

# Buffalo Urban Development Corporation

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

***Date: Tuesday, August 25, 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** 541 E. Delavan – 34 Group Construction Management Services Contract Extension Approval *(Action) (Enclosure)*

**4.2** Buffalo Lakeside Commerce Park – BUDC/Uniland Development Company Land Sale Agreement Amendment Approval *(Action) (Enclosure)*

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

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

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

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

**4.7** 308 Crowley Project Update *(Information)*

#### **5.0 LATE FILES**

#### **6.0 TABLED ITEMS**

**6.1** Northland Corridor – Amended and Restated Leasing Policy Approval *(Action) (Enclosure)*

#### **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**

**July 28, 2020  
12:00 p.m.**

**1.0 Call to Order**

Directors Present:

James W. Comerford  
Janique S. Curry  
Dennis W. Elsenbeck  
Darby Fishkin  
Dottie Gallagher  
Thomas Halligan  
Thomas R. Hersey, Jr.  
Thomas A. Kucharski  
Brendan R. Mehaffy  
Kimberley A. Minkel  
David J. Nasca  
Dennis M. Penman (Vice Chair)  
Darius G. Pridgen

Directors Absent:

Hon. Byron W. Brown (Chair)  
Trina Burruss  
Michael J. Finn  
Amanda Mays  
Craig A. Slater  
Maria R. Whyte

Officers Present:

Peter M. Cammarata, President  
Brandye Merriweather, Vice President, Downtown Development  
Rebecca Gandour, Vice President, Finance & Development  
Mollie M. Profic, Treasurer  
Kevin J. Zanner, Secretary  
Atiqa Abidi, Assistant Treasurer

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

**Roll Call** – The Secretary called the roll of directors at 12:04 p.m. and a quorum was determined to be present. Mr. Pridgen joined the meeting during the presentation of item 3.0.

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 June 30, 2020 meeting of the Board of Directors were presented. Ms. Gallagher made a motion to approve the meeting minutes. The motion was seconded by Ms. Minkel and unanimously carried (12-0-0).

**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 June 30, 2020. Ms. Profic reported that Freed Maxick is expected to issue its draft cost certification report for 683 Northland later this week. She also informed the Board that she would circulate a copy of the draft Form 990 to the Board following the meeting, and she encouraged Board members to contact her with any questions. Mr. Pridgen made a motion to accept the financial report. The motion was seconded by Mr. Nasca and unanimously carried (13-0-0).

#### **4.0 New Business**

**4.1 777 Northland – Select Demolition Proposal Approval** – Mr. Cammarata presented his July 28, 2020 memorandum regarding the three proposals that BUDC's construction manager, 34 Group received in response to its solicitation for select demolition work at 777 Northland. Empire Dismantlement submitted the lowest cost proposal to perform the work in the amount of \$400,000. The solicitation format included a contingency percentage due to the condition of the buildings. Mr. Cammarata noted that the work will be paid for with Restore NY V grant funds, with a 14% match from the Buffalo Brownfields Redevelopment Fund. The item was reviewed by the Real Estate Committee at its July 21, 2020 meeting and recommended for approval by the Board of Directors. The Board discussed the proposed contract award. In response to a question from Mr. Pridgen, Mr. Cammarata stated that the contingency is intended to eliminate the need for change orders, and that any change order would require Board approval and is not part of the budget for this work. He also responded to a question from Mr. Halligan, noting that the owner of the property is NorDel II, LLC, a wholly-owned subsidiary of BUDC. At the conclusion of the discussion, Ms. Curry made a motion to approve a contract with Empire Dismantlement for select demolition at 777 Northland in an amount not to exceed \$400,000, to authorize the use of the Buffalo Brownfields Redevelopment Fund for the 14% match and to authorize the President to execute a contract on behalf of NorDel II, LLC and take such actions as are reasonably necessary in connection with such work. The motion was seconded by Mr. Kucharski and unanimously carried (13-0-0).

