

# 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)



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

**Date: Tuesday, September 28, 2021**

**Time: 12 Noon**

**Place:**

**HANSA**

**505 Ellicott Street - Great Room**

**Buffalo, New York 14203**

### **1.0 CALL TO ORDER**

### **2.0 READING OF THE MINUTES** *(Action) (Enclosure)*

### **3.0 MONTHLY FINANCIAL REPORTS**

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's Race For Place – Ellicott Street Placemaking Strategy *(Presentation)*

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

4.3 Ralph C. Wilson, Jr. Centennial Park – Gardner & Theobald Contract Amendment  
*(Action)(Enclosure)*

4.4 BUDC Insurance Brokerage Services RFQ *(Action)(Enclosure)*

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

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

4.7 Northland Beltline Corridor Update *(Information)*

4.8 Race For Place Project Update *(Information)*

4.9 308 Crowley Project Update *(Information)*

### **5.0 LATE FILES**

### **6.0 TABLED ITEMS**

### **7.0 EXECUTIVE SESSION**

### **8.0 ADJOURNMENT** *(Action)*

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

**95 Perry Street  
Buffalo, New York  
August 31, 2021  
12:00 p.m.**

Directors Present:

Mayor Byron W. Brown (Chair)  
Trina Burruss  
Janique S. Curry  
Dennis W. Elsenbeck  
Darby Fishkin  
Thomas Halligan  
Thomas A. Kucharski  
Brendan R. Mehaffy  
Kimberley A. Minkel  
David J. Nasca  
Dennis M. Penman (Vice Chair)  
Darius G. Pridgen

Directors Absent:

James Comerford  
Michael J. Finn  
Dottie Gallagher  
Amanda Mays  
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:** Jonathan D. Epstein, *The Buffalo News*; James Fink, *Buffalo Business First*; Alexis M. Florczak, Hurwitz & Fine, P.C.; Arthur Hall, BUDC Senior Project Manager; Jamee Lanthier, ECIDA Compliance Officer; and Antonio Parker, BUDC Project Manager.

- 1.0 Roll Call** – The Chair called the meeting to order at 12:06 p.m. The Secretary called the roll and a quorum of the Board was determined to be present. Agenda items 4.1 and 4.2 were presented first, followed by agenda item 3.2. Ms. Minkel joined the meeting during the presentation of agenda item 4.1.
- 2.0 Approval of Minutes – Meeting of June 29, 2021** – The minutes of the June 29, 2021 meeting of the Board of Directors were presented. Mr. Pridgen made a motion to approve the meeting minutes. The motion was seconded by Ms. Burruss and unanimously carried (12-0-0).
- 3.0 Monthly Financial Reports**
- 3.1 683 Northland Master Tenant, LLC Financial Statements** – Ms. Profic presented for information purposes the financial statements for 683 Northland Master Tenant, LLC for the period ending July 31, 2021.

- 3.2 BUDC Consolidated Financial Statements** – Ms. Profic presented the consolidated financial statements for BUDC and its affiliates, 683 Northland LLC and 683 WTC, LLC for the period ending July 31, 2021. Ms. Burruss made a motion to accept the BUDC consolidated financial statements. The motion was seconded by Ms. Minkel and unanimously carried (12-0-0).

#### **4.0 New Business**

- 4.1 Ralph C. Wilson, Jr. Centennial Park – Edith Wilson and Linda Bodgan Garden & Tennis Fund of the Community Foundation for Southeast Michigan Award** – Ms. Gandour presented her August 31, 2021 memorandum regarding a grant award from the Edith Wilson and Linda Bodgan Garden Tennis Fund of the Community Foundation for Southeast Michigan (the “Fund”). BUDC recently received notification of a \$300,000 award from the Fund, which will be used to support capital construction of Centennial Park, including seasonal plantings, irrigation and development of the Edith Wilson and Linda Bodgan Garden. This item was reviewed by and recommended for approval by the Downtown Committee at its August 18<sup>th</sup> meeting. Ms. Curry made a motion to: (i) accept the \$300,000 grant award from the Edith Wilson and Linda Bodgan Garden and Tennis Fund of the Community Foundation of Southeast Michigan to support the construction of the entry garden for Centennial Park; and (ii) authorize each of the President and Executive Vice President to take such actions as are necessary to implement this authorization. The motion was seconded by Mr. Nasca and unanimously carried (12-0-0).
- 4.2 Ralph C. Wilson, Jr. Centennial Park – SJB Contract Amendment** – Ms. Gandour presented her August 31, 2021 memorandum regarding a proposed amendment to the due diligence services agreement with SJB Services, Inc. BUDC, through its project manager, Gardiner & Theobald identified the need for additional due diligence services, including soil borings and underground tank investigation. The proposed contract amendment is for an amount not to exceed \$92,500 and would be paid for with previously awarded grant funds from the Ralph C. Wilson, Jr. Foundation. The proposed amendment was discussed with members of the BUDC Board of Directors at the July 27, 2021 meeting, but due to a lack of quorum formal action could not be taken. In the interim, BUDC asked SJB Services to proceed with the work to avoid delaying the project. Mr. Pridgen made a motion to: (i) ratify the authorization to proceed with necessary and timely due diligence work; (ii) approve an amendment to the agreement with SJB Services, Inc. for an amount not to exceed \$92,500 for additional due diligence services in support of the Centennial Park project; and (iii) authorize each of the President and Executive Vice President to take such actions as are necessary to implement this authorization. The motion was seconded by Mr. Penman and unanimously carried (12-0-0).
- 4.3 Buffalo Lakeside Commerce Park – Zephyr Investors LSA Due Diligence Extension** – Ms. Merriweather presented her August 31, 2021 memorandum regarding the request of Zephyr Investors, LLC for an additional extension of the due diligence period under the Land Sale Agreement (LSA). The due diligence period currently runs through September 30, 2021. Zephyr has proposed that the due diligence period be extended until the earlier of either July 31, 2022 or 120 days from the date that Zephyr obtains its MRTA license. In consideration for the proposed extension, Zephyr has offered to pay BUDC non-refundable extension fees of \$1,000 for each month of the extended due diligence period. These fees will not be applied as a credit against the purchase price at closing. Ms. Merriweather indicated that Zephyr also requested an option for an additional one-year extension of the due diligence period through July 31, 2023 due to the present uncertainty regarding MRTA licensing requirements. She noted that if this extension is utilized, Zephyr would make \$3,000 monthly exclusivity fee payments from August 1, 2022 through December 31, 2022 and \$7,500 monthly exclusivity fee payments for the period from January 1, 2023 through July 31, 2023. Zephyr has also agreed to deliver an additional \$67,000 deposit on

