

Buffalo Urban Development Corporation

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

Date: Tuesday, August 30, 2022

Time: Noon

Via Conference Call

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)(Enclosure)*

3.2 BUDC Consolidated Financial Statements *(Action)(Enclosure)*

4.0 NEW BUSINESS

4.1 Buffalo Lakeside Commerce Park – Exclusivity Agreement with Savarino Companies, LLC
Relating to 80, 134, 158 & 200 Ship Canal Pkwy *(Action) (Enclosure)*

4.2 Northland Beltline Corridor - Property Management Agreement Renewal Approval *(Action)*
(Enclosure)

4.3 Ralph C. Wilson, Jr. Centennial Park – MVVA Master Service Agreement Amendment:
Pre-Construction Services *(Action) (Enclosure)*

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

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

4.6 Northland Beltline Corridor Update *(Information)*

4.7 Buffalo Lakeside Commerce Park 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
of
Buffalo Urban Development Corporation**
Via Video Conference Call & Live Stream Audio

**July 26, 2022
12:00 p.m.**

Directors Present:

Catherine Amdur
Trina Burruss
Dan Castle
Janique S. Curry
Dennis W. Elsenbeck
Darby Fishkin
Thomas Halligan
Thomas A. Kucharski
Elizabeth A. Holden
Kimberley A. Minkel
David J. Nasca
Dennis M. Penman (Vice Chair)
Darius G. Pridgen
Karen Utz

Directors Absent:

Hon. Byron W. Brown (Chair)
Michael J. Finn
Dottie Gallagher
Brendan R. Mehaffy
Maria R. Whyte

Officers Present:

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

Guests Present: Cristina Cordero, Gardiner & Theobald; Zaque Evans, Senior Economic Development Specialist, Erie County Executive's Office; Alexis M. Florczak, Hurwitz Fine P.C.; Soma Hawramee, ECiDA Compliance Officer; and Antonio Parker, BUDC Project Manager.

- 1.0 Roll Call** – The meeting was called to order at 12:03 p.m. by Vice Chair Dennis Penman. The Secretary called the roll and a quorum of the Board was determined to be present. Mr. Nasca joined the meeting during the presentation of item 3.1. Ms. Burruss joined the meeting during the presentation of item 3.2. Mr. Halligan and Mr. Pridgen left the meeting during the presentation of item 4.7.

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

- 2.0 Reading of the Minutes** – The minutes of the June 28, 2022 meeting of the Board of Directors were presented. Mr. Kucharski made a motion to approve the meeting minutes. The motion was seconded by Ms. Utz and unanimously carried (12-0-0).
- 3.0 Monthly Financial Reports** – Ms. Profic presented for information purposes the financial statements for 683 Northland Master Tenant, LLC for the period ending June 30, 2022. She then presented the consolidated financial statements for BUDC and its affiliates, 683 Northland LLC and 683 WTC, LLC for the period ending June 30, 2022. Mr. Nasca made a motion to accept the BUDC consolidated financial statements. The motion was seconded by Mr. Castle and carried with thirteen affirmative votes (13-0-0). Ms. Utz did not vote on this item.
- 4.0 New Business**
- 4.1 BUDC and Related Entities Audit & Tax Services** – Ms. Gandour presented her July 26, 2022 memorandum regarding a proposal to retain Freed Maxick for audit and tax services. Ms. Gandour noted that the current arrangement with Freed Maxick is scheduled to expire at the end of 2022. In the past, BUDC has participated in a joint RFP process with ECIDA for audit and tax services. Staff is recommending that BUDC not participate in the RFP process and instead proceed with retaining Freed Maxick through the 2025 audit period. Ms. Gandour explained that BUDC's corporate structure has become far more complex due to the Northland tax credits transaction, and Freed Maxick has provided the required audits since 2017 and has unique knowledge and expertise related to the project. These services qualify as a single source procurement under the BUDC procurement policy. This item was reviewed with the Audit & Finance Committee and is being recommended for approval. Mr. Kucharski commented that as a best practice, the partner in charge of overseeing the audit should rotate every few years. Following the presentation, Ms. Curry made a motion to approve the retention of Freed Maxick to provide professional auditing and tax services to BUDC and its affiliates for the 2022-2025 audits. The motion was seconded by Ms. Holden and unanimously carried (14-0-0).
- 4.2 Buffalo Lakeside Commerce Park – Preliminary Agreement with The Krog Group, LLC Relating to 193 Ship Canal Parkway** – Ms. Gandour presented her July 26, 2022 memorandum regarding a proposed preliminary agreement between BUDC and The Krog Group, LLC regarding 193 Ship Canal Parkway. The preliminary agreement would grant Krog a six-month right to access the property and conduct due diligence in exchange for the payment of a \$2000 monthly exclusivity fee. BUDC would agree not to market the property during the term of the agreement, which may be extended by Krog for an additional three months. In response to a question from Council President Pridgen, Ms. Gandour stated that Krog approached BUDC regarding the property, and that the property had been advertised on the BUDC website and marketed by Invest Buffalo Niagara. In response to a question from Mr. Elsenbeck, Ms. Gandour indicated that an end-user for the site has not been confirmed. There being no further discussion, Mr. Kucharski made a motion to: (i) approve BUDC entering into a preliminary agreement with The Krog Group, LLC regarding 193 Ship Canal Parkway, consistent with the terms set forth in the July 26, 2022 memorandum; and (ii) authorize the President or Executive Vice President to execute the preliminary agreement and take such other actions as may be necessary or appropriate to implement this authorization. The motion was seconded by Ms. Minkel and unanimously carried (14-0-0).
- 4.3 Buffalo's Race for Place – COB/BUDC Pass Through Agreement** – Ms. Merriweather presented her July 26, 2022 memorandum regarding a proposed pass-through agreement with the City of Buffalo relating to National Grid grant funding for improvements to Court Street. Ms. Merriweather noted that the Common Council has approved the agreement. Following the presentation, Ms. Fishkin made a motion to: (i) approve the acceptance of grant funding from National Grid and authorize BUDC to enter into a pass-through agreement with the City of Buffalo to facilitate the transfer of National Grid grant funds from BUDC to the City to facilitate completion