**4.2 Northland Corridor – Amended & Restated Leasing Policy Approval** – Mr. Cammarata presented his July 28, 2020 memorandum regarding the proposed Amended and Restated Leasing Policy for Northland Corridor Properties. Mr. Cammarata noted that over the past several months, BUDC and Mancuso Development have fielded inquiries from Northland tenants regarding potential modifications to their leases due to COVID-19 impacts on their businesses. As BUDC staff considered these modifications, it was noted that the current Leasing Policy did not address the manner in which BUDC would process lease modifications through the Board of Directors, the Real Estate Committee and/or executive staff. Mr. Zanner then reviewed with the Board the specific proposed changes to the policy. A Board discussion followed. Mr. Pridgen commented on the importance of Board oversight and the approval process for lease modifications. Mr. Penman stated that the amended policy would provide the President with operational flexibility in managing tenant relationships while requiring more substantial lease changes to be approved by the Real Estate Committee and the Board. Ms. Fishkin agreed that the lease modifications are operational issues but questioned how BUDC would determine whether to grant a lease concession to one tenant and not another. Mr. Cammarata suggested that the policy be revisited by the Real Estate Committee. He indicated that as a matter of course, all lease modifications would be presented for Real Estate Committee input before implementation. At the end of the discussion, Mr. Pridgen made a motion to table the item pending further review and consideration by the Real Estate Committee. The motion was seconded by Ms. Gallagher and unanimously carried (13-0-0).

**4.3 Buffalo Lakeside Commerce Park – BLCP-I, LLC/Zephyr Investors, LLC Land Sale Agreement Amendment Approval** – Mr. Cammarata presented his July 28, 2020 memorandum regarding a request from Zephyr Investors to extend the due diligence period under the Land Sale Agreement through July 31, 2021. This extension is intended to

accommodate the anticipated end of the next two NYS legislative sessions, during which Zephyr anticipates that legislation legalizing recreational marijuana will be approved. Zephyr proposes to pay a monthly exclusivity fee of \$1,000 per month for the duration of the extended due diligence period. Mr. Cammarata noted that the \$1,000 monthly exclusivity fee is a reduction from the \$2,000 monthly exclusivity fee that Zephyr is currently paying. The Real Estate Committee reviewed the terms of the proposed amendment at its July 21, 2020 meeting and recommended the amendment for approval by the Board of Directors. Mr. Elsenbeck made a motion to 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 the July 28<sup>th</sup> memorandum and to authorize the President to execute and deliver the amendment on behalf of BUDC and Buffalo Lakeside Commerce Park-I, LLC. The motion was seconded by Mr. Hersey and unanimously carried (13-0-0).

- 4.4 Waterfront/Ralph C. Wilson, Jr. Centennial Park Project Update** – Ms. Merriweather presented an update regarding the Centennial Park project. Ms. Merriweather noted that project work has advanced despite COVID-19. Design work for the park and the pedestrian bridge are underway and BUDC staff is working through various funding agreements. Ms. Merriweather also reported on the resumption this month of quarterly waterfront project stakeholder coordination meetings.

- 4.5 BBRP/Race for Place Project Update** – Ms. Merriweather presented an update regarding BBRP and the Race for Place initiative. She noted that BUDC and the Office of Strategic Planning continue to assist small businesses located downtown to rebound from COVID-19 impacts including the closing of targeted streets in order for restaurants to expand their outdoor dining areas. Ms. Merriweather also reported on the ongoing collaboration with M&T with respect to the downtown technology hub. BUDC has joined Invest Buffalo Niagara in a working group for the "Be in Buffalo" initiative. Mr. Kucharski commented on recent virtual events hosted by Invest Buffalo Niagara for the Be in Buffalo initiative, and he noted that interest in the region remains strong.

- 4.6 Northland Beltline Corridor Project Update** – Mr. Cammarata presented a detailed update regarding Northland Beltline project funding as follows:

631 Northland: BUDC continues to compile data for a potential grant application to the U.S. Economic Development Administration (EDA) for building rehabilitation. Staff is also assembling information for a potential \$300,000 Brownfield Redevelopment Grant application to National Grid.

612 Northland: BUDC has submitted the final reimbursement request for Restore NY IV grant funds in the amount of \$384,069.49.