August 1, 2022 which will be held in escrow. Ms. Merriweather noted that the proposed extension was discussed with members of the BUDC Board of Directors at the July 27 2021 meeting; however, due to the lack of quorum, formal action could not be taken. In the interim, BUDC issued a letter for a short-term 60-day extension of the due diligence period through September 30, 2021. This item was reviewed and recommended for approval by the Real Estate Committee at its August 24<sup>th</sup> meeting.

The Board discussed the extension request. Mr. Pridgen commented on the length of the proposed extension and queried as to the purpose of the additional due diligence period. He also commented that there would be strong interest in this property if it were placed back on the market. Ms. Merriweather responded that the developer's need for additional time is due to the uncertainty relating to MRTA licensing. Ms. Minkel commented that the Real Estate Committee meeting reviewed the proposal at length and noted the additional compensation to be received under the proposal. Mr. Kucharski noted that the property has not been marketed due to the existing agreement with Zephyr and agreed that there would be interest in the property if it was on the market. Mr. Penman commented that Zephyr has made significant investments in this project, and the delays relating to MRTA licensing are beyond the developer's control.

At the conclusion of the discussion, Ms. Minkel made a motion to: (i) ratify the granting of a short-term 60-day extension of the due diligence period ending September 30, 2021; (ii) approve the extension of the due diligence period consistent with the terms outlined in the August 31, 2021 memorandum and such additional terms as may be negotiated by the President and Executive Vice President; and (iii) authorize the President and Executive Vice President to execute an amendment to the Land Sale Agreement and take such other actions as are necessary or appropriate to implement this action. The motion was seconded by Mr. Mehaffy and carried with ten affirmative votes (10-2-0), with Mr. Pridgen and Ms. Burruss voting against.

#### **4.4 Buffalo Lakeside Commerce Park – Canal Park and Canal Bridge Maintenance**

**Agreements** – Ms. Gandour presented her August 31, 2021 memorandum regarding the Canal Park and Canal Bridge Maintenance Agreements. In October 2011, BUDC and the City of Buffalo entered into two ten-year maintenance agreements with respect to maintenance of Ship Canal Commons and the pedestrian bridge that spans Union Ship Canal. These agreements are set to expire on October 28, 2021. Following the initial ten-year term, either BUDC or the City may terminate the agreements upon at least one-year written notice to the other party. Ms. Gandour noted that over the past ten years, BUDC has incurred almost \$1.5 million in costs under these agreements for property maintenance obligations. She also noted that BUDC's responsibility for maintenance obligations at Ship Canal Commons was not intended to be a long-term obligation; rather, these obligations were intended to be assigned to the BLCP Property Owners Association (POA). The Real Estate Committee reviewed this item at its August 24, 2021 meeting and recommended approval, subject to BUDC staff consulting with Commissioner Finn regarding the matter. Ms. Gandour reported that BUDC staff consulted with Commissioner Finn, who expressed support for assigning the maintenance agreements to the POA and indicated that the maintenance of the pedestrian bridge would be turned over to the Department of Public Works, and park maintenance would be turned over to the POA. Mr. Mehaffy made a motion to: (i) approve the assignment of the maintenance agreements to the POA; (ii) approve the issuance of a notice of termination of the maintenance agreements; and (iii) authorize each of the BUDC President and Executive Vice President to execute such documents and take such actions as are necessary to implement these actions. The motion was seconded by Mr. Elsenbeck and unanimously carried (12-0-0).

**4.5 Buffalo Lakeside Commerce Park – Project Update** – Mr. Kucharski made a motion for the Board to enter into executive session to discuss litigation strategy relating to the Sonwil Article 78 proceeding. The motion was seconded by Mr. Halligan and unanimously carried (12-0-0). At the

conclusion of the discussion in executive session, Mr. Kucharski made a motion to exit executive session, which was seconded by Mr. Nasca and unanimously carried (12-0-0).

