

Buffalo Urban Development Corporation

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

Date: Tuesday, September 29, 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 Reimbursement of Expenses from the Buffalo Brownfields Redevelopment Fund (BBRF)
(Action) (Enclosure)

4.2 Northland Corridor – 2020-2023 Snow Removal Contract Approval *(Action) (Enclosure)*

4.3 Northland Corridor – Amended and Restated Leasing Policy *(Information) (Enclosure)*

4.4 Northland Beltline Corridor Project Update *(Information)*

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

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

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

4.8 308 Crowley Project Update *(Information)*

4.9 2021 BUDC Board of Directors Meeting Schedule *(Information) (Enclosure)*

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**

**August 25, 2020
12:00 p.m.**

1.0 Call to Order

Directors Present:

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

Directors Absent:

Hon. Byron W. Brown (Chair)
Michael J. Finn
Brendan R. Mehaffy
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
Atiqah Abidi, Assistant Treasurer

Others Present: Evan Y. Bussiere, Hurwitz & Fine, P.C; and Arthur Hall, BUDC.

Roll Call – The Secretary called the roll of directors and a quorum was determined to be present. Mr. Slater joined the meeting during the presentation of item 3.2. Ms. Curry joined the meeting during the presentation of item 4.1.

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, as amended. 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 July 28, 2020 meeting of the Board of Directors were presented. Mr. Comerford made a motion to approve the meeting minutes. The motion was seconded by Mr. Elsenbeck and unanimously carried (13-0-0).

- 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 July 31, 2020. Ms. Fishkin made a motion to accept the financial report. The motion was seconded by Mr. Nasca and unanimously carried (14-0-0).

4.0 New Business

- 4.1 541 E. Delavan – 34 Group Construction Management Services Contract Extension Approval** – Mr. Cammarata presented his August 25, 2020 memorandum regarding a proposed extension of the construction management agreement with 34 Group. He outlined the original timeline for completion of the work and the impact of the COVID-19 shutdown. The proposed amendment will extend the agreement through December 31, 2020 with a net cost increase of \$55,217.75. The proposed amendment was reviewed with the Real Estate Committee at its August 18, 2020 meeting and recommended for Board approval. Mr. Slater made a motion to approve an amendment to the construction management agreement with 34 Group to extend its services through December 31, 2020 at a not-to-exceed cost of \$55,217.75 and to authorize the President to execute and deliver the amendment on behalf of NorDel I, LLC. The motion was seconded by Mr. Nasca and (with Ms. Mays abstaining) carried with fourteen affirmative votes (14-0-1).
- 4.2 Buffalo Lakeside Commerce Park – BUDC/Uniland Development Company Land Sale Agreement Amendment Approval** – Mr. Cammarata presented his August 25, 2020 memorandum regarding a request from Uniland to extend its due diligence period under the Land Sale Agreement through December 31, 2020. The Real Estate Committee reviewed the proposed extension at its August 18, 2020 meeting and recommended Board approval. Mr. Kucharski made a motion to approve an amendment to the Land Sale Agreement between BUDC and Uniland to extend the due diligence period to December 31, 2020 and to authorize the President to execute and deliver the amendment on behalf of BUDC. The motion was seconded by Ms. Mays and unanimously carried (15-0-0).
- 4.3 Waterfront/Ralph C. Wilson, Jr. Centennial Park Project Update** – Ms. Merriweather reported that BUDC is working with the Great Lakes Commission to finalize the grant agreement for Centennial Park design services. Ms. Gandour reported on a groundbreaking ceremony for the Army Corps of Engineers seawall project.
- 4.4 BBRP/Race for Place Project Update** – Ms. Merriweather presented an update regarding BBRP and the Race for Place. She commented on the “Be in Buffalo” initiative and reported that the Ellicott Node project is nearly complete. She also reported on her upcoming participation on an International Downtown Association panel that will focus on entrepreneurship and retail pop-ups.
- 4.5 Northland Beltline Corridor Project Update** – Mr. Cammarata reported that the 612 Northland project and the 683 Northland Phase 2 construction project have been named finalists in the best adaptive reuse category for the 2020 Business First Brick-by-Brick Awards. The award ceremony will take place virtually on September 24th. Mr. Cammarata then 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 the \$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. A lien release was executed and submitted to Empire State Development as a final step in the process.