777 Northland: BUDC applied for a \$100,000 National Grid Brownfield Redevelopment Grant for the select demolition project at 77 Northland. The budget for the first phase of site clearance is approximately \$650,000 and will be primarily funded with Restore NY V funds with a local match.

541 E. Delavan: National Grid has approved the demolition/abatement work that was included in a 2019 Brownfield Redevelopment Grant award. A \$131,250 reimbursement check is expected shortly. The first reimbursement request for Restore NY V funds was submitted in May in the amount of \$853,396.08. BUDC staff is finalizing the second reimbursement request, which will total \$1,226,037.65.

683 Northland: This past May, BUDC received a \$287,447.37 reimbursement from Empire State Development related to the Northland Workforce Training Center equipment grant. BUDC is preparing documents required for the fourth installment of historic tax credits, which will total \$3.1

million. Ms. Profic is working with Freed Maxick to respond to the audit request from NYS regarding the Phase I (2018) brownfield tax credits.

Northland Solar/Microgrid Project: The potential \$2 million Buffalo Billion grant for this project is expected to be considered the ESD Board sometime this fall. Discussions with National Grid continue with respect to utilization of their economic development and infrastructure programs for the solar/microgrid project.

Mr. Hall then presented the general Northland Beltline update as follows:

Retech Systems: The landlord improvements for the Retech Systems space are complete, and the lease commenced as of July 1<sup>st</sup>. Retech has retained Gilbane Building Company to construct the tenant buildout, which will take place over the next six months. Base rent payments will begin on January 1, 2021.

Rodriguez Construction: The lease with Rodriguez Construction has been executed. The tenant is finalizing the design for its third floor space. Construction of tenant improvements is expected to commence on August 3<sup>rd</sup> and completed by October 31, 2020. Base rent will begin as of November 1, 2020.

683 Northland Phase 2: The Phase 2 construction project is complete. Temporary certificates of occupancy for all areas of the building that were included in Phase II have been issued. The commissioning of the mechanical equipment is complete and final reports are being drafted.

612 Northland: Albright Knox is finalizing its re-opening plans and is planning a "Chalk Walk" community engagement initiative with the neighborhood.

537 and 541 E. Delavan: The Planning Board approved the subdivision for 537 E. Delavan. Core and shell rehabilitation work continues at 541 E. Delavan, with 34 Group providing construction management services for the project. Apollo Steel is presently on site. All Phase 1C contractors have been placed on hold.

Northland Corridor Property Management: The Mancuso Group continues to coordinate all exterior and building maintenance contracts and related work. Responsibility for some equipment maintenance contracts has been transferred to Northland Workforce Training Center.

Property Exchanges. BUDC counsel continues to work on two property exchange transactions, one involving an exchange of properties with Plesh Industries and the other an exchange of properties with the City of Buffalo.

**4.7 Buffalo Lakeside Commerce Park Project Update** – Mr. Cammarata presented a brief update regarding Buffalo Lakeside Commerce Park. He noted that the due diligence period under the Land Sale Agreement with Uniland expires on August 31<sup>st</sup>, and that he expects Uniland to request an extension.

**4.8 308 Crowley Project Update** – Mr. Cammarata presented a brief update regarding 308 Crowley, noting that SHPO has expressed interest in entering into a memorandum of understanding with respect to 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 Mr. Hersey, seconded by Ms. Fishkin and unanimously carried, the July 28, 2020 meeting of the Board of Directors was adjourned at 1:07 p.m.