of the project; and (ii) authorize the President or Executive Vice President to execute the pass-through agreement and take such other actions as may be necessary or appropriate to implement this action. The motion was seconded by Mr. Elsenbeck and unanimously carried (14-0-0).

4.4 Northland Beltline Corridor – NWTC/ESD/BUDC Memorandum of Understanding –

Ms. Gandour presented her July 26, 2022 memorandum regarding a proposed memorandum of understanding involving NWTC, ESD, BUDC and BUDC affiliates. Mr. Halligan made a motion to: (i) approve the Memorandum of Understanding; and (ii) authorize the BUDC President or Executive Vice President to execute the Memorandum of Understanding on behalf of BUDC, 683 Northland LLC and 683 Northland Master Tenant, LLC, and take such other actions as are necessary or appropriate to implement this authorization. The motion was seconded by Ms. Burruss and (with Ms. Utz abstaining) carried with thirteen affirmative votes (13-0-1).

4.5 Northland Beltline Corridor - Project Update – Ms. Gandour presented the Northland Beltline Corridor update. BUDC staff has responded to additional inquiries from EDA regarding the Build Back Better application. NYSDEC approved the periodic review report (PRR) for 683 Northland that was submitted by BUDC’s consultant in May. BUDC continues to work with the Mancuso Business Development team regarding Northland leasing and property maintenance issues. BUDC is working on a CFA grant to advance the Northland BOA.

4.6 BBRP/Buffalo’s Race for Place Project Update – Ms. Merriweather presented an update on BBRP and Race for Place. BUDC is working with the City of Buffalo and GoBike Buffalo regarding the implementation of Ellicott Street Placemaking Grant award along Ellicott Street. The parties are in the planning stages regarding implementation and it is anticipated that this work will wrap up in the fall. BUDC continues to progress on the Inner Harbor public realm study that was funded by ESD in last year’s CFA application and is coordinating with the City on an RFP to hire a consultant team to work on this placemaking strategy. The quarterly waterfront coordination meeting was held last week, which continues to be a helpful platform for the public and private sectors to collaborate on projects within the Inner Harbor area. BUDC is working with Invest Buffalo Niagara on its “Be in Buffalo” campaign and ambassador program.

4.7 Waterfront/RCWJ Centennial Park – Project Update – Mr. Parker asked Cristina Cordero from Gardiner & Theobald to present an update on the Centennial Park project. Ms. Cordero noted the remaining milestone for 100% Construction Documents will be complete in August 2022. G&T is working with construction manager Gilbane on pre-construction coordination. Groundbreaking at Centennial Park took place on July 19th. Great Lakes Commission, in partnership with NOAA and the EPA, announced ten million dollars in new funding for construction prior to the groundbreaking event. Ms. Cordero commented on the positive community participation at the groundbreaking ceremony. Mr. Parker added that BUDC and the City executed the third amendment to the subgrant agreement which will allow grant funds to flow to the City for construction.