**4.6 Ralph C. Wilson, Jr. Centennial Park – Project Update** – Ms. Merriweather presented a general update regarding the Centennial Park project and introduced Antonio Parker, who recently joined BUDC to work as Project Manager for the Centennial Park project. Mr. Parker reported that work on Centennial Park is moving forward and remains on track. Staff is reviewing funding for core park construction relating to the play garden. Site visits with MVVA, G&T and the Ralph C. Wilson, Jr. Foundation are taking place on September 8<sup>th</sup> and 9<sup>th</sup>. Work on the construction documents and funding for the inlet and shoreline elements of the project is also progressing. Mayor Brown, Ms. Burruss and Mr. Pridgen left the meeting following the presentation of this item. Mr. Penman chaired the remainder of the meeting.

**4.7 Northland Beltline Corridor Update** – Mr. Hall presented the Northland Beltline Corridor Project update as follows:

Northland Central –NWTC/ESD/BUDC Memorandum of Understanding: The company that was initially engaged to perform an equipment inventory has been re-engaged to update the equipment inventory list.

Northland Central –LEED Certification/NYSERDA Update: BUDC has received the \$23,136 award for the achievement of LEED silver status for 683 Northland.

683 Northland: BUDC submitted a reimbursement request in the amount of \$47,272.85 from the ESD equipment grant.

Community Solar & Microgrid Project Update: BUDC submitted a first draw request to ESD for approximately \$50,261.88 in connection with the Microgrid project.

612 Northland: Albright Knox continues to showcase the Herve Tullet exhibit, which runs through September 12<sup>th</sup>.

714 Northland: Albright Knox continues to make progress on the mural for 714 Northland—three murals have been completed.

537/541 E. Delavan: BUDC is working on a prospectus for the property in coordination with the Center for Creative Land Recycling (CCLR).

Neighborhood Planning and Development: A grant application was submitted to the National Endowment for the Arts in the amount of \$150,000 for creative placemaking to advance local economic and social outcomes.

Community Outreach: The Northland Beltline Taxpayers Association is hosting its Fall Festival on October 23<sup>rd</sup>.

Business Network Services: A meeting was held on August 25<sup>th</sup> to plan the next Business Network Series on October 28, 2021, which will focus on contractors.

**4.8 Race for Place Project Update** – Ms. Merriweather presented an update on BBRP and the Race for Place project. Several teams that submitted proposals for the Mohawk Ramp RFP have been interviewed. Ms. Merriweather commented on the overall good quality of the proposals. The City is working on a plan for public engagement with respect to the proposals. BUDC is also working with the City of Buffalo on two CFA applications for Erie-Shelton Square Greenway construction

and public realm planning for the inner harbor. Wendel Companies presented a preview of the Ellicott Street placemaking strategy to the Downtown Committee. The final plan document is expected to be released in September. Construction in the entertainment district continues to move forward.

**4.9 308 Crowley Project Update** – Ms. Merriweather reported that demolition at the site is moving forward and approximately 70% complete. Enterprise Folding Box Company is making progress on the rebuilding of its wall following the on-site fire. The City of Buffalo and BUDC are pursuing funding for Phase 2 of the demolition work.

**5.0 Late Files** – None.

**6.0 Tabled Items** – None.

**7.0 Executive Session** – Yes, item 4.5.

**8.0 Adjournment** – There being no further business to come before the Board, the August 31, 2021 Board of Directors meeting was adjourned at 1:00 p.m.

Respectfully submitted,



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Kevin J. Zanner, Secretary

**683 Northland Master Tenant, LLC**  
**Financial Statements**  
August 31, 2021  
(Unaudited)

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

<b>ASSETS</b>	<u>August 2021</u>	<u>July 2021</u>	<u>December 2020</u>
<b>Current assets:</b>			
Cash	\$ 58,263	\$ 67,872	\$ 56,739
Tenant receivable	136,601	123,960	30,533
Prepaid expenses	<u>5,685</u>	<u>15,112</u>	<u>90,355</u>
Total current assets	200,549	206,944	177,627
Prepaid rent - sublessee	398,234	389,852	306,965
Prepaid leasing commission	213,159	215,446	112,223
Tenant security deposits	84,850	84,850	75,750
Cash reserves	365,906	365,890	375,784
Equipment, net	7,750	7,750	8,964
Prepaid rent - Master Lease Agreement	<u>25,528,601</u>	<u>25,528,601</u>	<u>19,996,180</u>
Total assets	<u>\$ 26,799,049</u>	<u>\$ 26,799,333</u>	<u>\$ 21,053,493</u>
<b>LIABILITIES &amp; MEMBERS' EQUITY</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 55,850	\$ 59,281	\$ 119,334
Due to related parties	<u>377,920</u>	<u>418,477</u>	<u>381,281</u>
Total current liabilities	433,770	477,758	500,615
Operating deficit loan	49,931	49,931	49,931
Tenant security deposits	84,850	84,850	75,750
Deferred rent liability - Master Lease Agreement	4,845,058	4,728,970	3,916,352
Deferred rent liability - sublessee	6,335,198	6,381,288	6,703,913
Distribution payable - priority return	<u>113</u>	<u>113</u>	<u>148,209</u>
Total noncurrent liabilities	11,315,150	11,245,152	10,894,155
<b>MEMBERS' EQUITY</b>	15,050,129	15,076,422	9,658,723
Total liabilities and net position	<u>\$ 26,799,049</u>	<u>\$ 26,799,332</u>	<u>\$ 21,053,493</u>