Respectfully submitted,

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

Kevin J. Zanner, Secretary

**683 Northland Master Tenant, LLC**  
**Financial Statements**  
July 31, 2020

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

	July 2020	June 2020	December 2019
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	\$ 161,045	\$ 204,567	\$ 16,394
Tenant receivable	94,700	51,844	361,614
Prepaid expenses	14,663	22,668	18,501
Total current assets	270,408	279,079	396,509
Accrued rental income	137,564	96,780	45,995
Tenant security deposits	70,950	70,950	39,450
Cash reserves	375,705	375,689	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	\$ 17,790,561	\$ 17,758,432	\$ 17,799,415
<b>LIABILITIES &amp; MEMBERS' EQUITY</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 115,328	\$ 60,489	\$ 32,428
Deferred rent liability - sublessee	253,782	257,204	288,000
Due to related parties	337,363	337,363	372,362
Total current liabilities	706,473	655,056	692,790
Tenant security deposits	70,950	70,950	39,450
Deferred rent liability - Master Lease Agreement	3,314,215	3,193,788	2,471,223
Deferred rent liability - sublessee	6,697,769	6,740,430	6,996,396
Distribution payable - priority return	105,026	105,026	105,026
Total noncurrent liabilities	10,187,960	10,110,194	9,612,095
<b>MEMBERS' EQUITY</b>	6,896,128	6,993,182	7,494,530
Total liabilities and net position	\$ 17,790,561	\$ 17,758,432	\$ 17,799,415



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

**For the Period Ended:**

	<b>July 2020</b>	<b>June 2020</b>	<b>December 2019</b>
<b>Revenues:</b>			
Rental revenue	\$ 645,936	\$ 532,361	\$ 754,631
Additional rental revenue	195,232	154,209	167,996
Interest and other revenue	434	406	4,565
Total revenues	<u>841,602</u>	<u>686,976</u>	<u>927,192</u>
<b>Expenses:</b>			
Rent expense	1,096,516	939,871	1,879,742
Payroll	84,428	74,645	129,470
Utilities expense	18,220	9,547	111,798
Insurance expense	52,835	36,162	120,670
Professional fees	75,947	38,426	46,936
Property management fee	29,031	24,926	41,493
Real estate taxes	12,735	5,489	22,473
Repairs and maintenance	58,926	47,892	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>1,440,004</u>	<u>1,188,324</u>	<u>2,391,703</u>
Net loss	(598,402)	(501,348)	(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	(598,402)	(501,348)	(1,464,511)
Members' capital contributions	-	-	4,536,758
Distributions	-	-	(110,979)
Members' equity - end of period	<u>\$ 6,896,128</u>	<u>\$ 6,993,182</u>	<u>\$ 7,494,530</u>

**Buffalo Urban Development Corporation**  
**Consolidated Financial Statements**  
July 31, 2020

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

	July 2020	June 2020	December 2019
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	\$ 984,590	\$ 1,340,103	\$ 246,940
Restricted cash	4,077,604	4,292,605	5,234,585
Grants receivable	10,739,883	10,739,883	10,780,646
Other current assets	7,352,251	7,396,168	8,135,225
Total current assets	23,154,328	23,768,759	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	108,894,503	109,229,641	110,457,922
Construction in process	4,391,703	4,382,394	2,697,320
Land and improvement held for sale, net	4,075,767	4,075,767	4,086,967
Total noncurrent assets	127,976,734	128,302,563	128,231,969
Total assets	\$ 151,131,062	\$ 152,071,322	\$ 152,629,365
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	\$ 2,828,961	\$ 3,465,688	\$ 4,589,840
Lines of credit	1,050,153	662,194	-
Unearned grant revenue	11,810,550	11,900,432	10,743,729
Total current liabilities	15,689,664	16,028,313	15,333,569
Note payable	257,381	257,381	257,381
Deferred rent liability	13,610,325	13,730,752	14,453,317
Loans payable	44,110,498	44,104,258	43,981,202
Total noncurrent liabilities	57,978,204	58,092,391	58,691,900
<b>NET POSITION</b>			
Net investment in capital assets	73,784,005	74,125,383	73,261,007
Restricted	5,499,395	5,484,932	4,933,990
Unrestricted	(1,820,207)	(1,659,698)	408,899
Total net position	77,463,194	77,950,617	78,603,896
Total liabilities and net position	\$ 151,131,062	\$ 152,071,322	\$ 152,629,365

**Balance Sheet Notes:**

- Overall cash decreased due to vendor/consultant payments and imprest account usage
- Accounts payable decreased \$636,000 due to payments for construction at 541 E Delavan.
- Lines of credit advances totaling \$388,000 during June (\$332,000 BUDC, \$56,000 683 Northland).