4.8 Buffalo Lakeside Commerce Park – Project Update – Ms. Gandour presented an update regarding Buffalo Lakeside Commerce Park. She reported that Zephyr provided a project update at last week’s Real Estate Committee meeting and noted that Zephyr has submitted its application for assistance to ECIDA. ECIDA’s public process regarding the project is anticipated to begin during the first week of August.

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 of Directors, the July 26,

2022 Board of Directors meeting was adjourned at 12:41 p.m.

Respectfully submitted,

Kevin J. Zanner, Secretary

683 Northland Master Tenant, LLC
Financial Statements
July 31, 2022
(Unaudited)

683 NORTHLAND MASTER TENANT, LLC
Balance Sheet

ASSETS	July 2022	June 2022	December 2021
Current assets:			
Cash	\$ 319,877	\$ 295,505	\$ 107,787
Tenant receivable	77,571	103,558	74,685
Prepaid expenses	21,698	35,804	106,662
Total current assets	<u>419,146</u>	<u>434,867</u>	<u>289,134</u>
Prepaid rent - sublessee	468,679	462,627	426,309
Prepaid leasing commission	201,050	203,463	217,938
Tenant security deposits	84,878	84,875	84,854
Cash reserves	356,072	356,057	365,968
Equipment, net	23,711	24,925	6,535
Prepaid rent - Master Lease Agreement	25,528,601	25,528,601	25,528,601
Total assets	<u>\$ 27,082,137</u>	<u>\$ 27,095,415</u>	<u>\$ 26,919,339</u>
LIABILITIES & MEMBERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 61,242	\$ 106,299	\$ 144,550
Due to related parties	254,935	254,935	254,935
Total current liabilities	<u>316,177</u>	<u>361,234</u>	<u>399,485</u>
Operating deficit loan	132,359	132,359	132,359
Tenant security deposits	84,850	84,850	84,854
Deferred rent liability - Master Lease Agreement	6,123,310	6,007,039	5,309,411
Deferred rent liability - sublessee	5,828,212	5,874,302	6,150,839
Distribution payable - priority return	263,941	263,941	263,941
Total noncurrent liabilities	<u>12,432,672</u>	<u>12,362,491</u>	<u>11,941,404</u>
MEMBERS' EQUITY	14,333,288	14,371,690	14,578,450
Total liabilities and net position	<u>\$ 27,082,137</u>	<u>\$ 27,095,415</u>	<u>\$ 26,919,339</u>

683 NORTHLAND MASTER TENANT, LLC
Income Statement

Year-to-Date For the Period Ended:

	<u>July 2022</u>	<u>June 2022</u>	<u>December 2021</u>
Revenues:			
Rental revenue	\$ 856,263	\$ 733,068	\$ 1,468,498
Additional rental revenue	462,738	401,679	648,676
Interest and other revenue	186	153	261
Total revenues	<u>1,319,187</u>	<u>1,134,900</u>	<u>2,117,435</u>
Expenses:			
Rent expense	1,096,516	939,871	1,879,742
Payroll	81,095	70,220	149,471
Utilities expense	54,182	44,004	150,924
Insurance expense	71,109	60,951	120,629
Professional fees	57,923	45,535	85,899
Property management fee	40,728	34,866	67,515
Real estate taxes	11,455	4,081	19,626
Repairs and maintenance	140,126	132,132	120,242
Asset management fee	10,000	10,000	10,000
Miscellaneous expense	-	-	7,920
Depreciation expense	1,215	-	2,429
Total expenses	<u>1,564,349</u>	<u>1,341,660</u>	<u>2,614,397</u>
Net loss	(245,162)	(206,760)	(496,962)
Members' equity - beginning of period	<u>14,578,450</u>	<u>14,578,450</u>	<u>9,658,723</u>
Change in members' equity	(245,162)	(206,760)	(496,962)
Members' capital contributions	-	-	5,680,517
Distributions	-	-	(263,828)
Members' equity - end of period	<u>\$ 14,333,288</u>	<u>\$ 14,371,690</u>	<u>\$ 14,578,450</u>

683 NORTHLAND MASTER TENANT, LLC
Statement of Cash Flows

Year-to-Date For the Period Ended:

	<u>July 2022</u>	<u>June 2022</u>	<u>December 2021</u>
Cash flows from operating activities:			
Net loss	\$ (245,162)	\$ (206,760)	\$ (496,962)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	1,215	-	2,429
Decrease (increase) in assets:			
Tenant receivables	(2,886)	(28,873)	(44,152)
Prepaid insurance	84,964	70,858	(16,307)
Accrued rental income	(42,370)	(36,318)	(119,344)
Prepaid leasing commission	16,888	14,475	(105,715)
Prepaid rent - Master Lease Agreement	813,899	697,628	1,393,059
Increase (decrease) in liabilities:			
Security deposit liability	(4)	(4)	9,104
Accounts payable	(83,308)	(38,251)	25,216
Due to related parties	-	-	(126,346)
Operating deficit loan	-	-	82,428
Deferred rent liability - sublessee	(322,627)	(276,537)	(553,074)
Net cash provided (used) by operating activities	<u>220,609</u>	<u>196,218</u>	<u>50,336</u>
Cash flows from investing activities:			
Equipment purchases	(18,390)	(18,390)	-
Net cash used by investing activities	<u>(18,390)</u>	<u>(18,390)</u>	<u>-</u>
Cash flows from financing activities:			
Members' contributions	-	-	5,680,517
Distributions	-	-	(148,096)
Payments of prepaid rent under Master Lease Agreement	-	-	(5,532,421)
Net cash provided by financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	202,219	177,828	50,336
Cash and restricted cash - beginning of period	<u>558,609</u>	<u>558,609</u>	<u>508,273</u>
Cash and restricted cash - end of period	<u>\$ 760,827</u>	<u>\$ 736,437</u>	<u>\$ 558,609</u>

683 NORTHLAND MASTER TENANT, LLC
Budget to Actual Comparison

	YTD July 2022	YTD Budget 2022	Variance
Revenues:			
Rental revenue	\$ 856,263	\$ 859,221	\$ (2,958)
Additional rent revenue	462,738	370,417	92,321
Interest and other revenue	186	292	(106)
Total revenues	<u>1,319,187</u>	<u>1,229,930</u>	<u>89,257</u>
Expenses:			
Rent expense	1,096,516	1,096,516	(0)
Payroll	81,095	101,360	(20,265)
Utilities	54,182	53,667	515
Insurance	71,109	71,750	(641)
Professional fees	57,923	39,667	18,256
Property management fee	40,728	43,167	(2,439)
Real estate taxes	11,455	14,000	(2,545)
Repairs and maintenance	140,126	123,667	16,459
Asset management fee	10,000	5,833	4,167
Miscellaneous	-	2,917	(2,917)
Depreciation	1,215	1,418	(203)
Total expenses	<u>1,564,349</u>	<u>1,553,960</u>	<u>10,389</u>
Net income (loss)	\$ (245,162)	\$ (324,031)	\$ 78,869

Budget variances:

- Additional rent represents amounts charged to tenants for common area maintenance (CAM) charges, insurance, etc. This is ahead of budget due to higher costs charged back to tenants.
- Professional fees include tax/audit, legal, consulting, environmental and leasing commissions. Tax/audit costs are typically front loaded and therefore ahead of budget.
- Repairs and maintenance includes building automation system costs and snow removal, and are ahead of budget due to timing (snow removal season begins and ends the calendar year) and some one-time costs (e.g. window washing).

Buffalo Urban Development Corporation
Consolidated Financial Statements
July 31, 2022
(Unaudited)

BUFFALO URBAN DEVELOPMENT CORPORATION
Consolidated Statements of Net Position
(Unaudited)

ASSETS	July 2022	June 2022	December 2021
Current assets:			
Cash	\$ 5,780,378	\$ 3,430,386	\$ 2,817,690
Restricted cash	4,213,694	4,211,893	4,487,462
Grants receivable	10,726,777	13,596,777	10,160,553
Other current assets	6,301,446	6,384,438	6,626,745
Total current assets	<u>27,022,295</u>	<u>27,623,494</u>	<u>24,092,450</u>
Noncurrent assets:			
Loans receivable	9,666,400	9,666,400	9,666,400
Equity investment	178,051	178,051	178,051
Capital assets, net	106,420,620	106,761,362	108,785,225
Land and improvement held for sale, net	3,291,924	3,291,924	3,363,434
Total noncurrent assets	<u>119,556,995</u>	<u>119,897,737</u>	<u>121,993,110</u>
Total assets	<u>\$ 146,579,290</u>	<u>\$ 147,521,231</u>	<u>\$ 146,085,560</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 674,941	\$ 617,800	\$ 959,332
Lines of credit	677,158	677,158	677,158
Loans payable, current	2,992,373	2,992,373	10,180,810
Unearned grant revenue	18,484,730	18,984,155	14,373,673
Total current liabilities	<u>22,829,202</u>	<u>23,271,487</u>	<u>26,190,973</u>
Note payable	257,381	257,381	257,381
Deferred rent liability	19,405,291	19,521,562	20,219,190
Loans payable, noncurrent	14,099,750	14,099,750	14,099,750
Total noncurrent liabilities	<u>33,762,422</u>	<u>33,878,694</u>	<u>34,576,321</u>
NET POSITION			
Net investment in capital assets	92,620,421	92,961,163	87,868,099
Restricted	3,508,730	3,508,702	3,624,405
Unrestricted	<u>(6,141,486)</u>	<u>(6,098,814)</u>	<u>(6,174,238)</u>
Total net position	<u>89,987,666</u>	<u>90,371,051</u>	<u>85,318,266</u>
Total liabilities and net position	<u>\$ 146,579,290</u>	<u>\$ 147,521,231</u>	<u>\$ 146,085,560</u>