777 Northland: BUDC has received a \$100,000 National Grid Brownfield Redevelopment Grant for the select demolition project at 777 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: BUDC received a \$131,250 reimbursement check from National Grid for this project. The first reimbursement request for Restore NY V funds was submitted in May in the amount of \$853,396.08 and is expected shortly. BUDC staff is finalizing the second reimbursement request, which will total \$1,226,037.65.

683 Northland: BUDC has submitted two reimbursement requests to ESD related to the Northland Workforce Training Center equipment grant. BUDC has provided the final documents required for the fourth installment of historic tax credits, which will total \$3.1 million dollars. Ms. Profic continues to work 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 two million dollar Buffalo Billion grant for this project is expected to be considered by 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. Penman asked about the status of the line of credit. Ms. Profic indicated that BUDC has drawn against the line of credit for the 541 East Delavan project, which will be repaid with Restore NY V grant funds. Mr. Hall then presented additional Northland Corridor updates as follows:

LISC Grant – A supplemental grant agreement with the Local Initiatives Support Corporation has been executed for \$26,301.79. The grant expires at the end of the month. BUDC has prepared a draft of the final report.

Retech Systems: The landlord improvements for the Retech Systems space are complete, and the lease commenced as of July 1st. 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. BUDC has reviewed plans for the tenant buildout.

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 3rd 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. AKAG recently conducted 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 1(C) work is 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. The Mancuso Group is soliciting proposals for snow removal services, which will include all common areas, parking lots and sidewalks.

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.

Neighborhood Planning and Development: The BOA nomination document has received comments from the New York Department of State (DOS). Staff along with OSP, BURA and the Buffalo Sewer Authority are preparing responses to those comments. Next steps include the receipt of nomination document comments from DOS and holding a final public meeting.

Community Outreach: The Business Network Series was held August 13th. The theme was Recover, Re-Launch, and Rebuild, Next Steps for Our Minority Businesses.

4.6 Buffalo Lakeside Commerce Park Project Update – Mr. Cammarata presented an update regarding Buffalo Lakeside Commerce Park. He noted that Arcadis has completed the final engineering report for Parcel 3 and submitted the report to NYSDEC for review. He also reported that BUDC is working with a prospect that is interested in 193 Ship Canal Parkway. BUDC and the prospect have scheduled a meeting with NYSDEC to discuss the Brownfield Cleanup Program project for the site.

4.7 308 Crowley Project Update – Mr. Cammarata briefly commented on the 308 Crowley project, noting that progress with SHPO has been made regarding the proposed partial demolition work, which will be documented in a memorandum of agreement.

5.0 Late Files – None.

6.0 Tabled Items

6.1 Northland Corridor – Amended & Restated Leasing Policy Approval – Mr. Cammarata noted that the Amended and Restated Leasing Policy for Northland Corridor Properties had been tabled at the July Board of Directors meeting. Mr. Halligan made a motion to remove the item from the table. The motion was seconded by Ms. Fishkin and unanimously carried (15-0-0). Mr. Cammarata then reviewed the changes that were made to the policy since the last Board meeting, which were reviewed with the Real Estate Committee and recommended for Board approval. The Board discussed the proposed policy. Mr. Pridgen commented on the provisions that would authorize the President to approve rent reductions, and suggested that the President should obtain approval for rent reduction modifications. At the end of the discussion, Mr. Pridgen made a motion to adopt the Amended and Restated Leasing Policy for Northland Corridor Properties, subject to the addition to the policy of provisions requiring the President to obtain approval for rent reductions. The motion was seconded by Ms. Gallagher and unanimously carried (15-0-0).

7.0 Executive Session – None.

- 8.0 Adjournment** – There being no further business to come before the Board, upon motion made by Mr. Nasca, seconded by Ms. Fishkin and unanimously carried, the August 25, 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 'K. Zanner', written over a horizontal line.