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

	<u>July</u> <u>2020</u>	<u>June</u> <u>2020</u>	<u>December</u> <u>2019</u>
<b>Operating revenues:</b>			
Grant revenue	\$ 5,193,737	\$ 5,100,565	\$ 20,799,635
Brownfield funds	96,511	96,511	298,920
Loan interest and commitment fees	93,258	81,765	149,707
Rental and other revenue	1,189,192	1,020,101	14,842,621
Proceeds from sale of land, net	7,377	7,377	-
Total operating revenues	<u>6,580,075</u>	<u>6,306,319</u>	<u>36,090,883</u>
<b>Operating expenses:</b>			
Development costs	1,815,808	1,761,629	2,579,959
Adjustment to net realizable value	-	-	575,816
Salaries and benefits	334,500	291,519	509,655
General and administrative	2,971,260	2,643,393	3,093,725
Management fee	87,917	68,750	133,855
Depreciation	2,345,968	2,010,830	3,224,019
Total operating expenses	<u>7,555,453</u>	<u>6,776,121</u>	<u>10,117,029</u>
Operating income (loss)	(975,378)	(469,801)	25,973,854
<b>Non-operating revenues (expenses):</b>			
Interest expense	(568,956)	(503,309)	(1,172,004)
Amortization expense	(43,676)	(37,436)	(74,872)
Interest income	1,110	1,069	19,278
Total non-operating revenues (expenses)	<u>(611,522)</u>	<u>(539,676)</u>	<u>(1,227,598)</u>
Change in net position	(1,586,900)	(1,009,477)	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	446,198	356,198	500,000
Net position - end of period	<u>\$ 77,463,194</u>	<u>\$ 77,950,617</u>	<u>\$ 78,603,896</u>

**BUFFALO URBAN DEVELOPMENT CORPORATION**  
**Consolidating Statement of Net Position**  
**July 31, 2020**

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
<b>ASSETS</b>					
Current assets:					
Cash	\$ 973,954	\$ -	\$ 10,636	\$ -	\$ 984,590
Restricted cash	3,554,217	-	523,387	-	4,077,604
Grants receivable	10,739,883	-	-	-	10,739,883
Other current assets	12,151,143	1,500	185,617	(4,986,009)	7,352,251
Total current assets	27,419,197	1,500	719,640	(4,986,009)	23,154,328
Noncurrent assets:					
Loans receivable	58,472,259	-	-	(48,055,859)	10,416,400
Equity investment	-	48,049,089	-	(47,850,729)	198,360
Capital assets, net	6,493,876	-	102,400,627	-	108,894,503
Construction in process	-	-	4,391,703	-	4,391,703
Land and improvement held for sale, net	4,075,767	-	-	-	4,075,767
Total noncurrent assets	69,041,903	48,049,089	106,792,330	(95,906,588)	127,976,734
Total assets	\$ 96,461,100	\$ 48,050,589	\$ 107,511,970	\$ (100,892,597)	\$ 151,131,062
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued expense	\$ 522,726	\$ 481,009	\$ 6,811,235	(4,986,009)	(1)\$ 2,828,961
Line of credit	828,710	-	221,443	-	1,050,153
Unearned grant revenue	11,810,550	-	-	-	11,810,550
Total liabilities	13,161,986	481,009	7,032,678	(4,986,009)	15,689,664
Noncurrent liabilities:					
Note payable	257,381	-	-	-	257,381
Deferred rent liability	-	-	13,610,325	-	13,610,325
Loans payable	455,370	48,055,859	43,655,128	(48,055,859)	44,110,498
Total noncurrent liabilities	712,751	48,055,859	57,265,453	(48,055,859)	57,978,204
<b>NET POSITION</b>					
Net investment in capital assets	6,038,506	-	67,745,499	-	73,784,005
Restricted	5,499,395	-	-	-	5,499,395
Unrestricted	71,048,461	(486,279)	(24,531,660)	(47,850,729)	(1,820,207)
Total net position	82,586,363	(486,279)	43,213,839	(47,850,729)	77,463,194
Total liabilities and net position	\$ 96,461,100	\$ 48,050,589	\$ 107,511,970	\$ (100,892,597)	\$ 151,131,062