Balance Sheet Notes:

- Cash increased (and grants receivable decreased) due to receipt of grant funds during the month.
- Capital assets decrease is due to monthly depreciation expense.
- Lines of credit: balances at end of July are BUDC: \$0 ; 683 Northland: \$677,158. 683 Northland took no advances during the month and BUDC's line is currently paid down.
- Unearned grant revenue decreased 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)
(Unaudited)

	<u>July 2022</u>	<u>June 2022</u>	<u>December 2021</u>
Operating revenues:			
Grant revenue	\$ 2,902,443	\$ 2,403,017	\$ 4,425,140
Brownfield funds	36,183	36,183	40,821
Loan interest and commitment fees	56,387	48,332	112,107
Rental and other revenue	8,183,180	8,013,922	14,869,875
Proceeds from sale of land, net	88,201	93,562	-
Total operating revenues	<u>11,266,395</u>	<u>10,595,017</u>	<u>19,447,943</u>
Operating expenses:			
Development costs	2,938,219	2,421,092	4,253,370
Adjustment to net realizable value	82,987	75,427	98,713
Salaries and benefits	216,409	185,886	482,778
General and administrative	1,069,393	930,018	2,091,562
Management fee	47,600	40,800	70,408
Depreciation	2,385,196	2,044,454	4,225,517
Total operating expenses	<u>6,739,805</u>	<u>5,697,678</u>	<u>11,222,348</u>
Operating income (loss)	4,526,590	4,897,338	8,225,595
Non-operating revenues (expenses):			
Loss on disposal	-	-	(118,382)
Interest expense	(198,584)	(185,876)	(450,479)
Amortization expense	-	-	(43,675)
Interest income	460	388	722
Other income	(7,390)	(7,390)	-
Proceeds from land sales	-	-	-
Total non-operating revenues (expenses)	<u>(205,514)</u>	<u>(192,878)</u>	<u>(611,814)</u>
Change in net position	4,321,075	4,704,461	7,613,781
Net position - beginning of period	<u>85,318,266</u>	<u>85,318,266</u>	<u>76,742,639</u>
Add: Capital contribution	348,325	348,325	961,846
Net position - end of period	<u>\$ 89,987,666</u>	<u>\$ 90,371,052</u>	<u>\$ 85,318,266</u>

BUFFALO URBAN DEVELOPMENT CORPORATION
Consolidating Statement of Net Position
July 31, 2022 (Unaudited)

