

# Buffalo Urban Development Corporation

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

***Date: Tuesday, July 28, 2020***

***Time: Noon***

### **Via Video Conference Call & Live Stream Audio**

#### **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)*

#### **4.0 NEW BUSINESS**

**4.1** 777 Northland – Select Demolition Proposal Approval *(Action) (Enclosure)*

**4.2** Northland Corridor – Amended & Restated Leasing Policy Approval *(Action) (Enclosure)*

**4.3** Buffalo Lakeside Commerce Park – BLCP-I, LLC/Zephyr Investors, LLC Land Sale Agreement Amendment Approval *(Action) (Enclosure)*

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

**4.5** BBRP / Race For Place Project Update *(Information)*

**4.6** Northland Beltline Corridor Project Update *(Information)*

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

**4.8** 308 Crowley 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  
Via Video Conference Call & Live Stream Audio**

**June 30, 2020  
12:00 p.m.**

**1.0 Call to Order**

Directors Present:

James W. Comerford  
Janique S. Curry  
Darby Fishkin  
Dottie Gallagher  
Thomas Halligan  
Thomas A. Kucharski  
Amanda Mays  
Brendan R. Mehaffy  
Kimberley A. Minkel  
David J. Nasca  
Dennis M. Penman (Vice Chair)

Directors Absent:

Hon. Byron W. Brown (Chair)  
Trina Burruss  
Dennis W. Elsenbeck  
Michael J. Finn  
Thomas R. Hersey, Jr.  
Darius G. Pridgen  
Craig A. Slater  
Maria R. Whyte

Officers Present:

Peter M. Cammarata, President  
Brandye Merriweather, Vice President  
Mollie M. Profic, Treasurer  
Kevin J. Zanner, Secretary  
Atiqah Abidi, Assistant Treasurer

Others Present: Evan Y. Bussiere, Hurwitz & Fine, P.C; Rebecca Gandour, BUDC; Arthur Hall, BUDC; and David A. Stebbins, Bisonwing Planning and Development, LLC.

**Roll Call** – The Secretary called the roll of directors at 12:20 p.m. and a quorum was determined to be present. Ms. Curry joined the meeting during the presentation of item 4.1. Mr. Hersey and Mr. Pridgen left the meeting during the presentation of item 4.12.

The meeting was held via video/telephone conference in accordance with the provisions of Executive Order 202.1, issued by Governor Andrew Cuomo on March 12, 2020. The meeting was also live-streamed to the general public and recorded. A transcript of the meeting will be made available at a later date.

**2.0 Presentation of the Minutes** – The minutes of the May 26, 2020 meeting of the Board of Directors were presented. Mr. Comerford made a motion to approve the meeting minutes. The motion was seconded by Ms. Fishkin and unanimously carried.

- 3.0 Monthly Financial Reports** – Ms. Profic presented the consolidated financial statements for 683 Northland Master Tenant LLC and for BUDC and its affiliates, 683 Northland LLC and 683 WTC, LLC for the period ending May 31, 2020. Ms. Gallagher made a motion to accept the financial report. The motion was seconded by Mr. Mehaffy and unanimously carried (11-0-0).

#### **4.0 New Business**

- 4.1 Re-Appointment of Two Citizen Members** – Mr. Kucharski reported on the Governance Committee recommendation to reappoint Darby Fishkin and Dennis Elsenbeck to three-year terms as citizen-members of the Board. Mr. Halligan made a motion to reappoint Darby Fishkin and Dennis Elsenbeck as citizen-members and directors of BUDC for a term of three (3) years, and until their successors are duly elected. The motion was seconded by Mr. Nasca and unanimously carried.
- 4.2 2020-2021 Committee Appointments** – Mr. Kucharski presented the proposed slate of Committee appointments for 2020-2021 as detailed in his June 30, 2020 memorandum to the Board. Mr. Kucharski made a motion to approve the proposed slate of Committee appointments. The motion was seconded by Ms. Fishkin and unanimously carried (11-0-0). The Committee appointments made by the Board are as follows:

**Downtown Committee:** Trina Burruss; James W. Comerford; Michael Finn; Darby Fishkin, Dottie Gallagher; Thomas R. Hersey, Jr.; Brendan R. Mehaffy (*Committee Chair*); Kimberley A. Minkel; Darius G. Pridgen.

**Governance Committee:** Hon. Byron W. Brown; Dennis W. Elsenbeck; Thomas Halligan; Thomas A. Kucharski (*Committee Chair*); Amanda Mays; Brendan R. Mehaffy; and Dennis M. Penman.

**Audit & Finance Committee:** Trina Burruss; James W. Comerford; Janique S. Curry; David J. Nasca; and Dennis M. Penman (*Committee Chair*).

**Real Estate Committee:** Janique S. Curry; Thomas A. Kucharski; Brendan R. Mehaffy; Kimberley A. Minkel; Dennis M. Penman; Craig A. Slater (*Committee Chair*); and Maria R. Whyte.