(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 July 31, 2020**

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
<b>Operating revenues:</b>					
Grant revenue	\$ 5,193,737	\$ -	\$ -	\$ -	\$ 5,193,737
Brownfield funds	96,511	-	-	-	96,511
Loan interest and commitment fees	93,258	-	-	-	93,258
Rental and other revenue	92,676	-	1,096,516	-	1,189,192
Proceeds from land sales, net	7,377	-	-	-	7,377
Total operating revenue	5,483,559	-	1,096,516	-	6,580,075
<b>Operating expenses:</b>					
Development costs	1,815,808	-	-	-	1,815,808
Salaries and benefits	334,500	-	-	-	334,500
General and administrative	2,887,160	770	83,330	-	2,971,260
Management fee	55,417	-	32,500	-	87,917
Depreciation	-	-	2,345,968	-	2,345,968
Total operating expenses	5,092,885	770	2,461,798	-	7,555,453
Operating income	390,674	(770)	(1,365,282)	-	(975,378)
<b>Non-operating revenues (expenses):</b>					
Interest expense	(9,413)	-	(559,543)	-	(568,956)
Amortization expense	-	-	(43,676)	-	(43,676)
Interest income	932	-	178	-	1,110
Total non-operating revenues (expenses)	(8,481)	-	(603,041)	-	(611,522)
Change in net position	382,193	(770)	(1,968,323)	-	(1,586,900)
Net position - beginning of year	82,204,170	(485,509)	42,219,146	(45,333,911)	78,603,896
Add: capital contributions	-	-	2,963,016	(2,516,818)	446,198
Net position - end of period	\$ 82,586,363	\$ (486,279)	\$ 43,213,839	\$ (47,850,729)	\$ 77,463,194

(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 July 31, 2020**

	<b>YTD July 2020</b>	<b>YTD Budget 2020</b>	<b>Variance</b>
<b>Operating revenues:</b>			
Grant revenue	\$ 5,193,737	\$ 4,900,292	\$ 293,445
Brownfield funds	96,511	67,083	29,428
Loan interest and commitment fees	93,258	66,304	26,954
Rental and Developer Fees	1,189,192	4,375,529	(3,186,337)
Proceeds from land sales, net	7,377	79,070	(71,693)
Total operating revenues	<u>6,580,075</u>	<u>9,488,278</u>	<u>(2,908,203)</u>
<b>Operating expenses:</b>			
Development costs	1,815,808	609,218	1,206,590
Salaries and benefits	334,500	350,262	(15,762)
General and administrative	2,971,260	1,799,670	1,171,590
Management fee	87,917	59,792	28,125
Depreciation	2,345,968	2,625,000	(279,032)
Total operating expenses	<u>7,555,453</u>	<u>5,443,941</u>	<u>2,111,511</u>
Operating income (loss)	(975,378)	4,044,336	(5,019,714)
<b>Non-operating revenues (expenses):</b>			
Interest expense	(568,956)	(308,394)	(260,562)
Amortization expense	(43,676)	(43,675)	(1)
Interest income	1,110	5,833	(4,723)
Total non-operating revenues (expenses)	<u>(611,522)</u>	<u>5,833</u>	<u>(4,723)</u>
Change in net position	\$ <u>(1,586,900)</u>	\$ <u>4,050,170</u>	\$ <u>(5,024,438)</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.



**Item 4.1**

**MEMORANDUM**

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

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

**SUBJECT: 541 E. Delavan Avenue – 34 Group Construction Management Services Contract Extension**

**DATE: August 25, 2020**

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On March 26, 2019, the Board approved a Construction Management contract with the 34 Group for the 541 E. Delavan Avenue renovation project for a value of \$246,528. A subsequent Change Order, to include General Requirements, was approved on May 28, 2019 for a value of \$41,165.61. The original contract and fee proposal with the 34 Group anticipated completion of the initial phase of construction by December 31, 2019.