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
ASSETS					
Current assets:					
Cash	\$ 5,657,867	\$ 28,432	\$ 94,079	\$ -	\$ 5,780,378
Restricted cash	3,881,261	-	332,433	-	4,213,694
Grants receivable	10,726,777	-	-	-	10,726,777
Other current assets	7,656,769	28,270	132,359	(1,515,951)	6,301,446
Total current assets	27,922,673	56,702	558,871	(1,515,951)	27,022,295
Noncurrent assets:					
Loans receivable	61,853,679	-	-	(52,187,279)	9,666,400
Equity investment	-	66,291,763	-	(66,113,712)	178,051
Capital assets, net	8,357,774	-	98,062,846	-	106,420,620
Land and improvement held for sale, net	3,291,924	-	-	-	3,291,924
Total noncurrent assets	73,503,377	66,291,763	98,062,846	(118,300,991)	119,556,995
Total assets	\$ 101,426,050	\$ 66,348,465	\$ 98,621,717	\$ (119,816,942)	\$ 146,579,290
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expense	\$ 653,633	\$ 1,515,951	\$ 21,307	(1,515,951)	\$ 674,941
Line of credit	-	-	677,158	-	677,158
Loans payable, current	-	-	2,992,373	-	2,992,373
Unearned grant revenue	18,484,730	-	-	-	18,484,730
Total liabilities	19,138,363	1,515,951	3,690,839	(1,515,951)	22,829,202
Noncurrent liabilities:					
Note payable	257,381	-	-	-	257,381
Deferred rent liability	-	-	19,405,291	-	19,405,291
Loans payable, noncurrent	369,750	52,187,279	13,730,000	(52,187,279)	14,099,750
Total noncurrent liabilities	627,131	52,187,279	33,135,291	(52,187,279)	33,762,422
NET POSITION					
Net investment in capital assets	11,279,948	-	81,340,473	-	92,620,421
Restricted	3,508,730	-	-	-	3,508,730
Unrestricted	66,871,878	12,645,234	(19,544,886)	(66,113,712)	(6,141,486)
Total net position	81,660,556	12,645,234	61,795,587	(66,113,712)	89,987,666
Total liabilities and net position	\$ 101,426,050	\$ 66,348,465	\$ 98,621,717	\$ (119,816,942)	\$ 146,579,290

(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, 2022 (Unaudited)

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
Operating revenues:					
Grant revenue	\$ 2,902,443	\$ -	\$ -	\$ -	\$ 2,902,443
Brownfield funds	36,183	-	-	-	36,183
Loan interest and commitment fees	56,387	-	-	-	56,387
Rental and other revenue	93,508	6,993,156	1,096,516	-	8,183,180
Proceeds from land sales, net	88,201	-	-	-	88,201
Total operating revenue	<u>3,176,722</u>	<u>6,993,156</u>	<u>1,096,516</u>	<u>-</u>	<u>11,266,395</u>
Operating expenses:					
Development costs	2,938,219	-	-	-	2,938,219
Adjustment to net realizable value	82,987	-	-	-	82,987
Salaries and benefits	216,409	-	-	-	216,409
General and administrative	841,136	152,794	75,463	-	1,069,393
Management fee	47,600	-	-	-	47,600
Depreciation	-	-	2,385,196	-	2,385,196
Total operating expenses	<u>4,126,352</u>	<u>152,794</u>	<u>2,460,660</u>	<u>-</u>	<u>6,739,805</u>
Operating income	(949,629)	6,840,362	(1,364,143)	-	4,526,590
Non-operating revenues (expenses):					
Interest expense	(7,216)	-	(191,368)	-	(198,584)
Amortization expense	-	-	-	-	-
Interest income	279	120	61	-	460
Other income/expenses	-	-	(7,390)	-	(7,390)
Total non-operating revenues (expenses)	<u>(6,937)</u>	<u>120</u>	<u>(198,697)</u>	<u>-</u>	<u>(205,514)</u>
Change in net position	(956,566)	6,840,482	(1,562,840)	-	4,321,075
Net position - beginning of year	82,617,122	5,804,753	56,217,310	(59,320,920) (1)	85,318,265
Add: capital contributions	-	-	7,141,117	(6,792,792) (1)	348,325
Net position - end of period	\$ <u>81,660,556</u>	\$ <u>12,645,234</u>	\$ <u>61,795,587</u>	\$ <u>(66,113,712)</u>	\$ <u>89,987,666</u>

(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, 2022 (Unaudited)

	YTD July 2022	YTD Budget 2022	Variance
Operating revenues:			
Grant revenue	\$ 2,902,443	\$ 7,819,583	\$ (4,917,141)
Brownfield funds	36,183	39,083	(2,900)
Loan interest and commitment fees	56,387	56,387	(0)
Rental and other revenue	8,183,180	1,696,790	6,486,391
Proceeds from land sales, net	88,201	(41,708)	129,909
Total operating revenues	<u>11,266,395</u>	<u>9,570,135</u>	<u>1,696,259</u>
Operating expenses:			
Development costs	2,938,219	5,790,875	(2,852,656)
Adjustment to net realizable value	82,987	-	82,987
Salaries and benefits	216,409	282,817	(66,408)
General and administrative	1,069,393	733,333	336,060
Management fee	47,600	55,125	(7,525)
Depreciation	2,385,196	2,381,167	4,030
Total operating expenses	<u>6,739,805</u>	<u>9,243,317</u>	<u>(2,503,512)</u>
Operating income (loss)	4,526,590	326,818	4,199,771
Non-operating revenues (expenses):			
Interest expense	(198,584)	(229,643)	31,059
Interest income	460	583	(124)
Other income	(7,390)	-	(7,390)
Total non-operating revenues (expenses)	<u>(205,514)</u>	<u>(229,060)</u>	<u>23,545</u>
Change in net position	<u>\$ 4,321,075</u>	<u>\$ 97,759</u>	<u>\$ 4,223,317</u>