**Loan Committee:** Dottie Gallagher; and Brendan R. Mehaffy (*Committee Chair*).

- 4.3 2020-2021 Election of Officers** – Mr. Kucharski presented the following proposed slate of officers of BUDC as set forth in his June 30, 2020 memorandum to the Board of Directors:

Chair:	Hon. Byron W. Brown
Vice Chair:	Dennis M. Penman
President:	Peter M. Cammarata
Vice President	
(Finance and Development):	Rebecca Gandour
Vice President	
(Downtown Development):	Brandye Merriweather
Treasurer:	Mollie M. Profic
Assistant Treasurer:	Atiqa Abidi
Secretary:	Kevin J. Zanner

Upon motion made by Mr. Kucharski, seconded by Ms. Fishkin and unanimously carried (11-0-0), the foregoing slate of officers was approved, with each officer to serve a term of one (1) year and until his or her successor has been elected or appointed.

- 4.4 Ralph C. Wilson, Jr. Centennial Park Project – City of Buffalo/BUDC Subgrant Agreement Amendment** – Ms. Merriweather presented her June 30, 2020 memorandum regarding a proposed amendment to the subgrant agreement between BUDC and the City of Buffalo. The amendment provides for a subgrant in the amount of five million dollars for the construction of the pedestrian bridge. The amendment would also reduce the initial subgrant from \$1,550,000 to \$800,000, with these funds reallocated among several project categories. Ms. Merriweather noted that the BUDC Downtown Committee reviewed the proposed amendment at its June 17, 2020 meeting and recommended Board approval. Ms. Mays made a motion to approve an amendment to the Subgrant Agreement between BUDC and the City of Buffalo to provide for a subgrant from BUDC to the City of Buffalo for the construction of the pedestrian bridge in the amount of \$5,000,000, to change the allocation of initial subgrant funding from BUDC to the City of Buffalo from \$1,550,000 to \$800,000 and to authorize the President to execute an amendment to the Subgrant Agreement and take such other actions as are necessary or appropriate to implement this authorization. The motion was seconded by Ms. Curry and unanimously carried (11-0-0).
- 4.5 Ralph C. Wilson, Jr. Centennial Park Project – Great Lakes Commission Funding Agreement** – Ms. Merriweather presented her June 30, 2020 memorandum regarding a proposed grant from the Great Lakes Commission (GLC) for the Centennial Park project. The initial grant is expected to be in the amount of \$1,056,914 and will be used to pay for design costs relating to shoreline restoration and improvements to the aquatic habitat at Centennial Park. There may be future grants available for park construction as well. Ms. Merriweather indicated that this is a federal grant which has now been formally approved by the National Oceanic and Atmospheric Administration (NOAA). BUDC has been working with Gardiner & Theobald and Hurwitz & Fine regarding the federal grant requirements. In response to a question from Ms. Gallagher, Mr. Zanner stated that the grant is funded on a reimbursement basis. Ms. Proffic further clarified that GLC will process reimbursement requests as the work is performed, so BUDC will not be required to wait until the project is complete before seeking reimbursement. Ms. Merriweather indicated that the BUDC Downtown Committee reviewed this item at its June 17, 2020 meeting and recommended Board approval. Ms. Minkel made a motion to approve acceptance of a \$1,056,914 grant from GLC to pay for costs associated with the engineering and design work related to shoreline restoration improvements at the Ralph C. Wilson, Jr. Centennial Park, to authorize the President to execute a sub-recipient agreement with GLC and take such other actions as are necessary to implement this authorization. The motion was seconded by Mr. Comerford and unanimously carried (11-0-0).
- 4.6 Waterfront/Ralph C. Wilson, Jr. Centennial Park Project Update** – Ms. Merriweather and Ms. Gandour presented brief updates on the Centennial Park project. Design work will be 50% complete within the next several weeks. The ongoing collaboration among the various project partners and consultants has resulted in great progress on the project.
- 4.7 Buffalo Lakeside Commerce Park/193 Ship Canal Parkway – LaBella Supplemental Investigation Proposal** – Mr. Cammarata presented his June 30, 2020 memorandum regarding a proposal from LaBella Associates for additional environmental sampling and testing for the Brownfield Cleanup Program (BCP) project at 193 Ship Canal Parkway. He noted that the Board had previously approved a contract with LaBella Associates for the remedial investigation and the preparation of the related reports and plans for the site. With Thinking Robot Studios selecting a different site, NYSDEC has requested that BUDC undertake further site investigation, which, Mr. Cammarata noted, may lead to a final decision on an environmental remedy by the end of 2020. He also noted that LaBella is being retained under the single source provisions of the BUDC procurement policy due to the firm's unique knowledge of the site and its prior work on the BCP for the site. The source of funds for this work is the Buffalo Brownfields Redevelopment Fund. Mr. Cammarata indicated that the Real Estate Committee reviewed the LaBella proposal and has recommended Board approval. Mr. Kucharski made a motion to approve the contract with LaBella Associates for the scope of work outlined in

the LaBella proposal in the amount of \$28,900, to utilize the Buffalo Brownfields Redevelopment Fund to pay for this cost and to authorize the President to execute the contract on behalf of BUDC and to take such other actions as are necessary or appropriate to implement this authorization. The motion was seconded by Ms. Curry and unanimously carried (11-0-0).

- 4.8 Buffalo Lakeside Commerce Park Project Update** – Mr. Cammarata updated the Board regarding Buffalo Lakeside Commerce Park. He noted that there is a potential prospect for 193 Ship Canal Parkway and a meeting scheduled with the NYSDEC to review the Brownfield Cleanup Program project for the site. He also reported on the summer landscaping contract.