The Board may recall that a decision was made at the July 30, 2019 meeting to re-bid a large portion of the work for Phase I, due to unacceptable MWBE participation, as well as a number of unexpected construction issues discovered during the demolition and environmental remediation phase. Based on these issues, at the November 26, 2019 meeting the Board approved an extension of the 34 Group Construction Management contract to 6/30/2020, at an additional cost of \$146,928. In addition, at that point in the project the scope of work covered by the agreement had increased by approximately \$1,000,000 (from \$2.5 million to \$3.5 million).

In March of this year, just as the project was gearing up for the spring construction season, the Covid 19 pandemic posed additional challenges to the project time-line. The project was deemed “non-essential” for a five week period and was completely shut down. A waiver was granted in May to resume work, but the decision was made to bring only one contractor (Apollo Steel) back. This decision was based on social distancing parameters and the uncertainty of timing for Restore NY V funding reimbursements.

Come September, we are hopeful that additional contractors can return to the site. Accordingly, we have asked 34 Group to provide the attached proposal which covers the period through December 31, 2020. The hourly rates, multiplier rate and the fee percentage are consistent with the original contract and the first amendment. The proposal shows a full budgeted cost for six months (\$144,128), but is reduced by the cost savings that have accrued during the full and partial shutdown. The proposed amendment to the contract would be for the \$55,217.75 amount. As mentioned previously, the funding for this amendment will be taken from the project’s general construction budget, which is eligible for reimbursement from the Restore NY V Grant. The value of the 34 Group contract after this amendment will be \$492,728.

This proposal was reviewed with the Real Estate Committee at its August 18, 2020 meeting and recommended for approval by the Board.



**ACTION:**

I am requesting Board approval to amend the existing construction management agreement with the 34 Group to provide an extension of services through December 31, 2020 at a not-to-exceed cost of \$55,217.75; and to execute and deliver the amendment to the construction management agreement on behalf of NorDel I, LLC.



August 8, 2020

Mr. Peter Cammarata  
President  
Buffalo Urban Development Corporation  
95 Perry Street, Suite 404  
Buffalo, NY 14203-3030

REF: 541 E. Delavan Contract Extension for CM Services

Peter,

34 Group is pleased to present to you our cost proposal for the contract extension for 541 E. Delavan to carry the project through December 31, 2020. Our quote for the contract extension is \$144,128.00 less the remaining contract value of \$88,910.25 for a total net change of \$55,217.75.

Below is a breakout the various items that make up the overall cost proposal.

Manpower:

Construction Phase EDP1	By	Hourly Rate	Multiplier	TOTAL Allowable Billable Amounts	Total Addl Project Hrs.
Project Management	Kyle	49.52	1.7	73,745.00	876
QA/QC	Vince	28.85	1.7	5,395.00	110
			TOTAL	79,140.00	
Safety (Incudes. site specific orientation preparations)	Sienna	75.00	1	11,700.00	156
Project Executive	Keith	52.88	1.7	6,473.00	72
AP / Field Office Support	Tracey	28.85	1.7	1,422.00	29
MWBE Compliance	Tracey	28.85	1.7	7,847.00	160
			TOTAL	27,442.00	
Field Office Support			1	4,130.00	
Fee			1	29,996.00	
General Requirements			1	3,420.00	
TOTALS from above				144,128.00	1403
Remaining contract value				(88,910.25)	
Total Net Contract Extension Cost				55,217.75	

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## Field Office Support

Field Office Support				
	07/01/2020 Through 12/31/2020			
Description	Quantity	Unit	Rate	TOTAL
<b>FIELD OFFICE EQUIPMENT</b>				
Copy Machine - Rental & Supplies	6	Mo	100	600
Furniture				
Telephone System & monthly charges	6	Mo	100	600
<b>GTG - Network and WAN/LAN Access</b>				
Internet connectivity - Check local service provider	6	Mo	150	900
<b>FIELD OFFICE EXPENSE</b>				
First Aid Supplies	1	LS	500	500
Miscellaneous Blueprinting	3	Mo	250	750
Shipping - Fedex/UPS				
Progress Photos / Webcams	6	Mo	80	480
Records Transport/Retention				
Small Tools & Supplies				
Stationary, Paper & Supplies	6	Mo	50	300
Temporary Personnel Service				
<b>TOTAL FIELD OFFICE SUPPORT COS</b>				<b>4,130</b>

