expenditures/equipment	(3,400,000)	-	-	-	(3,400,000)
Prepaid rent - Master Lease Agreement	-	-	-	-	-
Capital contributions (5% BTCs)	-	-	-	-	-
Repayment of debt	-	-	(875,228)	-	(875,228)
	(3,400,000)	-	(875,228)	-	(4,275,228)
CASH FLOW ADJUSTMENTS					
Prepaid rent (rental income)	-	-	(1,387,319)	-	(1,387,319)
Deferred lease liability	511,932	-	-	-	511,932
Line of credit usage	-	-	-	-	-
Deferred interest payments	(550,000)	550,000	-	-	-
Use of/(additions to) reserves	-	-	76,941	-	76,941
Depreciation/amortization	75,000	-	4,000,000	-	4,075,000
Net Cash Increase/(Decrease)	\$ 1,544,988	\$ (60,800)	\$ (772,269)	\$ -	\$ 711,919

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

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Buffalo Urban Development Corporation
Proposed 2023 Budget and 3 Year Forecast

REVENUE	Budget 2023	Projected 2024	Projected 2025	Projected 2026
Grant Revenue	\$ 36,655,000	\$ 25,600,000	\$ 15,000,000	\$ 5,000,000
Gross Proceeds from Land Sales	540,000	-	-	-
Less: Cost of Land Sales	(342,300)	-	-	-
Buffalo Brownfield Fund Revenue (net)	40,000	42,000	12,000	12,000
Rental Income	1,959,162	2,059,162	2,059,162	2,059,162
BLCP Maintenance Contribution	5,200	5,200	5,200	5,200
Interest Income & Fees - Loans	96,664	96,664	-	-
Investment Interest Income	6,500	6,000	5,000	4,000
Other Income	-	1,000	1,000	1,000
Total	<u>38,960,226</u>	<u>27,810,026</u>	<u>17,082,362</u>	<u>7,081,362</u>
OPERATING EXPENSES				
Property Operations & Maintenance	76,878	79,310	81,689	81,689
Legal	135,000	110,000	110,000	110,000
Insurance	202,000	150,000	150,000	150,000
Marketing	50,000	50,000	50,000	50,000
Utilities	5,250	5,408	5,570	5,737
Misc.	16,500	10,000	10,000	10,000
Consultants	553,500	1,000,000	1,000,000	1,000,000
General Development Expenses	29,780,000	24,600,000	14,000,000	4,000,000
Personnel Costs	519,094	534,667	550,707	567,228
Interest	278,674	203,674	50,000	50,000
Rent	27,000	27,810	28,644	28,644
ECIDA Management Fee	87,000	85,000	85,000	85,000
Audit & Tax	275,300	286,312	297,764	309,675
Operating Expenses	15,000	15,450	15,914	16,391
Grant Expense	937,176	949,938	963,078	976,608
General & Administrative	168,731	173,793	179,007	184,377
Depreciation	4,081,000	4,081,000	4,081,000	4,081,000
Amortization	-	-	-	-
Total	<u>37,208,104</u>	<u>32,362,362</u>	<u>21,658,373</u>	<u>11,706,350</u>
Net Income / (Loss)	\$ 1,752,122	\$ (4,552,336)	\$ (4,576,011)	\$ (4,624,988)
CAPITAL BUDGET				
Capital expenditures/equipment	(3,400,000)	-	-	-
Repayment of debt	(875,228)	-	-	-
Total	<u>(4,275,228)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOW ADJUSTMENTS				
Cost of Land Sales	312,300	-	-	-
Prepaid rental income	(1,387,319)	(1,351,696)	(1,321,644)	(1,314,125)
Deferred lease liability	511,932	511,932	511,932	511,932
Use of reserves	76,941	97,847	98,533	99,238
Depreciation/amortization	4,081,000	4,081,000	4,081,000	4,081,000
Net Cash Increase/(Decrease)	\$ 1,071,748	\$ (1,213,252)	\$ (1,206,190)	\$ (1,246,943)