Kevin J. Zanner, Secretary

683 Northland Master Tenant, LLC
Financial Statements
August 31, 2020

683 NORTHLAND MASTER TENANT, LLC
Balance Sheet

	August 2020	July 2020	December 2019
ASSETS			
Current assets:			
Cash	\$ 192,650	\$ 161,045	\$ 16,394
Tenant receivable	71,774	94,700	361,614
Prepaid expenses	5,117	14,663	18,501
Total current assets	269,541	270,408	396,509
Accrued rental income	169,046	137,564	45,995
Tenant security deposits	70,950	70,950	39,450
Cash reserves	375,722	375,705	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	\$ 17,821,193	\$ 17,790,561	\$ 17,799,415
LIABILITIES & MEMBERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 109,170	\$ 115,328	\$ 32,428
Deferred rent liability - sublessee	250,360	253,782	288,000
Due to related parties	337,363	337,363	372,362
Total current liabilities	696,893	706,473	692,790
Tenant security deposits	70,950	70,950	39,450
Deferred rent liability - Master Lease Agreement	3,434,643	3,314,215	2,471,223
Deferred rent liability - sublessee	6,655,108	6,697,769	6,996,396
Distribution payable - priority return	105,026	105,026	105,026
Total noncurrent liabilities	10,265,727	10,187,960	9,612,095
MEMBERS' EQUITY	6,858,573	6,896,128	7,494,530
Total liabilities and net position	\$ 17,821,193	\$ 17,790,561	\$ 17,799,415

683 NORTHLAND MASTER TENANT, LLC
Income Statement

For the Period Ended:

	August 2020	July 2020	December 2019
Revenues:			
Rental revenue	\$ 759,511	\$ 645,936	\$ 754,631
Additional rental revenue	236,255	195,232	167,996
Interest and other revenue	461	434	4,565
Total revenues	<u>996,227</u>	<u>841,602</u>	<u>927,192</u>
Expenses:			
Rent expense	1,253,162	1,096,516	1,879,742
Payroll	97,431	84,428	129,470
Utilities expense	22,869	18,220	111,798
Insurance expense	59,435	52,835	120,670
Professional fees	76,245	75,947	46,936
Property management fee	33,135	29,031	41,493
Real estate taxes	12,735	12,735	22,473
Repairs and maintenance	65,806	58,926	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>1,632,184</u>	<u>1,440,004</u>	<u>2,391,703</u>
Net loss	(635,957)	(598,402)	(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	(635,957)	(598,402)	(1,464,511)
Members' capital contributions	-	-	4,536,758
Distributions	-	-	(110,979)
Members' equity - end of period	<u>\$ 6,858,573</u>	<u>\$ 6,896,128</u>	<u>\$ 7,494,530</u>

Buffalo Urban Development Corporation
Consolidated Financial Statements
August 31, 2020

BUFFALO URBAN DEVELOPMENT CORPORATION
Consolidated Statements of Net Position

	August 2020	July 2020	December 2019
ASSETS			
Current assets:			
Cash	\$ 656,757	\$ 984,590	\$ 246,940
Restricted cash	4,102,947	4,077,604	5,234,585
Grants receivable	10,478,332	10,739,883	10,780,646
Other current assets	7,317,616	7,352,251	8,135,225
Total current assets	22,555,652	23,154,328	24,397,396
Noncurrent assets:			
Loans receivable	10,416,400	10,416,400	10,791,400
Equity investment	198,360	198,360	198,360
Capital assets, net	108,617,620	108,894,503	110,457,922
Construction in process	4,392,193	4,391,703	2,697,320
Land and improvement held for sale, net	4,075,767	4,075,767	4,086,967
Total noncurrent assets	127,700,341	127,976,734	128,231,969
Total assets	\$ 150,255,993	\$ 151,131,062	\$ 152,629,365
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 3,772,053	\$ 2,828,961	\$ 4,589,840
Lines of credit	1,105,587	1,050,153	-
Unearned grant revenue	10,402,759	11,810,550	10,743,729
Total current liabilities	15,280,399	15,689,664	15,333,569
Note payable	257,381	257,381	257,381
Deferred rent liability	13,489,897	13,610,325	14,453,317
Loans payable	44,116,737	44,110,498	43,981,202
Total noncurrent liabilities	57,864,015	57,978,204	58,691,900
NET POSITION			
Net investment in capital assets	73,500,883	73,784,005	73,261,007
Restricted	5,499,395	5,499,395	4,933,990
Unrestricted	(1,888,700)	(1,820,207)	408,899
Total net position	77,111,579	77,463,194	78,603,896
Total liabilities and net position	\$ 150,255,993	\$ 151,131,062	\$ 152,629,365

Balance Sheet Notes:

- Overall cash decreased due to vendor/consultant payments and imprest account usage
- Accounts payable increased \$943,000 due to invoices for work at Ralph C. Wilson, Jr. Centennial Park
- Lines of credit advances totaled \$55,000 during August (\$0 BUDC, \$55,000 683 Northland).
- Unearned grant revenue decrease of \$1.4 million due to recognition of grant revenue.