Budget variances:

- Grant revenue relates mainly to Ralph C. Wilson, Jr. Centennial Park and Northland Solar Projects. The variance is due to lower grant revenue recognition than anticipated as a result of project timing.
- Rental and other revenue 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. Also included is 2019 brownfield tax credit refund to 683 WTC, LLC of \$6.9 million, received in 2022.
- Proceeds from land sales (net) is a result of two Crowley St. land sales.
- Development costs consist of property/project-related costs (e.g. consultants, operations and maintenance, legal and utility costs). Some costs may be capitalized upon project completion. Variance due mainly to timing of project costs.
- General and administrative costs consist of insurance, rents, audit/tax, marketing and other G&A costs. Rents include BUDC offices, Buffalo Manufacturing Works base rent (per ESD grant agreement) and recognition of prepaid rent for Workforce Training Center.
- Depreciation relates mainly to capitalized assets at 683 Northland Avenue.
- Interest expense represents cost of borrowing related to construction of 683 Northland and the related line of credit.

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Item 4.1

MEMORANDUM

TO: BUDC Board of Directors

FROM: Rebecca Gandour, Executive Vice President

SUBJECT: Buffalo Lakeside Commerce Park – Exclusivity Agreement with Savarino Companies Relating to 80, 134, 158 and 200 Ship Canal Parkway

DATE: August 30, 2022

The Buffalo Lakeside Commerce Park (“BLCP”) parcels located at 80, 134, 158 and 200 Ship Canal Parkway represent the only parcels at BLCP that are not under contract at this time. These four contiguous parcels are a combined 12.17+/- acres and are located south of Union Ship Canal along Ship Canal Commons. BUDC has been actively marketing these parcels for many years, both on its website and in coordination with Invest Buffalo Niagara. While there have been inquiries from time to time regarding these parcels, none have resulted in a binding agreement.

Within the last six months, BUDC received inquiries from two prospects, Savarino Companies and Sonwil Distribution. Through an interactive process with both prospects, BUDC staff sought and obtained information from both prospects regarding their prospective projects and reviewed this information with the Real Estate Committee. Both prospects were made aware of the appraised value of the parcels and that a competing proposal was received for the parcels.

The Real Estate Committee completed its final review of the proposals at its August 23, 2022 meeting and is recommending that the Board of Directors authorize BUDC to enter into an exclusivity agreement with Savarino Companies (“Savarino”) for its proposed project.

Savarino’s proposed project involves subdividing the 12-acre parcel. Savarino has been in discussions with a potential build-to-suit tenant requiring an approximately 45,000 square foot sales, service, and warehouse facility on approximately 5 acres. The remaining portion of the site (7+/- acres) would be dedicated to light manufacturing/flex office distribution uses. As part of its proposal, Savarino proposed a per acre purchase price for the parcels that exceeds the appraised per acre price of \$40,000. The other prospect offered a purchase price that was less than the appraised value.

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Savarino is in active negotiations with the proposed tenant and requires site control to advance these discussions. BUDC is therefore proposing to enter into an exclusivity agreement with Savarino regarding the parcels. The material terms of this agreement are as follows:

- BUDC will grant Savarino a six-month exclusivity period for Savarino to conduct due diligence, advance discussions with the proposed tenant and begin discussions with build-to-suit opportunities on the remaining acreage. The exclusivity period may be extended an additional three months at Savarino's option.
- Savarino will have limited access to the property to conduct non-invasive testing and due diligence.
- Savarino will indemnify and hold BUDC harmless from all liabilities arising out of any due diligence activities conducted on the property.
- BUDC will receive a monthly exclusivity fee in the amount of \$2,000.00. The exclusivity fee payments are non-refundable but will be applied against the purchase price for the property at closing, if Savarino closes on the acquisition of the property.
- BUDC's costs (search and survey) and reasonable attorney's fees in connection with the transaction will be paid by Savarino.
- The terms of a Land Sale Agreement will be negotiated by the parties during the exclusivity period.