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

**Year-to-Date For the Period Ended:**

	<u>August 2021</u>	<u>July 2021</u>	<u>December 2020</u>
<b>Revenues:</b>			
Rental revenue	\$ 976,300	\$ 853,385	\$ 1,249,168
Additional rental revenue	435,024	381,656	390,730
Interest and other revenue	173	149	556
Total revenues	<u>1,411,497</u>	<u>1,235,190</u>	<u>1,640,454</u>
<b>Expenses:</b>			
Rent expense	1,253,161	1,096,516	1,879,742
Payroll	102,524	92,679	149,829
Utilities expense	63,479	50,016	126,631
Insurance expense	79,995	69,996	115,150
Professional fees	62,717	59,330	52,206
Property management fee	44,290	38,559	49,861
Real estate taxes	11,533	11,533	20,645
Repairs and maintenance	71,592	68,165	90,993
Asset management fee	10,000	10,000	10,000
Miscellaneous expense	103	-	7,232
Depreciation expense	1,214	1,214	2,429
Total expenses	<u>1,700,608</u>	<u>1,498,008</u>	<u>2,504,718</u>
Net loss	(289,111)	(262,818)	(864,264)
Members' equity - beginning of period	<u>9,658,723</u>	<u>9,658,723</u>	<u>7,494,530</u>
Change in members' equity	(289,111)	(262,818)	(864,264)
Members' capital contributions	5,680,517	5,680,517	3,176,666
Distributions	-	-	(148,209)
Members' equity - end of period	<u>\$ 15,050,129</u>	<u>\$ 15,076,422</u>	<u>\$ 9,658,723</u>

**683 NORTHLAND MASTER TENANT, LLC**  
**Statement of Cash Flows**

**Year-to-Date For the Period Ended:**

	<u>August 2021</u>	<u>July 2021</u>	<u>December 2020</u>
<b>Cash flows from operating activities:</b>			
Net loss	\$ (289,111)	\$ (262,818)	\$ (864,264)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	1,214	1,214	2,429
Decrease (increase) in assets:			
Tenant receivables	(106,068)	(93,427)	331,081
Prepaid insurance	84,670	75,243	(71,854)
Accrued rental income	(91,269)	(82,887)	(260,970)
Prepaid leasing commission	(100,936)	(103,223)	(112,223)
Prepaid rent - Master Lease Agreement	928,706	812,618	1,445,129
Increase (decrease) in liabilities:			
Security deposit liability	9,100	9,100	36,300
Accounts payable	(63,484)	(60,053)	86,906
Due to related parties	(3,361)	37,196	58,850
Deferred rent liability - sublessee	(368,715)	(322,625)	(580,483)
<b>Net cash provided (used) by operating activities</b>	<u>746</u>	<u>10,338</u>	<u>70,901</u>
<b>Cash flows from investing activities:</b>			
Equipment purchases	-	-	(3,912)
<b>Net cash used by investing activities</b>	<u>-</u>	<u>-</u>	<u>(3,912)</u>
<b>Cash flows from financing activities:</b>			
Members' contributions	5,680,517	5,680,517	3,176,666
Distributions	(148,096)	(148,096)	(105,026)
Payments of prepaid rent under Master Lease Agreement	(5,532,421)	(5,532,421)	(3,071,640)
<b>Net cash provided by financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net increase (decrease) in cash</b>	<b>746</b>	<b>10,338</b>	<b>66,989</b>
<b>Cash and restricted cash - beginning of period</b>	<u>508,273</u>	<u>508,273</u>	<u>441,284</u>
<b>Cash and restricted cash - end of period</b>	<u>\$ 509,019</u>	<u>\$ 518,612</u>	<u>\$ 508,273</u>

**683 NORTHLAND MASTER TENANT, LLC**  
**Budget to Actual Comparison**

	YTD August 2021	YTD Budget 2021	Variance
<b>Revenues:</b>			
Rental revenue	\$ 976,300	\$ 942,667	\$ 33,633
Additional rent revenue	435,024	348,667	86,357
Interest and other revenue	173	333	(160)
Total revenues	<u>1,411,497</u>	<u>1,291,667</u>	<u>119,830</u>
<b>Expenses:</b>			
Rent expense	1,253,161	1,253,161	(0)
Payroll	102,524	99,200	3,324
Utilities	63,479	15,333	48,146
Insurance	79,995	82,000	(2,005)
Professional fees	62,717	34,667	28,050
Property management fee	44,290	47,333	(3,043)
Real estate taxes	11,533	33,333	(21,800)
Repairs and maintenance	71,592	75,333	(3,741)
Asset management fee	10,000	10,000	-
Miscellaneous	103	3,333	(3,230)
Depreciation	1,214	-	1,214
Total expenses	<u>1,700,608</u>	<u>1,653,695</u>	<u>46,913</u>
Net income (loss)	\$ (289,111)	\$ (362,028)	\$ 72,917