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

	<u>August 2020</u>	<u>July 2020</u>	<u>December 2019</u>
Operating revenues:			
Grant revenue	\$ 6,609,599	\$ 5,193,737	\$ 20,799,635
Brownfield funds	121,642	96,511	298,920
Loan interest and commitment fees	101,313	93,258	149,707
Rental and other revenue	1,347,942	1,189,192	14,842,621
Proceeds from sale of land, net	<u>7,377</u>	<u>7,377</u>	<u>-</u>
Total operating revenues	<u>8,187,873</u>	<u>6,580,075</u>	<u>36,090,883</u>
Operating expenses:			
Development costs	1,923,146	1,815,808	2,579,959
Adjustment to net realizable value	-	-	575,816
Salaries and benefits	373,809	334,500	509,655
General and administrative	4,382,622	2,971,260	3,093,725
Management fee	95,833	87,917	133,855
Depreciation	<u>2,681,107</u>	<u>2,345,968</u>	<u>3,224,019</u>
Total operating expenses	<u>9,456,517</u>	<u>7,555,453</u>	<u>10,117,029</u>
Operating income (loss)	<u>(1,268,644)</u>	<u>(975,378)</u>	<u>25,973,854</u>
Non-operating revenues (expenses):			
Interest expense	(627,104)	(568,956)	(1,172,004)
Amortization expense	(49,915)	(43,676)	(74,872)
Interest income	<u>1,148</u>	<u>1,110</u>	<u>19,278</u>
Total non-operating revenues (expenses)	<u>(675,872)</u>	<u>(611,522)</u>	<u>(1,227,598)</u>
Change in net position	<u>(1,944,516)</u>	<u>(1,586,900)</u>	<u>24,746,256</u>
Net position - beginning of period	<u>78,603,896</u>	<u>78,603,896</u>	<u>53,357,640</u>
Add: Capital contribution	452,198	446,198	500,000
Net position - end of period	<u>\$ 77,111,579</u>	<u>\$ 77,463,194</u>	<u>\$ 78,603,896</u>

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

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
ASSETS					
Current assets:					
Cash	\$ 656,544	\$ -	\$ 213	\$ -	\$ 656,757
Restricted cash	3,579,381	-	523,566	-	4,102,947
Grants receivable	10,478,332	-	-	-	10,478,332
Other current assets	12,116,508	1,500	185,617	(4,986,009)	7,317,616
Total current assets	26,830,765	1,500	709,396	(4,986,009)	22,555,652
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	-	102,123,744	-	108,617,620
Construction in process	-	-	4,392,193	-	4,392,193
Land and improvement held for sale, net	4,075,767	-	-	-	4,075,767
Total noncurrent assets	69,041,903	48,049,089	106,515,937	(95,906,588)	127,700,341
Total assets	\$ 95,872,668	\$ 48,050,589	\$ 107,225,333	\$ (100,892,597)	\$ 150,255,993
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expense:	\$ 1,456,968	\$ 481,009	\$ 6,820,085	(4,986,009)	(1)\$ 3,772,053
Line of credit	828,710	-	276,877	-	1,105,587
Unearned grant revenue	10,402,759	-	-	-	10,402,759
Total liabilities	12,688,437	481,009	7,096,962	(4,986,009)	15,280,399
Noncurrent liabilities:					
Note payable	257,381	-	-	-	257,381
Deferred rent liability	-	-	13,489,897	-	13,489,897
Loans payable	455,370	48,055,859	43,661,367	(48,055,859)	44,116,737
Total noncurrent liabilities	712,751	48,055,859	57,151,264	(48,055,859)	57,864,015
NET POSITION					
Net investment in capital assets	6,038,506	-	67,462,377	-	73,500,883
Restricted	5,499,395	-	-	-	5,499,395
Unrestricted	70,933,578	(486,279)	(24,485,270)	(47,850,729)	(1,888,700)
Total net position	82,471,480	(486,279)	42,977,107	(47,850,729)	77,111,579
Total liabilities and net position	\$ 95,872,668	\$ 48,050,589	\$ 107,225,333	\$ (100,892,597)	\$ 150,255,993