ACTION:

I am requesting that the Board of Directors: (i) approve BUDC entering into an agreement with Savarino Companies regarding 80, 134, 158 and 200 Ship Canal Parkway, consistent with the terms set forth in this memorandum; and (ii) authorize the President or Executive Vice President to execute the agreement and take such other actions as may be necessary or appropriate to implement this action.

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Item 4.2

MEMORANDUM

TO: Buffalo Urban Development Corporation Board of Directors
FROM: Rebecca Gandour, Executive Vice President
SUBJECT: Northland Corridor – Property Management Agreement Renewal Approval
DATE: August 30, 2022

In July of 2015, after an extensive procurement process, the Board approved the selection of Mancuso Business Development Group to provide property management and leasing services for BUDC’s Northland Corridor property holdings. The initial agreement was structured with a five (5) year term. The length of the initial term is typical in the property management field, as it is important to establish a longer-term relationship between the property owner and the property manager, for the purposes of establishing a leasing strategy and accounting protocols. The initial agreement expired on July 31, 2020, at which time the Real Estate Committee approved an extension of the initial agreement until December 31, 2020, allowing staff to negotiate an agreement renewal with Mancuso Group as a single source procurement under BUDC’s procurement policy. In November of 2020, the Board approved a new agreement with Mancuso Group for a term of up to five years and subject to Board approval each year. The Board approved renewal of the agreement for the 2021 and 2022 calendar years. The leasing services provided by the Mancuso Group include the rental of vacant space in buildings, negotiation of leases, advertising space available for rent, and establishing rental rates. The property management services include building management, repairs, contracting for utilities and other building operation and maintenance services, and collecting rent and other income from tenants.

The BUDC and ECIDA staff members who have worked closely with Mancuso Group over the last seven years have been impressed with their performance. Expenses have been controlled within budget and the leasing of facilities has been beyond initial expectations (98% occupancy at Northland Central).

When the Mancuso Group was initially hired, the Board emphasized the importance for Tom Mancuso to work with the local community as a “mentor” for individuals and organizations, and share his leasing and property management experience. Subsequently, Tom has worked closely with various minority

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small business tenants including Manna Culinary Group and Rodriguez Construction. He shared construction management duties for the Albright Knox Northland build-out that featured 58% minority sub-contractor participation. He has also worked as a mentor for the University of Buffalo real estate development students.

All compensation components will remain the same as the initial agreement and subsequent renewals.

During the BUDC Real Estate meeting on August 23, 2022, the committee reviewed the terms for the renewal agreement and is recommending approval by the Board of Directors.

ACTION

We are requesting that the Board of Directors: (i) approve a one (1) year renewal of the agreement with Mancuso Business Development Group for property management and leasing services for Northland Beltline Corridor for the period of January 1, 2023 through December 31, 2023, consistent with the provisions outlined in this memorandum; and (ii) authorize the BUDC President or Executive Vice President to execute such documents as may be necessary or appropriate to renew the agreement on behalf of BUDC and 683 Northland Master Tenant, LLC.

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Item 4.3

MEMORANDUM

TO: BUDC Board of Directors

FROM: Antonio Parker, Project Manager

SUBJECT: Ralph Wilson Park – MVVA Master Service Agreement Amendment: Pre-Construction Services

DATE: August 30, 2022

In May 2019, the BUDC Board of Directors approved a Master Service Agreement (the “MVVA Agreement”) with Michael Van Valkenburgh Associates (“MVVA”) for Schematic Design and Design Development for Ralph Wilson Park. The MVVA Agreement has been subsequently amended several times to provide for additional construction document and design costs. BUDC is once again looking to amend the contract to include pre-construction services.

As the City of Buffalo is moving into pre-construction of Ralph Wilson Park it is necessary to have MVVA on contract to assist Gilbane who is the construction manager at risk with bid & negotiations as well as limited construction administration through pre-construction. This is a 7-month contract coinciding with Gilbane’s pre-construction schedule. Gardiner & Theobald has negotiated with MVVA for the additional pre-construction services to the sum of \$412,401, which will be paid from the Grant 5 award from the Ralph C. Wilson, Jr. Foundation. This grant currently has a contingency that the construction manager contract with the City must be signed, which should be met soon.

This item was reviewed by the BUDC Downtown Committee and was recommended to the BUDC Board for approval.

ACTION:

I am requesting that the BUDC Board of Directors approve an amendment to the MVVA Master Service Agreement in the amount of \$412,401 for pre-construction services at Ralph Wilson Park; and (ii) authorize the President or Executive Vice President to execute the amendment to the MVVA Master Service Agreement and take such other actions as are necessary to implement this authorization.

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