**Budget variances:**

- Rental revenue represents base revenue for tenants. \$460,000 (47%) is noncash in the form of either prepaid rent or the straight line basis required by generally accepted accounting principles (GAAP). Base rent revenue is slightly ahead of budget due to Garwood Medical & Bank on Buffalo subleases, which were not contemplated in the original budget.
- Additional rent represents amounts charged to tenants for common area maintenance (CAM) charges, insurance, etc. This is ahead of budget due to tenants not included in original budget. Tenants were billed for 2020 adjustments.
- Utility costs are trending above budget. Costs incurred must be paid by the Master Tenant, then billed back to the tenants in the following month based on leased area.
- Professional fees are above budget year-to-date because some of the costs were unanticipated in the budget.
- Real estate taxes are below budget due lower than anticipated cost. County PILOT and first half of City PILOT are paid.

**Buffalo Urban Development Corporation**  
**Consolidated Financial Statements**  
August 31, 2021  
(Unaudited)

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

	August 2021	July 2021	December 2020
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	\$ 3,761,125	\$ 3,878,116	\$ 370,072
Restricted cash	4,534,477	4,509,327	3,753,356
Grants receivable	11,669,142	11,476,546	13,649,610
Other current assets	6,793,705	6,884,175	7,152,726
Total current assets	<u>26,758,449</u>	<u>26,748,164</u>	<u>24,925,764</u>
<b>Noncurrent assets:</b>			
Loans receivable	9,666,400	9,666,400	10,416,400
Equity investment	178,051	178,051	178,051
Capital assets, net	110,110,798	110,459,007	112,835,377
Land and improvement held for sale, net	4,067,598	4,080,387	4,080,387
Total noncurrent assets	<u>124,022,847</u>	<u>124,383,845</u>	<u>127,510,215</u>
 Total assets	 <u>\$ 150,781,296</u>	 <u>\$ 151,132,009</u>	 <u>\$ 152,435,979</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	\$ 758,232	\$ 698,406	\$ 874,573
Lines of credit	665,466	665,466	1,416,953
Loans payable, current	10,162,742	10,180,810	29,141,944
Unearned grant revenue	16,660,936	17,011,958	13,822,911
Total current liabilities	<u>28,247,376</u>	<u>28,556,640</u>	<u>45,256,381</u>
 Note payable	 257,381	 257,381	 257,381
Deferred rent liability	20,683,543	20,799,631	16,079,828
Loans payable, noncurrent	14,099,750	14,099,750	14,099,750
Total noncurrent liabilities	<u>35,040,674</u>	<u>35,156,763</u>	<u>30,436,959</u>
<b>NET POSITION</b>			
Net investment in capital assets	85,848,306	86,178,447	73,759,690
Restricted	3,639,208	3,628,905	4,020,554
Unrestricted	(1,994,269)	(2,388,746)	(1,037,605)
Total net position	<u>87,493,245</u>	<u>87,418,606</u>	<u>76,742,639</u>
 Total liabilities and net position	 <u>\$ 150,781,296</u>	 <u>\$ 151,132,009</u>	 <u>\$ 152,435,979</u>

**Balance Sheet Notes:**

- Overall cash decreased due to typical monthly expenses.
- Grants receivable increased due to recognition of second Great Lakes Commission grant.
- Capital assets decrease is due to monthly depreciation expense.
- Lines of credit: balances at end of August are \$0 BUDC; \$665,466 683 Northland. 683 Northland took no advances during the month and BUDC's line is paid down completely.
- Unearned grant revenue decreased \$351,000 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>August 2021</u>	<u>July 2021</u>	<u>December 2020</u>
<b>Operating revenues:</b>			
Grant revenue	\$ 1,738,027	\$ 1,162,753	\$ 8,816,375
Brownfield funds	30,528	20,234	171,903
Loan interest and commitment fees	79,885	71,830	152,597
Rental and other revenue	14,159,339	13,979,851	2,033,807
Proceeds from sale of land, net	536,699	89,450	-
Total operating revenues	<u>16,544,477</u>	<u>15,324,118</u>	<u>11,174,682</u>
<b>Operating expenses:</b>			
Development costs	189,914	179,501	5,294,325
Adjustment to net realizable value	146,987	140,556	418,386
Salaries and benefits	309,043	269,662	546,021
General and administrative	3,005,367	2,313,998	2,091,258
Management fee	88,100	79,900	91,454
Depreciation	2,785,673	2,437,464	4,198,380
Total operating expenses	<u>6,525,084</u>	<u>5,421,081</u>	<u>12,639,824</u>
Operating income (loss)	10,019,394	9,903,038	(1,465,142)
<b>Non-operating revenues (expenses):</b>			
Interest expense	(270,855)	(231,347)	(933,410)
Amortization expense	(45,934)	(43,676)	(74,872)
Interest income	535	485	1,278
Other income	85,620	85,620	-
Total non-operating revenues (expenses)	<u>(230,634)</u>	<u>(188,918)</u>	<u>(1,007,004)</u>
Change in net position	9,788,760	9,714,120	(2,472,146)
Net position - beginning of period	<u>76,742,639</u>	<u>76,742,639</u>	<u>78,603,896</u>
Add: Capital contribution	961,847	961,847	610,889
Net position - end of period	<u>\$ 87,493,246</u>	<u>\$ 87,418,606</u>	<u>\$ 76,742,639</u>

