

## Buffalo Urban Development Corporation

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### **Audit & Finance Committee Meeting Friday – August 18th, 2017 - Noon BUDC Offices, 4<sup>th</sup> Floor, 95 Perry**

#### **Agenda**

1. Approval of Minutes of July 7, 2017 Meeting *(Action)(Enclosure)*
2. ECIDA Administrative Fee Agreement *(Recommendation)(Handout To Be Provided)*
3. Historic/NMTC Investor Procurement Memo *(Information)(Handout To Be Provided)*
4. NMTC Consultant Contracts *(Information)(Handout To Be Provided)*
5. 683 Northland – Historic Rehabilitation & NMTC Financing Update *(Information)*
6. 683 Northland – Gilbane Guaranteed Maximum Price (GMP) Update *(Information)*
7. 683 Northland – Construction Bridge Loan Update *(Information)*
8. Northland Beltline – CDBG Funding Update *(Information)*
9. Northland Beltline – Restore New York Funding Update *(Information)*
10. Northland Beltline - ESD Funding Update *(Information)*
11. Regionally Significant Project (RSP) Fund Update *(Information)(Handout To Be Provided)*
12. 2018 BUDC Budget Process *(Information)*
13. BBRP/BUDC Loan Program Update *(Information)(Handouts To Be Provided)*
14. Adjournment *(Action)*

**Minutes of the  
Audit & Finance Committee Meeting  
Buffalo Urban Development Corporation  
95 Perry Street  
Buffalo, New York 14203  
July 7, 2017  
12:00 P.M.**

**Call to Order:**

**Committee Members Present:**

Thomas Beauford, Jr.  
James W. Comerford  
David J. Nasca  
Dennis M. Penman (Committee Chair)

**Committee Members Absent:**

Janique S. Curry

**Other Board Members Present:**

Thomas A. Kucharski

**Officers Present:**

Peter M. Cammarata, President  
David A. Stebbins, Executive Vice President  
Brandye Merriweather, Vice President  
Mollie M. Profic, Treasurer  
Kevin J. Zanner, Secretary  
Bradley Bach, Assistant Treasurer

**Others Present:** Dawn Boudreau, ECIDA; Timmon M. Favaro, Esq., Cannon Heyman and Weiss, LLP; and Mark A. Stebbins, Freed Maxick CPAs, P.C.

**Roll Call:** The roll of the Committee members was called at 12:10 p.m. and a quorum was determined to be present. Mr. Beauford joined the meeting during the presentation of item 2.0.

**1.0 Approval of Minutes of the June 23, 2017 Meeting** – The minutes of the June 23, 2017 meeting of the Audit & Finance Committee were presented. Mr. Nasca made a motion to approve the meeting minutes. The motion was seconded by Mr. Comerford and unanimously carried.

**2.0 683 Northland – Historic Rehabilitation and New Markets Tax Credit Financing** – Mr. Stebbins introduced Tim Favaro and Mark Stebbins, two members of the legal/accounting consulting team retained by BUDC to develop a tax credits model for the 683 Northland Workforce Training Center project and facilitate the receipt of tax credits for the project. Mr. Stebbins noted that the consulting team provided the proposed tax credits model and related project information to potential investors and requested that interested investors submit term sheets to BUDC. Three potential investors for the historic tax credits were identified: U.S. Bank, JP Morgan Chase Bank (“Chase”) and National Trust Community Investment Corporation (“NTCIC”). Citibank is the investor for NTCIC’s Historic Tax Credits. The consulting team also received offers for allocations of New Markets Tax Credits (NMTC) from Consortium (with Chase only), NTCIC (with Citibank only) and Building America. Chase and NTCIC submitted term sheet proposals, while U.S. Bank elected not to submit a term sheet. Mr. Stebbins then circulated a

spreadsheet comparing the offers submitted by Chase and NTCIC for historic tax credits and the three offers for NMTC allocations from Consortium (with Chase) NTCIC (with Citibank) and Building America. Mark Stebbins and Mr. Favaro reviewed the spreadsheet with the Committee, noting that the offers for NMTC allocations were comparable. The offers for historic tax credits were then reviewed in detail. It was noted that Chase would require minimum cash on cash IRR of 3%, while NTCIC has no requirement. Mr. Favaro explained that this is significant because under the Chase proposal, the investor would retain a significant equity position in the project after the five year compliance period. Mr. Beauford asked whether Chase had been asked to waive the IRR requirement. David Stebbins responded that Chase was asked and declined to waive or modify the requirement. The Committee then asked the consultants about their experience in dealing with NTCIC and Chase on similar transactions. Mr. Favaro noted that Chase was a relatively recent entrant to the historic tax credits market, but that both Chase and NTCIC have appropriate experience and resources to close and service both tax credits facilities. At the conclusion of the discussion, Mr. Comerford made a motion to recommend that the Board of Directors select NTCIC as the historic tax credits investor, and to select NTCIC (with Citibank) and Building America for the NMTC allocations for the project. The motion was seconded by Mr. Nasca and unanimously carried.