- 4.9 Northland Beltline Corridor Project Update** – Mr. Cammarata and Mr. Hall presented updates on Northland Beltline matters. Mr. Cammarata reported on the status of funding for several Northland Corridor projects. BUDC recently received a \$288,000 reimbursement from the ESD equipment grant and has submitted for two additional reimbursements in the total amount of \$500,000 for the 683 Northland project. BUDC is working with Freed Maxick on the cost certification requirements for the \$3.1 million dollars in historic tax credit equity and with respect to the audit for the BCP tax credit equity. BUDC received a LISC grant support community initiatives undertaken by BUDC. Mr. Cammarata also reported on Restore NY V and National Grid grant funding for the 541 East Delavan and 77 Northland projects and the submission of a National Grid grant application for the 631 Northland Avenue project.

Mr. Hall reported that the landlord improvements to the Retech space are complete and the lease commenced as of July 1<sup>st</sup>. The lease with Rodriguez Construction Group has been executed and the tenant will construct the tenant improvements over the next several months. BUDC counsel is working to subdivide 537 E. Delavan into multiple parcels. Both the Plesh/BUDC and City of Buffalo/BUDC land exchange transactions continue to progress. The Northland Brownfield Opportunity Area (BOA) has been submitted to the Department of State for review, with a final public meeting to be held via Zoom video conference. Mr. Hall also reported that the Northland business networking series will move to a virtual format.

- 4.10 BBRP/Race for Place Project Update** – Ms. Merriweather presented an update on BBRP and the Race for Place initiative. Today marks the last day for proposals to be submitted for the second quarter of BBRP loan funding. BUDC has been assisting two prospective applicants with their applications. Alexandre Apartments closed on its permanent financing and has repaid in full its BBRP loan. Sinatra & Company has requested an additional repayment extension for the Phoenix Brewery loan. Pursuit is evaluating the extension request, which will be reviewed by the BUDC Loan Committee. BUDC and the Office of Strategic Planning are working to assist small businesses located downtown to rebound from COVID-19 impacts.

- 4.11 308 Crowley Project Update** – Mr. Cammarata presented a brief update regarding 308 Crowley, noting recent positive discussions with SHPO regarding the proposed partial demolition work.

- 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, upon motion made by Ms. Curry, seconded by Ms. Minkel and unanimously carried, the June 30, 2020 annual meeting of the Board of Directors was adjourned at 1:09 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'K. Zanner', written over a horizontal line.

Kevin J. Zanner, Secretary

**683 Northland Master Tenant, LLC**  
**Financial Statements**  
June 30, 2020

**683 NORTHLAND MASTER TENANT, LLC**  
**Balance Sheet**

	June 2020	May 2020	December 2019
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	\$ 204,567	\$ 202,630	\$ 16,394
Tenant receivable	51,844	123,207	361,614
Prepaid expenses	22,668	31,641	18,501
Total current assets	279,079	357,478	396,509
Accrued rental income	96,780	87,917	45,995
Tenant security deposits	70,950	70,950	39,450
Cash reserves	375,689	375,674	385,440
Equipment, net	11,394	11,394	7,481
Prepaid rent - Master Lease Agreement	16,924,540	16,924,540	16,924,540
Total assets	\$ 17,758,432	\$ 17,827,953	\$ 17,799,415
<b>LIABILITIES &amp; MEMBERS' EQUITY</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 60,489	\$ 128,616	\$ 32,428
Deferred rent liability - sublessee	257,204	260,626	288,000
Due to related parties	337,363	337,363	372,362
Total current liabilities	655,056	726,605	692,790
Tenant security deposit	70,950	70,950	39,450
Deferred rent liability - Master Lease Agreement	3,193,788	3,073,360	2,471,223
Deferred rent liability - sublessee	6,740,430	6,783,091	6,996,396
Distribution payable - priority return	105,026	105,026	105,026
Total noncurrent liabilities	10,110,194	10,032,427	9,612,095
<b>MEMBERS' EQUITY</b>	6,993,182	7,068,921	7,494,530
Total liabilities and net position	\$ 17,758,432	\$ 17,827,953	\$ 17,799,415



**683 NORTHLAND MASTER TENANT, LLC**  
**Income Statement**

**For the Period Ended:**

	<b>June 2020</b>	<b>May 2020</b>	<b>December 2019</b>
<b>Revenues:</b>			
Rental revenue	\$ 532,361	\$ 442,364	\$ 754,631
Additional rental revenue	154,209	123,284	167,996
Interest and other revenue	406	378	4,565
Total revenues	<u>686,976</u>	<u>566,026</u>	<u>927,192</u>
<b>Expenses:</b>			
Rent expense	939,871	783,226	1,879,742
Payroll	74,645	64,347	129,470
Utilities expense	9,547	6,452	111,798
Insurance expense	36,162	30,135	120,670
Professional fees	38,426	27,934	46,936
Property management fee	24,926	20,870	41,493
Real estate taxes	5,489	5,489	22,473
Repairs and maintenance	47,892	41,816	18,400
Asset management fee	10,000	10,000	10,000
Miscellaneous expense	1,366	1,366	8,851
Depreciation expense	-	-	1,870
Total expenses	<u>1,188,324</u>	<u>991,635</u>	<u>2,391,703</u>
Net loss	(501,348)	(425,609)	(1,464,511)
Members' equity - beginning of period	<u>7,494,530</u>	<u>7,494,530</u>	<u>4,533,262</u>
Change in members' equity	(501,348)	(425,609)	(1,464,511)
Members' capital contributions	-	-	4,536,758
Distributions	-	-	(110,979)
Members' equity - end of period	<u>\$ 6,993,182</u>	<u>\$ 7,068,921</u>	<u>\$ 7,494,530</u>