**BUFFALO URBAN DEVELOPMENT CORPORATION**  
**Consolidating Statement of Net Position**  
**August 31, 2021 (Unaudited)**

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash	\$ 3,660,505	\$ 52	\$ 100,568	\$ -	\$ 3,761,125
Restricted cash	4,126,111	-	408,366	-	4,534,477
Grants receivable	11,669,142	-	-	-	11,669,142
Other current assets	7,571,689	1,515	172,916	(952,415)	6,793,705
Total current assets	27,027,447	1,567	681,850	(952,415)	26,758,449
<b>Noncurrent assets:</b>					
Loans receivable	61,853,679	-	-	(52,187,279)	9,666,400
Equity investment	-	59,498,971	-	(59,320,920)	178,051
Capital assets, net	8,078,844	-	102,031,954	-	110,110,798
Construction in process	-	-	-	-	-
Land and improvement held for sale, net	4,067,598	-	-	-	4,067,598
Total noncurrent assets	74,000,121	59,498,971	102,031,954	(111,508,199)	124,022,847
Total assets	\$ 101,027,568	\$ 59,500,538	\$ 102,713,804	\$ (112,460,614)	\$ 150,781,296
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable and accrued expense:	\$ 729,283	\$ 957,775	\$ 23,589	(952,415)	(1)\$ 756,232
Line of credit	-	-	665,466	-	665,466
Loans payable, current	-	-	10,162,742	-	10,162,742
Unearned grant revenue	16,660,936	-	-	-	16,660,936
Total liabilities	17,390,219	957,775	10,851,797	(952,415)	28,247,376
<b>Noncurrent liabilities:</b>					
Note payable	257,381	-	-	-	257,381
Deferred rent liability	-	-	20,683,543	-	20,683,543
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	34,413,543	(52,187,279)	35,040,674
<b>NET POSITION</b>					
Net investment in capital assets	7,709,094	-	78,139,212	-	85,848,306
Restricted	3,639,208	-	-	-	3,639,208
Unrestricted	71,661,915	6,355,484	(20,690,748)	(59,320,920)	(1,994,269)
Total net position	83,010,217	6,355,484	57,448,464	(59,320,920)	87,493,245
Total liabilities and net position	\$ 101,027,568	\$ 59,500,538	\$ 102,713,804	\$ (112,460,614)	\$ 150,781,296

(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, 2021 (Unaudited)**

	Buffalo Urban Development Corporation	683 WTC, LLC	683 Northland LLC	Eliminations (1)	Total
<b>Operating revenues:</b>					
Grant revenue	\$ 1,738,027	\$ -	\$ -	\$ -	\$ 1,738,027
Brownfield funds	30,528	-	-	-	30,528
Loan interest and commitment fees	79,885	-	-	-	79,885
Rental and other revenue	133,183	12,719,974	1,306,183	-	14,159,339
Proceeds from land sales, net	536,699	-	-	-	536,699
Total operating revenue	<u>2,518,321</u>	<u>12,719,974</u>	<u>1,306,183</u>	<u>-</u>	<u>16,544,477</u>
<b>Operating expenses:</b>					
Development costs	189,914	-	-	-	189,914
Adjustment to net realizable value	146,987	-	-	-	146,987
Salaries and benefits	309,043	-	-	-	309,043
General and administrative	2,800,018	5,360	199,990	-	3,005,367
Management fee	65,600	-	22,500	-	88,100
Depreciation	-	-	2,785,673	-	2,785,673
Total operating expenses	<u>3,511,561</u>	<u>5,360</u>	<u>3,008,163</u>	<u>-</u>	<u>6,525,084</u>
Operating income	(993,239)	12,714,614	(1,701,980)	-	10,019,394
<b>Non-operating revenues (expenses):</b>					
Interest expense	(12,229)	-	(258,626)	-	(270,855)
Amortization expense	-	-	(45,934)	-	(45,934)
Interest income	336	52	147	-	535
Other income	85,620	-	-	-	85,620
Total non-operating revenues (expenses)	<u>73,727</u>	<u>52</u>	<u>(304,414)</u>	<u>-</u>	<u>(230,634)</u>
Change in net position	(919,512)	12,714,666	(2,006,394)	-	9,788,760
Net position - beginning of year	83,929,730	(6,359,182)	44,635,017	(45,462,926)	76,742,639
Add: capital contributions	-	-	14,819,841	(13,857,994)	961,847
Net position - end of period	<u>\$ 83,010,218</u>	<u>\$ 6,355,484</u>	<u>\$ 57,448,464</u>	<u>\$ (59,320,920)</u>	<u>\$ 87,493,246</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 August 31, 2021 (Unaudited)**