(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 August 31, 2020

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
Operating revenues:					
Grant revenue	\$ 6,609,599	\$ -	\$ -	\$ -	\$ 6,609,599
Brownfield funds	121,642	-	-	-	121,642
Loan interest and commitment fees	101,313	-	-	-	101,313
Rental and other revenue	94,780	-	1,253,162	-	1,347,942
Proceeds from land sales, net	7,377	-	-	-	7,377
Total operating revenue	6,934,711	-	1,253,162	-	8,187,873
Operating expenses:					
Development costs	1,923,146	-	-	-	1,923,146
Salaries and benefits	373,809	-	-	-	373,809
General and administrative	4,296,546	770	85,306	-	4,382,622
Management fee	63,333	-	32,500	-	95,833
Depreciation	-	-	2,681,107	-	2,681,107
Total operating expenses	6,656,834	770	2,798,913	-	9,456,517
Operating income	277,877	(770)	(1,545,751)	-	(1,268,644)
Non-operating revenues (expenses):					
Interest expense	(11,536)	-	(615,568)	-	(627,104)
Amortization expense	-	-	(49,915)	-	(49,915)
Interest income	969	-	179	-	1,148
Total non-operating revenues (expenses)	(10,568)	-	(665,304)	-	(675,872)
Change in net position	267,309	(770)	(2,211,055)	-	(1,944,516)
Net position - beginning of year	82,204,170	(485,509)	42,219,146	(45,333,911) (1)	78,603,896
Add: capital contributions	-	-	2,969,016	(2,516,818) (1)	452,198
Net position - end of period	\$ 82,471,479	\$ (486,279)	\$ 42,977,107	\$ (47,850,729)	\$ 77,111,578

(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 August 31, 2020

	YTD August 2020	YTD Budget 2020	Variance
Operating revenues:			
Grant revenue	\$ 6,609,599	\$ 5,600,333	\$ 1,009,266
Brownfield funds	121,642	76,667	44,975
Loan interest and commitment fees	101,313	75,776	25,537
Rental and Developer Fees	1,347,942	5,000,605	(3,652,663)
Proceeds from land sales, net	7,377	90,365	(82,989)
Total operating revenues	8,187,873	10,843,746	(2,655,873)
Operating expenses:			
Development costs	1,923,146	696,249	1,226,897
Salaries and benefits	373,809	400,299	(26,490)
General and administrative	4,382,622	2,056,766	2,325,856
Management fee	95,833	68,333	27,500
Depreciation	2,681,107	3,000,000	(318,893)
Total operating expenses	9,456,517	6,221,647	3,234,869
Operating income (loss)	(1,268,644)	4,622,099	(5,890,743)
Non-operating revenues (expenses):			
Interest expense	(627,104)	(352,450)	(274,654)
Amortization expense	(49,915)	(49,915)	(0)
Interest income	1,148	6,667	(5,519)
Total non-operating revenues (expenses)	(675,872)	6,667	(5,519)
Change in net position	\$ (1,944,516)	\$ 4,628,765	\$ (5,896,262)

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.

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Item 4.1

MEMORANDUM

TO: BUDC Board of Directors

FROM: Mollie Profic, Treasurer

SUBJECT: Reimbursement of Expenses from the Buffalo Brownfields Redevelopment Fund (BBRF)

DATE: September 29, 2020

The Buffalo Brownfields Redevelopment Fund (“BBRF” or the “Fund”) allows certain third-party expenses incurred by BUDC in connection with the development of Buffalo Lakeside Commerce Park (“BLCP”) to be reimbursed. Under the Fund Administration Agreement, these out-of-pocket third-party costs “include, but are not limited to, land acquisition, site investigations, site planning, remediation, road and utility construction and related legal costs.”

On September 26, 2012, the BUDC Board designated the BLCP project as complete, which allowed for the expansion of the use of BBRF funds to “other comparable projects” in the City of Buffalo. Riverbend, Northland, and 308 Crowley Street were designated “comparable” projects by the BUDC Board beginning October 1, 2012, and January 1, 2015, and June 26, 2018 respectively.