**Buffalo Urban Development Corporation**  
**Consolidated Financial Statements**  
June 30, 2020

**BUFFALO URBAN DEVELOPMENT CORPORATION**  
**Consolidated Statements of Net Position**

	June 2020	May 2020	December 2019
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	\$ 1,340,103	\$ 534,495	\$ 246,940
Restricted cash	4,292,605	4,246,906	5,234,585
Grants receivable	10,739,883	5,739,883	10,780,646
Other current assets	7,396,168	7,560,930	8,135,225
Total current assets	23,768,759	18,082,214	24,397,396
<b>Noncurrent assets:</b>			
Loans receivable	10,416,400	10,416,400	10,791,400
Equity investment	198,360	198,360	198,360
Capital assets, net	109,229,641	109,561,726	110,457,922
Construction in process	4,382,394	4,480,288	2,697,320
Land and improvement held for sale, net	4,075,767	4,075,767	4,086,967
Total noncurrent assets	128,302,563	128,732,542	128,231,969
Total assets	\$ 152,071,322	\$ 146,814,756	\$ 152,629,365
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	\$ 3,465,688	\$ 2,876,058	\$ 4,589,840
Lines of credit	662,194	481,252	-
Unearned grant revenue	11,900,432	7,128,097	10,743,729
Total current liabilities	16,028,313	10,485,406	15,333,569
Note payable	257,381	257,381	257,381
Deferred rent liability	13,730,752	13,851,180	14,453,317
Loans payable	44,104,258	44,098,019	43,981,202
Total noncurrent liabilities	58,092,391	58,206,580	58,691,900
<b>NET POSITION</b>			
Net investment in capital assets	74,125,383	74,463,707	73,261,007
Restricted	5,484,932	5,481,471	4,933,990
Unrestricted	(1,659,698)	(1,822,409)	408,899
Total net position	77,950,617	78,122,769	78,603,896
Total liabilities and net position	\$ 152,071,322	\$ 146,814,756	\$ 152,629,365

**Balance Sheet Notes:**

- Cash increased \$805,000 from receipt of a Wilson grant installment.
- Grants receivable increased \$5 million due to execution of 3rd Wilson Foundation grant.
- Accounts payable increased \$590,000 due to invoices for construction at 541 E Delavan.
- Lines of credit advances totaling \$181,000 during June (\$68,000 BUDC, \$113,000 683 Northland).
- Unearned grant revenue net increase of \$4.8 million due to increase in grants receivable.

**BUFFALO URBAN DEVELOPMENT CORPORATION**  
**Consolidated Statements of Revenues, Expenses**  
**and Changes in Net Position**  
**Year to Date (with Comparative Data)**

	<u>June 2020</u>	<u>May 2020</u>	<u>December 2019</u>
<b>Operating revenues:</b>			
Grant revenue	\$ 5,100,565	\$ 3,765,790	\$ 20,799,635
Brownfield funds	96,511	96,511	298,920
Loan interest and commitment fees	81,765	70,272	149,707
Rental and other revenue	1,020,101	849,976	14,842,621
Proceeds from sale of land, net	7,377	7,377	-
Total operating revenues	<u>6,306,319</u>	<u>4,789,925</u>	<u>36,090,883</u>
<b>Operating expenses:</b>			
Development costs	1,761,629	1,373,244	2,579,959
Adjustment to net realizable value	-	-	575,816
Salaries and benefits	291,519	250,852	509,655
General and administrative	2,643,393	1,815,413	3,093,725
Management fee	68,750	56,667	133,855
Depreciation	2,010,830	1,675,691	3,224,019
Total operating expenses	<u>6,776,121</u>	<u>5,171,867</u>	<u>10,117,029</u>
Operating income (loss)	(469,801)	(381,941)	25,973,854
<b>Non-operating revenues (expenses):</b>			
Interest expense	(503,309)	(275,914)	(1,172,004)
Amortization expense	(37,436)	(31,197)	(74,872)
Interest income	1,069	1,727	19,278
Total non-operating revenues (expenses)	<u>(539,676)</u>	<u>(305,384)</u>	<u>(1,227,598)</u>
Change in net position	(1,009,477)	(687,325)	24,746,256
Net position - beginning of period	<u>78,603,896</u>	<u>78,603,896</u>	<u>53,357,640</u>
Add: Capital contribution	356,198	206,198	500,000
Net position - end of period	<u>\$ 77,950,617</u>	<u>\$ 78,122,769</u>	<u>\$ 78,603,896</u>