	<u>YTD August 2021</u>	<u>YTD Budget 2021</u>	<u>Variance</u>
<b>Operating revenues:</b>			
Grant revenue	\$ 1,738,027	\$ 6,034,445	\$ (4,296,418)
Brownfield funds	30,528	55,333	(24,806)
Loan interest and commitment fees	79,885	64,443	15,443
Rental and other revenue	14,159,339	1,338,697	12,820,642
Proceeds from land sales, net	536,699	(38,591)	575,289
Total operating revenues	<u>16,544,477</u>	<u>7,454,327</u>	<u>9,090,151</u>
<b>Operating expenses:</b>			
Development costs	189,914	525,180	(335,266)
Adjustment to net realizable value	146,987	-	146,987
Salaries and benefits	309,043	355,773	(46,730)
General and administrative	3,005,367	3,944,575	(939,208)
Management fee	88,100	68,667	19,433
Depreciation	2,785,673	3,066,667	(280,993)
Total operating expenses	<u>6,525,084</u>	<u>7,960,861</u>	<u>(1,435,778)</u>
Operating income (loss)	<u>10,019,394</u>	<u>(506,535)</u>	<u>10,525,929</u>
<b>Non-operating revenues (expenses):</b>			
Interest expense	(270,855)	(485,783)	214,928
Amortization expense	(45,934)	(43,676)	(2,258)
Interest income	535	667	(132)
Other income	85,620	-	85,620
Total non-operating revenues (expenses)	<u>(230,634)</u>	<u>667</u>	<u>85,488</u>
Change in net position	<u>\$ 9,788,760</u>	<u>\$ (505,868)</u>	<u>\$ 10,611,417</u>

**Budget variances:**

- Grant revenue relates to Ralph C. Wilson, Jr. Centennial Park and Northland Corridor Projects. The variance is due to lower grant revenue recognition than anticipated. Work at 541 E Delavan has been on pause and Centennial Park has recently begun the Construction Documents phase.
- 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 2018 Brownfield tax credit refund to 683 WTC, LLC of \$12.7 million.
- Proceeds from land sales (net) is a result of the Crowley St. sale and a preliminary figure from the sale of 255 Ship Canal Parkway, and will be adjusted when all the costs related to the second sale are accumulated.
- Development costs consist of property/project-related costs (e.g. construction, operations and maintenance, legal and utility costs) related to projects along Northland Avenue. 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 (per ESD grant agreement) and recognition of prepaid rent for Workforce Training Center. Consultant costs for Ralph C. Wilson, Jr. Centennial Park are also captured here, with the variance due mainly to timing.
- Depreciation relates mainly to capitalized assets at 683 Northland Avenue.
- Interest expense represents cost of borrowing related to construction of 683 Northland and lines of credit of BUDC and 683 Northland LLC.
- Other income represents an inflow of resources from the forgiveness of BUDC's PPP loan.

**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: BUDC Board of Directors**

**FROM: Arthur Hall Jr., Senior Project Manager**

**SUBJECT: Northland Beltline Corridor – Property Management Agreement Renewal**

**DATE: September 28, 2021**

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In July of 2015, the BUDC Board of Directors approved the Mancuso Business Development Group (“Mancuso Group”) to provide property management and leasing services for the Northland Beltline Corridor property holdings. The initial agreement was structured with a five (5) year term to run through July 31, 2020. The length of the initial term was typical as it was essential to establish a longer-term relationship between the property owner and property manager and to establish a leasing strategy and accounting protocols.

In January of 2021, the BUDC Board of Directors approved the renewal of the management contract with the Mancuso Group. The renewal was structured in one-year increments for a maximum of five (5) years. The scope of services appoints the manager to provide general supervision of the campus, including:

- Management of Buildings – providing complete operational services for the campus buildings.
- Repairs – perform ordinary maintenance as needed and inform BUDC in advance of annual facility costs and operations.
- Service Contracts – maintaining tenant communications and relationships, contracts for utilities, other building maintenance services to include marketing properties, progress reports, and maintenance of current buildings on the Northland Beltline Corridor.

Hon. Byron W. Brown, Chairman of the Board • Dennis Penman, Vice Chairman • Brandye Merriweather, President  
Rebecca Gandour, Executive Vice President • Mollie Profic, Treasurer • Atiqah Abidi, Assistant Treasurer • Kevin J. Zanner, Secretary

BUDC, tenants within the Northland Corridor, and the Delavan Grider neighborhood have worked closely with the Mancuso Group and staff over the previous years and have developed a strong working relationship. The Mancuso Group keeps the community informed of campus development.

The Mancuso Group works closely with minority and small-owned business tenants and prospects. Tom Mancuso has worked closely with the tenants at 683 Northland to facilitate building security conversations and negotiations. He has worked with Frey Electric to coordinate energy usage with the 683 Northland Central building, the substation, and other uses on the campus. Mr. Mancuso has secured Garwood Medical to occupy the Red Shed and continues to facilitate the potential expansion of Garwood Medical into the 612 Northland building.

This item was reviewed and recommended for approval by the BUDC Real Estate Committee at the September 20, 2021 meeting.

### **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 consistent with the provisions outlined in this memorandum, and (ii) authorize the 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.