## General Requirements

GENERAL REQUIREMENTS		07/01/2020 through 12/31/2020		
Description	QTY	Unit	Rate	TOTAL
<b>INSURANCE / TAXES</b>				
<b>Auto, Professional, General &amp; Excess Liability Insurance</b>	<b>250</b>	<b>Calc.</b>	<b>13.68</b>	<b>3,420</b>
Contractor Default Insurance (CDI)		Thou		
Performance & Payment Bond		Calc.		
Traffic Control		Est.		
Shoring of Existing Basements		Est.		
<b>WARRANTY / GUARANTEE EXPENSE</b>				
Warranty Cost		Est.		
Ext'd Maintenance Premium Bond		Calc.		

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Fee amount and extension is based on AIA C132 as well as the first amendment to the contract.

Please do not hesitate to call either myself or David Dittmar if you have any questions. Thank You

Kyle Pettit  
Project Manager  
34 Group, Inc.

## Buffalo Urban Development Corporation

95 Perry Street

Suite 404

Buffalo, New York 14203

phone: 716-856-6525

fax: 716-856-6754

web: [buffalourbandevelopment.com](http://buffalourbandevelopment.com)



### Item 4.2

## MEMORANDUM

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

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

**SUBJECT: Buffalo Lakeside Commerce Park – BUDC/Uniland Development Company Land Sale Agreement Amendment**

**DATE: August 25, 2020**

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A Land Sale Agreement for 255 Ship Canal Parkway between BUDC and Uniland Development Company (“Uniland”) was executed on April 16, 2019 and amended on February 25, 2020.

Uniland had previously requested and received an extension of the initial due diligence period through August 31, 2020. On August 14, 2020, Uniland submitted a written request for an additional extension of the due diligence period through December 31, 2020. Uniland stated that the request for the additional extension is to accommodate the time lapse in Uniland’s business operations related to COVID-19, including the New York State mandated “pause” in business as well as their dealings with third-party consultants and public sector agencies.

This item was reviewed with the Real Estate Committee at its August 18<sup>th</sup> meeting and was recommended for approval by the Board of Directors.

### Action:

We are requesting that the Board of Directors approve a Second Amendment to the Land Sale Agreement between BUDC and Uniland, to extend the due diligence period to December 31, 2020.



**Item 6.1**

**MEMORANDUM**

**TO: Buffalo Urban Development Corporation Board of Directors**  
**FROM: Peter M. Cammarata, President**  
**SUBJECT: Northland Corridor – Amended and Restated Leasing Policy**  
**DATE: August 25, 2020**

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Last month, BUDC staff presented to the Board a proposed Amended and Restated Leasing Policy for Northland. There were several comments from Board members regarding the lease modification provision. The Board approved a motion to table the item and redirected the policy to the Real Estate Committee for further review. The Real Estate Committee reviewed further changes to the policy at its August 18<sup>th</sup> meeting and is recommending that the Board approve the policy in the form attached to this memorandum.

The principal modification is found in Paragraph E of the policy, which has been revised to read as follows:

***E. Lease Modifications.***

*The President of BUDC shall present each proposed modification of an existing lease to the Real Estate Committee for Committee review and comment. Following such review and consistent with such Committee input, the President shall have the authority to negotiate and execute the lease modification, provided however, that the affirmative vote of a majority 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 over the term of the lease. 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 that the modification is executed.*

**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.

**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.

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**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 present each proposed modification of an existing lease to the Real Estate Committee for Committee review and comment. Following such review and consistent with such Committee input, the President shall have the authority to negotiate and execute the lease modification, provided however, that the affirmative vote of a majority 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: August , 2020