**BUFFALO URBAN DEVELOPMENT CORPORATION**  
**Consolidating Statement of Net Position**  
**June 30, 2020**

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash	\$ 1,273,091	\$ -	\$ 67,012	\$ -	\$ 1,340,103
Restricted cash	3,761,524	-	531,081	-	4,292,605
Grants receivable	10,739,883	-	-	-	10,739,883
Other current assets	12,231,278	1,500	149,399	(4,986,009)	7,396,168
Total current assets	28,005,776	1,500	747,492	(4,986,009)	23,768,759
<b>Noncurrent assets:</b>					
Loans receivable	58,471,864	-	-	(48,055,464)	10,416,400
Equity investment	-	48,049,089	-	(47,850,729)	198,360
Capital assets, net	6,493,876	-	102,735,765	-	109,229,641
Construction in process	-	-	4,382,394	-	4,382,394
Land and improvement held for sale, net	4,075,767	-	-	-	4,075,767
Total noncurrent assets	69,041,508	48,049,089	107,118,159	(95,906,193)	128,302,563
Total assets	\$ 97,047,284	\$ 48,050,589	\$ 107,865,651	\$ (100,892,202)	\$ 152,071,322
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued expense	\$ 1,056,983	\$ 481,009	\$ 6,913,705	(4,986,009)	(1)\$ 3,465,688
Line of credit	496,185	-	166,009	-	662,194
Unearned grant revenue	11,900,432	-	-	-	11,900,432
Total liabilities	13,453,599	481,009	7,079,714	(4,986,009)	16,028,313
<b>Noncurrent liabilities:</b>					
Note payable	257,381	-	-	-	257,381
Deferred rent liability	-	-	13,730,752	-	13,730,752
Loans payable	455,370	48,055,464	43,648,888	(48,055,464)	44,104,258
Total noncurrent liabilities	712,751	48,055,464	57,379,640	(48,055,464)	58,092,391
<b>NET POSITION</b>					
Net investment in capital assets	6,038,506	-	68,086,877	-	74,125,383
Restricted	5,484,932	-	-	-	5,484,932
Unrestricted	71,357,495	(485,884)	(24,680,580)	(47,850,729)	(1,659,698)
Total net position	82,880,933	(485,884)	43,406,297	(47,850,729)	77,950,617
Total liabilities and net position	\$ 97,047,284	\$ 48,050,589	\$ 107,865,651	\$ (100,892,202)	\$ 152,071,322

(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 June 30, 2020**

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
<b>Operating revenues:</b>					
Grant revenue	\$ 5,100,565	\$ -	\$ -	\$ -	\$ 5,100,565
Brownfield funds	96,511	-	-	-	96,511
Loan interest and commitment fees	81,765	-	-	-	81,765
Rental and other revenue	80,230	-	939,871	-	1,020,101
Proceeds from land sales, net	7,377	-	-	-	7,377
Total operating revenue	5,366,448	-	939,871	-	6,306,319
<b>Operating expenses:</b>					
Development costs	1,761,629	-	-	-	1,761,629
Salaries and benefits	291,519	-	-	-	291,519
General and administrative	2,582,385	375	60,633	-	2,643,393
Management fee	47,500	-	21,250	-	68,750
Depreciation	-	-	2,010,830	-	2,010,830
Total operating expenses	4,683,033	375	2,092,713	-	6,776,121
Operating income	683,416	(375)	(1,152,842)	-	(469,801)
<b>Non-operating revenues (expenses):</b>					
Interest expense	(7,546)	-	(495,763)	-	(503,309)
Amortization expense	-	-	(37,436)	-	(37,436)
Interest income	893	-	176	-	1,069
Total non-operating revenues (expenses)	(6,653)	-	(533,023)	-	(539,676)
Change in net position	676,763	(375)	(1,685,865)	-	(1,009,477)
Net position - beginning of year	82,204,170	(485,509)	42,219,146	(45,333,911)	78,603,896
Add: capital contributions	-	-	2,873,016	(2,516,818)	356,198
Net position - end of period	\$ 82,880,933	\$ (485,884)	\$ 43,406,297	\$ (47,850,729)	\$ 77,950,617

(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 June 30, 2020**

	<b>YTD June 2020</b>	<b>YTD Budget 2020</b>	<b>Variance</b>
<b>Operating revenues:</b>			
Grant revenue	\$ 5,100,565	\$ 4,200,250	\$ 900,315
Brownfield funds	96,511	57,500	39,011
Loan interest and commitment fees	81,765	56,832	24,933
Rental and Developer Fees	1,020,101	3,750,454	(2,730,352)
Proceeds from land sales, net	7,377	67,774	(60,397)
Total operating revenues	<u>6,306,319</u>	<u>8,132,810</u>	<u>(1,826,490)</u>
<b>Operating expenses:</b>			
Development costs	1,761,629	522,187	1,239,442
Salaries and benefits	291,519	300,225	(8,706)
General and administrative	2,643,393	1,542,575	1,100,819
Management fee	68,750	51,250	17,500
Depreciation	2,010,830	2,250,000	(239,170)
Total operating expenses	<u>6,776,121</u>	<u>4,666,236</u>	<u>2,109,885</u>
Operating income (loss)	<u>(469,801)</u>	<u>3,466,574</u>	<u>(3,936,375)</u>
<b>Non-operating revenues (expenses):</b>			
Interest expense	(503,309)	(264,338)	(238,971)
Amortization expense	(37,436)	(37,436)	-
Interest income	1,069	5,000	(3,931)
Total non-operating revenues (expenses)	<u>(539,676)</u>	<u>5,000</u>	<u>(3,931)</u>
Change in net position	<u>\$ (1,009,477)</u>	<u>\$ 3,471,574</u>	<u>\$ (3,940,306)</u>