Since 2011, reimbursements have been approved for costs incurred related to BLCP, Riverbend, Northland and 308 Crowley. Most recently, the annual reimbursement of BLCP, Riverbend, Northland and 308 Crowley costs of \$787,930 for 2019 were approved by the Board on March 31, 2020.

Since 2018, BUDC has incurred unrelated business income tax (UBIT) due to interest income from a loan to 683 WTC, LLC as part of the 683 Northland project tax credit financing. The amount of UBIT due to Federal and New York State taxing authorities from the 2019 tax returns totaled \$57,796. Estimated tax payments totaling \$40,640 must be deposited during 2020 toward the 2020 UBIT liability. To date, \$30,480 of estimated tax payments have been made.

In consideration of BUDC’s cash flow interruptions during the COVID-19 pandemic, I am requesting authorization to reimburse \$98,436 to BUDC from the BBRF immediately. After this reimbursement, the BBRF is anticipated to have a balance of \$1.3 million, inclusive of \$1.05 million of BUDC borrowings.

This item was recommended for approval by the Audit & Finance Committee during their meeting on September 21, 2020.

Action:

Requesting that the Board approve the reimbursement to BUDC of \$98,436 in unrelated business income taxes related to Northland from the BBRF as described above.



Item 4.2

MEMORANDUM

TO: Buffalo Urban Development Corporation Board of Directors

FROM: Peter M. Cammarata, President

SUBJECT: Northland Corridor – 2020-2023 Snow Removal Contract Approval

DATE: September 29, 2020

In August, our Northland Property Manager, Mancuso Management Inc. (“Mancuso”), issued a Request for Proposals (“RFP”) on behalf of BUDC for snow removal services at the Northland Beltline campus. The snowplowing services contract will cover three (3) snow removal seasons (November 1st – April 30th) from 2020 through 2023.

Respondents to the RFP were requested to provide pricing in three (3) separate categories outlined below. *Due to the continued expansion and build-out of the campus, the scope of services has greatly increased from earlier years* (see attached map).

Plowing and salting of nine (9) parking areas
Plowing and salting of numerous sidewalks
Plowing and salting of several fire lanes

Over the last few years, we have compiled a significant list of area businesses that can provide snow removal services. Eleven (11) such businesses, which we have gained familiarity with, were provided with the RFP materials and contacted individually by Tom Mancuso. As of the RFP return date, four (4) companies submitted responses:




Landscape Associates of WNY (WBE)	\$120,000 per year
HLM Services (MBE)	\$150,000 per year
Aaron’s Landscaping (MBE)	\$175,000 per year
Rosecroft Services (MBE)	\$248,240 per year

HLM Services provided snow removal services last season at a cost of \$125,000 and we were generally satisfied by their performance. Landscape Associates of WNY is our current provider for landscaping services and we are very pleased with their performance. Landscape Associates provided us with the most detailed response to RFP, and we are confident that the company has the necessary equipment and manpower to provide the service.

This item was reviewed with the Real Estate Committee at its September 22nd meeting, and the Committee is recommending approval of a snow removal services contract between Mancuso and Landscape Associates of WNY.