- 3.0 **Amended & Restated Audit & Finance Committee Charter** – Mr. Cammarata presented the final version of the Amended and Restated Audit & Finance Committee Charter, which will be presented for Board approval at the July 25<sup>th</sup> Board meeting.
- 4.0 **683 Northland – Construction Bridge Loan Update** – Mr. Stebbins reported that KeyBank has not yet issued its commitment letter for the construction bridge loan. The lender has requested that BUDC submit a cash flow statement for the project so that it can finalize and issue the commitment letter.
- 5.0 **683 Northland – Gilbane Guaranteed Maximum Price (GMP) Update** – Mr. Stebbins circulated a one-page summary identifying the early bid packages for the project, including the work for which contracts have been awarded and future early bid packages for work that will be awarded in advance of the establishment of a guaranteed maximum price for the project. It is anticipated that Gilbane Building Company will submit a guaranteed maximum price for the Committee's consideration in August. Mr. Stebbins also presented and reviewed with the Committee a sources and uses summary for the project.
- 6.0 **Northland Beltline – CDBG Funding Update** – Mr. Cammarata informed the Committee that BUDC submitted to the City of Buffalo three reimbursement requests for expenditures that are eligible for payment with CDBG funds. Three more reimbursement requests will be submitted by July 12<sup>th</sup>. BUDC has received payment for one request thus far.
- 7.0 **Northland Beltline – Restore New York Funding Update** – Mr. Stebbins reported that Empire State Development (ESD) will enter into a formal grant agreement with the City of Buffalo for the Northland Beltline project once one-half of the funds have been expended. BUDC and the City of Buffalo will enter into a separate grant agreement to document the flow of Restore NY funds from the City to BUDC. Restore NY funding will be used for work at 612 Northland, 537 East Delavan and 777 Northland.
- 8.0 **Northland Beltline – ESD Funding Update** – Mr. Cammarata reported that ESD has processed four reimbursement requests under the grant agreement #Z336. A fifth reimbursement request will be submitted soon. ESD is expected to issue a new agreement for the additional grant funding for the project made available through Buffalo Billion II.

- 9.0 BBRP/BUDC Loan Program Update** – Ms. Profic circulated and reviewed with the Committee a one-page portfolio summary report for the BBRP Loan Program. Two loans are outstanding and all payments are current. She also reviewed the Loan Fund Analysis included in the meeting agenda packet, which shows the loan fund balance, including an estimate of \$1,276,047 in uncommitted loan funds. In response to a question from Mr. Penman, Ms. Merriweather indicated that there are six loans in process, including Trico, The Sinclair, 523-5 Main Street, 810 Main Street and 19 North.
- 10.0 Regionally Significant Project (RSP) Fund Update** – Ms. Profic reviewed with the Committee the Regionally Significant Project (RSP) Fund Analysis that was included in the meeting agenda packet. The fund balance as of May 31, 2017 is \$106,735. Ms. Profic noted that 2018 is the last year that PILOT payments will be redirected to the Fund from the Astronics project. Mr. Cammarata noted that the \$22,600 allocated in the RSP Fund Analysis for tenant space assessment expenditures will instead be paid with CDBG funds. He also noted that the Board of Directors will be asked to authorize the expenditure of an additional \$10,000 from the RSP Fund for the ULI Advisory Services Panel for the Central Terminal, as National Grid's grant to BUDC fell \$10,000 short of the \$35,000 grant request. Mr. Stebbins then provided an update regarding ULI's recommendations for the Central Terminal.
- 11.0 Buffalo Brownfield Redevelopment Fund (BBRF) Update** – Ms. Profic reviewed with the Committee the Buffalo Brownfield Redevelopment Fund (BBRF) Fund Analysis that was included in the meeting agenda packet. The fund balance as of May 31, 2017 is \$2,052,962. For 2017, revenue from PILOT payments is estimated at \$390,000. Ms. Profic indicated that 2019 will be the last year that PILOT payments will be redirected into the Fund from CertainTeed, and that 2020 will be the last year for PILOT payments from Cobey and Sonwil.
- 12.0 Adjournment** – There being no further business to come before the Audit & Finance Committee, upon motion made by Mr. Nasca, seconded by Mr. Comerford and unanimously carried, the July 7, 2017 meeting of the Audit & Finance Committee was adjourned at 1:05 p.m.

Respectfully submitted,



Kevin J. Zanner, Secretary