**Buffalo Urban Development Corporation**

95 Perry Street  
Suite 404  
Buffalo, New York 14203  
phone: 716-856-6525  
fax: 716-856-6754

Buffalo Urban Development Corporation

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



**Item 4.3**

**MEMORANDUM**

**TO: BUDC Board of Directors**

**FROM: Antonio Parker, Project Manager**

**SUBJECT: Ralph C. Wilson, Jr. Centennial Park – Gardner & Theobald Contract Amendment**

**DATE: September 28, 2021**

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On June 29, 2021, the BUDC Board of Directors approved \$238,000 in additional funding from the Great Lakes Commission (“GLC”) to conduct cost studies for alternative options presented as part of the redevelopment of Ralph C. Wilson Jr. Centennial Park. This funding is in addition to the previous \$1,000,000 award from GLC for shoreline design and analysis also authorized by the board for Ralph C. Wilson Jr. Centennial Park.

An amendment to Gardiner and Theobald (G&T) contract is needed to complete the cost studies as well as other necessary additional project oversight work. The cost of the additional cost analysis and project oversight will be covered by the above-mentioned grant. BUDC will also pass on any federal grant obligations to G&T through an amendment to the Master Service Agreement which will detail these requirements. This item was not reviewed by the Downtown Committee due to a lack of quorum.

**ACTION:**

I am requesting that the BUDC Board of Directors: (i) authorize the amendment to increase Gardiner and Theobald contract by \$13,000 for additional services associated with Great Lakes Commission. (ii) authorize President and Executive Vice President to execute the amendment with Gardiner and Theobald.

Hon. Byron W. Brown, Chairman of the Board • Dennis Penman, Vice Chairman • Brandye Merriweather, President  
Rebecca Gandour, Executive Vice President • Mollie Profic, Treasurer • Atiqa Abidi, Assistant Treasurer • Kevin J. Zanner, Secretary

**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 4.4**

**MEMORANDUM**

**TO:** BUDC Board of Directors  
**FROM:** Mollie Profic, Treasurer  
**SUBJECT:** Insurance Brokerage Services  
**DATE:** September 28, 2021

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BUDC elected to participate in a joint Request for Qualifications (RFQ) with ECIDA for Insurance Brokerage Services. Proposals for these services were last jointly solicited in 2017. The RFQ was issued on June 25, 2021 and requested Property & Casualty (P&C) and Health & Benefits (H&B) brokerage services for the ECIDA and its affiliates, BUDC and its affiliates and Western Region Corporation. The RFQ requested services for three years plus two additional one-year extensions but provides that the contract may be terminated at any time.

**Request for Qualifications Process:**

A copy of the RFQ was sent to the ten largest P&C and H&B agencies as ranked by the 2021 Business First Book of Lists. Notice of the RFQ was also placed in the Buffalo News and The Buffalo Criterion. In addition, the RFQ was posted on BUDC’s website. Responses were due on July 23, 2021. Five (5) proposals were received from individual agencies; four (4) P&C proposals and five (5) H&B proposals.

**Evaluation Process:**

Proposals were evaluated by Rebecca Gandour, Mollie Profic, and Beth O’Keefe (ECIDA). An initial review of the proposals was conducted. Of four P&C proposals, the two highest scores were selected for interviews. Of five H&B proposals, the three highest scores were selected for interviews. The proposals were scored based on the following criteria stated in the RFQ:

- 1) The proposed insurance program.
- 2) Qualifications and experience of the individuals to be assigned to the engagement.
- 3) Qualifications and experience of the insurance agency.
- 4) Development of women & minority employees and M/WBE business enterprises.

Results:

**Property & Casualty**

Lawley was the top-rated Property & Casualty broker. They have a team of experienced and specialized insurance representatives and have served BUDC since 2009. Lawley has access to a large pool of providers and presents the carriers that offer the best terms, conditions, and pricing. BUDC staff meet with Lawley several times a year to review detailed insurance proposals and discuss any additional exposures. Their team has been instrumental in obtaining proper coverage for several “difficult to insure” properties and projects. Lawley’s responsiveness has been invaluable when property acquisitions or sales have occurred, processing changes to existing policies promptly. Their institutional knowledge of BUDC’s policies and exposures has been extremely helpful to the current BUDC staff. Lawley also has a full-service claims department to assist in protecting the entities’ interests when claims occur.

**Health & Benefits**

Bene-Care, Inc. was the top-rated Health & Benefits broker. They have served BUDC in this capacity since 2017. Bene-Care’s Buffalo office currently houses nine employees. They offer a one-on-one approach, whereby they can meet with employees individually and make recommendations regarding available coverage selections. Additional services offered include COBRA administration, flexible spending account administration, and payroll processing. While BUDC does not plan to immediately utilize all of these services, the potential for future consolidation appealed to the committee. All of the services offered by Bene-Care are performed in-house, with support from their Rochester headquarters when necessary. The committee was very impressed with the knowledge of the representatives during the interview. Additionally, Bene-Care offers consolidated billing at no cost and reviews BUDC’s carrier invoices each month to ensure the accuracy of charges.

This information was presented to the BUDC Audit & Finance Committee on September 22, 2021, and the committee voted to recommend approval.

**ACTION:**

I am requesting that the BUDC Board of Directors (i) approve Lawley as BUDC’s Property & Casualty broker of record, (ii) approve Bene-Care, Inc. as BUDC’s Health & Benefits broker of record and (iii) authorize the BUDC President or BUDC Executive Vice President to take such actions as are necessary to implement this authorization.