**Budget variances:**

- Grant revenue relates to Northland Corridor and Ralph C. Wilson, Jr. Centennial Park Projects. The variance is due to timing in recognition of grant revenue and additional grant funding beyond what was budgeted.
- Rental and developer fees 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. Original budget reflects Phase 2 Developer Fee (\$4.5 million), recognized by BUDC in 2019.
- Development costs consist of property/project-related costs (e.g. construction, operations and maintenance, legal and utility costs) related to projects along Northland Avenue and RCWJ Centennial Park. Some costs will be capitalized upon project completion.
- General and administrative costs consist of consultants, insurance, rents, audit, marketing and other G&A costs. Rents include BUDC offices, Buffalo Manufacturing Works base rent (part of ESD grant agreement) and recognition of prepaid rent for Workforce Training Center
- Depreciation relates mainly to capitalized assets at 683 Northland Avenue.
- Interest expense exceeds budgeted amount due to delay in payback of 683 Northland construction loans and interest on lines of credit

# Buffalo Urban Development Corporation

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## Item 4.1

### MEMORANDUM

**TO:** Buffalo Urban Development Corporation Board of Directors  
**FROM:** Peter M. Cammarata, President  
**SUBJECT:** 777 Northland – Select Demolition Proposal Approval  
**DATE:** July 28, 2020

On May 21, 2020, 34 Group released a request for proposals on behalf of BUDC for select demolition work at 777 Northland (owned by NorDel II, LLC). In coordination with improved security fencing, this work is intended to alleviate hazardous conditions that exist on this derelict parcel. Goals of 25% MBE and a 5% WBE were included as proposal requirements.

Three proposals were received on May 29, 2020 and 34 Group met with and de-scoped each of the companies that submitted proposals. Because of the deteriorated condition of the site, staff added a common percentage contingency to each of the proposals:

<u>Contractor</u>	<u>Base Bid</u>	<u>Alternate</u>	<u>Contingency</u>	<u>Total</u>
Empire Dismantlement	\$281,000	\$65,000	\$54,000	\$400,000
Total Wrecking	\$350,600	\$47,562	\$63,706	\$461,868
Apollo Dismantling	\$377,000	\$39,000	\$66,560	\$482,560

The proposed contract award amount is within budget for this portion of the project. The work is to be funded by the Restore NY 5 grant, with a 10% local match from the Buffalo Brownfields Redevelopment Fund (BBRF). 34 Group and BUDC executive staff are recommending acceptance of the Empire Dismantlement proposal. Empire Dismantlement has submitted an MWBE Utilization Plan with a combined total utilization of 30.3%.

The Real Estate Committee reviewed this item at its July 21, 2020 meeting and recommended that the Board approve a contract with Empire Dismantlement for this work.

#### ACTION:

We are requesting that the Board approve a contract with Empire Dismantlement for select demolition at 777 Northland in an amount not to exceed \$400,000; to approve the use of the Buffalo Brownfields Redevelopment Fund for the ten percent (10%) match, or up to \$40,000; and authorize the President to execute a contract on behalf of NorDel II, LLC and take such actions as are reasonably necessary in connection with this work.



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### Item 4.2

## MEMORANDUM

**TO: BUDC Board of Directors**

**FROM: Peter M. Cammarata, President**

**SUBJECT: Northland Corridor – Amended and Restated Leasing Policy**

**DATE: July 28, 2020**

In December of 2015, the BUDC Board of Directors approved a Leasing Policy for its Northland Corridor properties, which at the time included the buildings located at 631, 683 and 741 Northland Avenue and 537 East Delavan Avenue, and now also includes the property and building located at 714 Northland Avenue. The Policy was structured to delegate authority to approve leases in relation to their magnitude, so that, depending on the lease terms, leases could be approved by the BUDC President or Executive Vice President, the Real Estate Committee or the Board of Directors. A copy of the December 15, 2015 Board memorandum, which outlined the material provisions of the Leasing Policy, is attached to this memorandum for reference.

Over the past several months, BUDC and its property manager, Mancuso Management, Inc., have fielded inquiries from existing tenants regarding potential modifications to their lease arrangements due to COVID-19 impacts on their businesses. In considering these modifications, it became apparent that the current Leasing Policy should be amended to address the manner in which BUDC will process proposed lease modifications through the Board of Directors, the Real Estate Committee or executive staff.

Attached to this memorandum is the proposed Amended and Restated Leasing Policy for the Northland Corridor, which is marked to show the proposed changes to the policy. The principal modification is found in Paragraph E of the policy, which provides as follows:

### ***E. Lease Modifications.***

*The President of BUDC shall have the authority to negotiate and execute written modifications of any existing lease that was previously authorized in accordance with the provisions of this Policy, provided however, that the approval of the BUDC Real Estate Committee shall be required for any proposed modification to (i) reduce by twenty percent (20%) or more the amount of rent payable by the tenant over the term of the lease or (ii) reduce or extend the term of any lease. In addition, the approval of the BUDC Board of Directors shall be required for any lease modification that would result in a reduction of \$25,000 or more in the amount of rent*

*payable by a tenant. The President shall report on any modifications entered into in accordance with this paragraph at the respective meetings of the Real Estate Committee and Board of Directors that immediately follow the date of the modification.*

The proposed Amended and Restated Leasing Policy was presented to the Governance and Audit & Finance Committees for review and comment earlier this month. The Real Estate Committee reviewed the Policy at its July 21<sup>st</sup> meeting and is recommending Board approval.

**ACTION:**

Board approval is requested to adopt the Amended and Restated Leasing Policy for the Northland Corridor Properties in the form attached to this memorandum.