ACTION

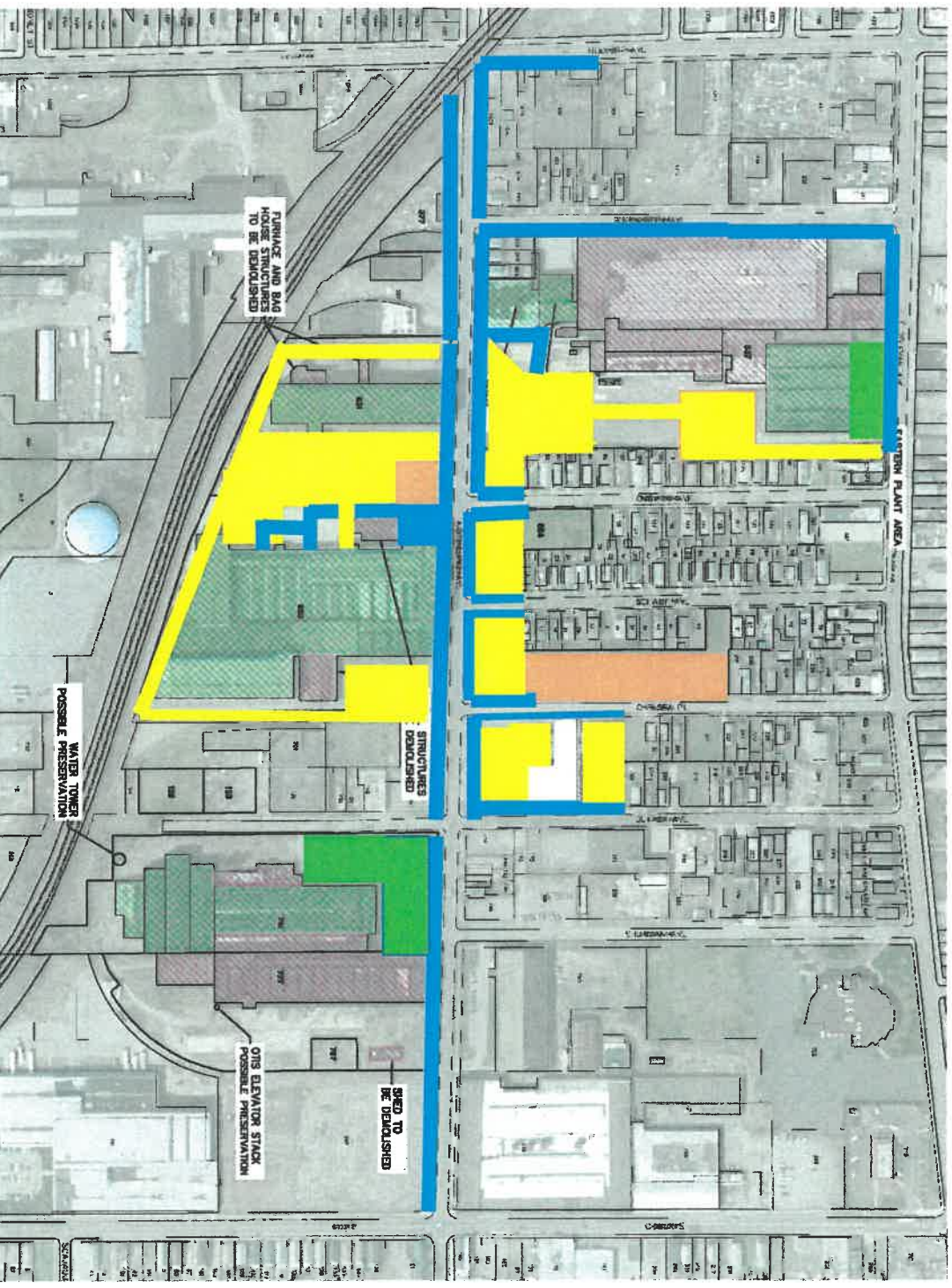
I am requesting Board approval to authorize a contract between Mancuso Management, Inc and Landscape Associates of WNY to provide snow removal services at the Northland Beltline campus, for the total cost of \$120,000 per year, for three consecutive snow removal seasons.

-  Plow & salt lot
-  Plow & salt fire lane
-  Plow & salt sidewalk

Northland Project Exterior Maintenance

*Keep all sidewalks,
designated parking lots and
fire lanes free of snow and ice*

August 18, 2020



Please respond with proposal to Tom Mancuso at tom@mancusogroup.com before noon Friday 8/28/2020.

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.

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.

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.

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:

(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.

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 the amount of rent payable by a tenant over the term of the lease by an amount up to \$25,000; 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 (i) a reduction of \$25,000 or more in the amount of rent payable by a tenant over the term of the lease, or (ii) a reduction of twenty percent (20%) 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 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 25, 2020

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- **Tuesday, January 26th**
- **Tuesday, February 23rd**
- **Tuesday, March 30th**
- **Tuesday, April 27th**
- **Tuesday, May 25th**
- **Tuesday, June 29th (Annual Members Meeting & Annual Directors Meeting)**
 - **Tuesday, July 27th**
 - **Tuesday, August 31st**
 - **Tuesday, September 28th**
 - **Tuesday, October 26th**
 - **Tuesday, November 30th**
 - **Tuesday, December 21st**

- Hon. Byron W. Brown, Chairman of the Board • Dennis Penman, Vice Chairman • Peter M. Cammarata, President • David A. Stebbins, Vice President
- Andrew Schoeppich, Treasurer • Theresa Carpenter, Assistant Treasurer • Kevin J. Zanner, Secretary •