## **MEMORANDUM**

**TO: BUDC Board of Directors**

**FROM: Peter M. Cammarata, President**

**SUBJECT: Northland Corridor – Leasing Policy**

**DATE: December 15, 2015**

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Through a series of land acquisitions, BUDC now controls over 400,000 square feet of leasable building space in the Northland Corridor, principally in the buildings located at 631, 683, and 741 Northland Avenue and 537 East Delavan Avenue. It is anticipated that the NYS Workforce Training Center will initially utilize approximately 100,000 square feet at 683 Northland. That leaves nearly 300,000 square feet of space that potentially could be utilized for other tenants or other projects.

BUDC's property manager, Mancuso Management, Inc., has been fielding inquiries regarding leasing opportunities in the Northland Corridor. Some prospects have sought short-term leases for immediate occupancy, and we anticipate that tenants will need flexible arrangements that require quick action by BUDC. At present, these opportunities are difficult for BUDC to react to at the "speed of business" because all lease transactions require Board approval and are also vetted by the BUDC Real Estate Committee.

Attached to this memorandum is a proposed Leasing Policy for the Northland Corridor. The Leasing Policy applies to the leasing of building space at 631, 683, and 741 Northland Avenue and 537 East Delavan Avenue. The key features of the Leasing Policy are as follows:

1. The Leasing Policy requires BUDC to obtain a "fair market rent study" which will be used to price lease transactions and implement the terms of the Leasing Policy.
2. Any proposed lease transaction that would result in BUDC leasing space for less than fair rental value will require approval of the BUDC Board of Directors.
3. The President and Executive Vice President of BUDC will be authorized to negotiate and execute fair rental value leases that are for a term of up to 12 months and do not exceed \$15,000 in annual rent.
4. The BUDC Real Estate Committee will have the authority to review and approve fair rental value leases for:

- Leases for a term of up to 12 months that exceed \$15,000 in annual rent but are for no more than \$25,000 in annual rent.
  - Leases for a 12 to 36 month term with annual rent not to exceed \$25,000.
5. Board approval will continue to be required for all lease transactions involving a lease term that exceeds 36 months or annual rent in excess of \$25,000.
  6. All leases executed by BUDC executive staff or under the authority of the Real Estate Committee will be promptly reported to the Board of Directors.
  7. No lease may be entered into for a purpose that is inconsistent with the overall redevelopment plan of the Northland Corridor, or that is not reflective of the surrounding community, or for any purpose that is not in keeping with BUDC's purpose, mission or governing statute.

The Real Estate Committee reviewed the Leasing Policy at its November and December meetings and is recommending Board approval of the Leasing Policy.

**ACTION:**

Board approval is requested to adopt the Leasing Policy for the Northland Corridor Properties in the form attached to this memorandum.

**BUFFALO URBAN DEVELOPMENT CORPORATION**

**AMENDED AND RESTATED LEASING POLICY  
FOR NORTHLAND CORRIDOR PROPERTIES**

**A. Purpose.**

This leasing policy (the “Leasing Policy”) sets forth the requirements and procedures for the leasing of buildings located in the Northland Corridor Project area that are owned by Buffalo Urban Development Corporation or any of its subsidiary or affiliated companies (hereinafter “BUDC”).

**B. Leasing Requirements.**

**1. Written Appraisal.**

BUDC shall engage a licensed appraiser to prepare a written fair market rent study (“FMR Study”) for the buildings located at 631, 683 and 741 Northland Avenue and 537 East Delavan Avenue and 714 Northland Avenue (the “Northland Properties”) prior to entering into any lease arrangement. The FMR Study shall be updated from time to time to account for changing market conditions as determined by BUDC.

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**2. Marketing.**

BUDC, through its property manager/rental agent, shall publicly advertise and market the Northland Properties to prospective tenants at rental rates that are consistent with their appraised fair market rent value as set forth in the FMR Study (the “Appraised Rent Value”).

**3. Tenant Use.**

BUDC shall not lease any of the Northland Properties for a use that is inconsistent with the overall redevelopment plan of the Northland Corridor or not reflective of the surrounding community, or for any purpose that is inconsistent with BUDC’s corporate purpose, mission or the law under which BUDC is incorporated.

**4. Negotiation of Lease Transactions.**

All leases of Northland Properties shall be made through negotiation, upon terms and conditions acceptable to BUDC and authorized in compliance with the terms of this Leasing Policy. Without limiting the generality of the preceding sentence, the specific lease terms to be negotiated will be reflective of the particular location (i.e., building, building space or property) to be leased, and may include provisions for tenant improvements, triple net lease obligations and such other commercial lease terms and conditions as BUDC deems appropriate.

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**C. Procedure for Lease Approvals.**

**1. Short Term Leases.**

The President of BUDC shall have the authority to negotiate and execute all leases that are for a term of one (1) to twelve (12) months with annual rent of no more than Fifteen Thousand Dollars (\$15,000), provided that the rent to be received under the lease is not less than the Appraised Rent Value of the property. The President shall report the terms of any lease entered into in accordance with this paragraph at the respective meetings of the Real Estate Committee and Board of Directors that immediately follow the date of execution of the lease.

**Deleted:** and Executive Vice President

**Deleted:** and Executive Vice President

**2. Mid-Term/Mid-Size Leases.**

The BUDC Real Estate Committee shall have the authority to authorize the negotiation and execution by the President of the following categories of leases:

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(a) Leases that are for a term of one (1) to twelve (12) months with annual rent of more than Fifteen Thousand Dollars (\$15,000) but less than Twenty Five Thousand Dollars (\$25,000), provided that the rent to be received under the lease is not less than the Appraised Rent Value of the property; and

(b) Leases that are for a term of more than twelve (12) months up to thirty-six (36) months with annual rent of Twenty Five Thousand Dollars (\$25,000) or less, provided that the rent to be received under the lease is not less than the Appraised Rent Value of the property.

(c) All leases executed in accordance with paragraph 2(a) or 2(b) this section shall be reported at the next meeting of the BUDC Board of Directors that follows the date of execution of the lease.

**3. Leases Requiring Board Approval.**

The approval of the BUDC Board of Directors of a Northland Properties lease arrangement shall be required under the following circumstances:

(a) Any lease in which the rent to be received by BUDC is less than the Appraised Rent Value of the property.

(b) Any lease for a term that exceeds thirty-six (36) months.

(c) Any lease in which the annual rent is in excess of Twenty Five Thousand Dollars (\$25,000).

**D. Other Requirements.**

1. Leases for Less than Appraised Rent Value.

The procedures for Board review and approval that are set forth in Article III(B)(5) of the BUDC Property Disposition Guidelines shall apply to any proposed lease in which the rent to be received by BUDC is less than the Appraised Rent Value of the property. For purposes of determining whether the rent to be received by BUDC under a particular lease arrangement is less than the appraised fair market rent, any costs that the tenant will be responsible for under the terms of the lease, including base rent, items of additional rent (utilities, CAM charges, insurance, etc.) and any tenant improvements to be paid for or financed by the tenant may be factored into such determination at BUDC's discretion.

2. Written Statements.

Written statements shall be prepared and submitted as required under Article III(B)(4) of the BUDC Property Disposition Guidelines for any lease in which the annual base rent over the term of the lease exceeds Fifteen Thousand Dollars (\$15,000).

**E. Lease Modifications.**

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The President of BUDC shall have the authority to negotiate and execute written modifications of any existing lease that was previously authorized in accordance with the provisions of this Policy, provided however, that the approval of the BUDC Real Estate Committee shall be required for any proposed modification to (i) reduce by twenty percent (20%) or more the amount of rent payable by the tenant over the term of the lease or (ii) reduce or extend the term of any lease. In addition, the approval of the BUDC Board of Directors shall be required for any lease modification that would result in a reduction of \$25,000 or more in the amount of rent payable by a tenant. The President shall report on any modifications entered into in accordance with this paragraph at the respective meetings of the Real Estate Committee and Board of Directors that immediately follow the date of the modification.

**F. Effective Date; Amendments.**

This Amended and Restated Leasing Policy shall be effective as of the date that the Board of Directors approves the policy by affirmative vote of a majority of the Board, and may be amended upon the affirmative vote of a majority of the Board.

Adopted: December 15, 2015

Amended and Restated: July , 2020



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### Item 4.3

## MEMORANDUM

**TO:** Buffalo Urban Development Corporation Board of Directors

**FROM:** Peter M. Cammarata, President

**SUBJECT:** Buffalo Lakeside Commerce Park – BLCP-I, LLC/Zephyr Investors, LLC  
Land Sale Agreement Amendment Approval

**DATE:** July 28, 2020

At the January 11, 2019 meeting of the BUDC Board of Directors, the Board approved the sale of 310 Ship Canal Parkway and 15, 24, 51, 70, 87, 125 and 126 Laborers Way to Zephyr Investors, LLC (“Zephyr”). The parties (along with Buffalo Lakeside Commerce Park-I, LLC, a BUDC subsidiary) subsequently entered into a Land Sale Agreement (LSA) as of January 25, 2019.

The LSA included a provision that permitted BUDC to terminate the agreement if NYS legislation legalizing recreational marijuana was not adopted by December 31, 2019. After the fall 2019 legislative session concluded without legislation being enacted, the Board approved, at Zephyr’s request, an amendment to the LSA to extend Zephyr’s due diligence period and the deadline for the legislation contingency to be satisfied to July 31, 2020.

As the Board is aware, the spring 2020 legislative session ended without the passage of legislation legalizing recreational marijuana. Zephyr is now requesting an additional extension of the due diligence period through July 31, 2021. That date was proposed to accommodate the anticipated end of the next two NYS legislative sessions, during which the company anticipates the legislation will be approved.

In consideration of this request, Zephyr proposes to pay a monthly exclusivity fee of \$1,000 for each month of the extended due diligence period. This is a reduction from the \$2,000 monthly fee that Zephyr has been paying. The exclusivity fees are non-refundable and deducted from the \$100,000 deposit that Zephyr provided when the LSA was signed.

The Real Estate Committee reviewed the terms of the proposed amendment at its July 21, 2020 meeting and is recommending that the Board of Directors approve the amendment.

### **Action:**

We are requesting that the Board of Directors (i) approve an amendment to the Land Sale Agreement between BUDC and Buffalo Lakeside Commerce Park-I, LLC and Zephyr Investors, LLC consistent with the terms set forth in this memorandum; and (ii) to authorize the President to execute and deliver the LSA amendment on behalf of BUDC and Buffalo Lakeside Commerce Park-I, LLC.