

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

**95 Perry Street
Buffalo, New York 14203
December 20, 2016
12:00 p.m.**

1.0 Call to Order

Directors Present:

Hon. Byron W. Brown (Chair)
James W. Comerford
Dottie Gallagher-Cohen
Dennis W. Elsenbeck
Thomas R. Hersey, Jr.
Thomas A. Kucharski
Brendan R. Mehaffy
Kimberley A. Minkel
Benjamin N. Obletz
Darius G. Pridgen
Craig A. Slater
Maria R. Whyte

Directors Absent:

Thomas Beauford, Jr.
Janique S. Curry
David J. Nasca
Dennis M. Penman (Vice Chair)
Christopher J. Schoepflin
Steven J. Stepniak

Officers Present:

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

Others Present: Dawn Boudreau, ECIDA; Diane K. Church, Hurwitz & Fine, P.C.; James Fink, *Buffalo Business First*; Robert Sanders, Watts Architecture & Engineering, D.P.C.; and Michael Taylor, New York Business Development Corporation.

Roll Call – The Secretary called the roll of directors at 12:15 p.m. and a quorum was determined to be present. Mr. Pridgen joined the meeting during the presentation of item 3.0.

2.0 Presentation of the Minutes – The minutes of the November 29, 2016 meeting of the Board of Directors were presented. Mr. Comerford made a motion to approve the meeting minutes. The motion was seconded by Mr. Kucharski and unanimously carried.

3.0 Monthly Financial Report – Ms. Profic presented the monthly financial report for the period ending November 30, 2016. The unrestricted cash balance at the end of the period was \$1,383,518 and the net position at the end of the period was \$15,284,784. Year-to-date revenue was \$2,633,923 and year-to-date expenses were \$2,085,737, resulting in year-to-date net income of \$548,187. Ms. Gallagher-Cohen made a motion to accept the financial report. The motion was seconded by Mr. Elsenbeck and unanimously carried.

4.0 New Business

- 4.1 **683 Northland – Design Development Service Order Approval** – Mr. Stebbins presented his December 20, 2016 memorandum to the Board regarding proposed Service Order No. 11 under the Master Services Agreement between BUDC and Watts Architecture & Engineering, D.P.C. The work under this proposed Service Order involves bringing design and construction drawings to 80% completion, preparing draft specifications in outline format, cost estimate and preparing early bid packages for demolition and other site work. The total cost of this work is \$665,945.00. Mr. Stebbins noted that typical cost for the design development phase of a project is 20% to 25% of the overall cost. The proposed Service Order percentage cost is 19% of the overall cost of the project. He also noted that Gilbane provided third party review and verification of the reasonableness of the cost.

Upon motion made by Mr. Pridgen, seconded by Mr. Slater and unanimously carried, it was resolved, that the Board approve Service Order No. 11 with Watts Architecture & Engineering, D.P.C. for design services related to the 683 Northland project at a lump sum cost of \$665,945.00 and authorize the President or Executive Vice President to execute Service Order No. 11 on behalf of BUDC.

- 4.2 **683 Northland – Historic Preservation Part 2 Application Order Approval** – Mr. Stebbins presented his December 20, 2016 memorandum to the Board regarding proposed Service Order No. 12 under the Master Services Agreement between BUDC and Watts Architecture & Engineering, D.P.C. The work under this proposed Service Order involves consulting services and deliverables relating to BUDC's pursuit of historic tax credits for 683 Northland. Watts' sub-consultant, Barbara Campagna, will perform most of the work, which will include identification of key preservation features, preparation of a detailed description of the rehabilitation work and project coordination with SHPO. The total cost of this work is \$101,800.00. Mr. Stebbins noted that this work is on a very tight schedule, with a submittal to SHPO due on March 1, 2017.

Upon motion made by Mr. Obletz, seconded by Ms. Whyte and unanimously carried, it was resolved, that the Board approve Service Order No. 12 for 683 Northland Historic Preservation Certification Application Part 2—Description of Rehabilitation Services with Watts Architecture & Engineering, D.P.C. for the 683 Northland project at a lump sum cost of \$101,800.00 and authorize the President or Executive Vice President to execute Service Order No. 12 on behalf of BUDC.

- 4.3 **683 Northland – Brownfield Cleanup Program Remedial Investigative Services Contract Approval** – Mr. Cammarata presented his December 20, 2016 memorandum to the Board regarding a proposed agreement with LiRo Engineers to provide site remedial investigation services for the Brownfield Cleanup Program project at 683 Northland. The total cost of the work is \$96,921.00 and the cost will be reimbursed by ESD grant funding. Upon motion made by Mr. Hersey, seconded by Mr. Kucharski and unanimously carried, it was resolved, that BUDC enter into a consulting agreement with LiRo Engineers for site remedial investigation services for the 683 Northland Brownfield Cleanup Program project at a cost of \$96,921.00 and that the President or Executive Vice President are each hereby authorized to take such actions as are reasonably necessary to implement this action.

- 4.4 **Northland Corridor – Community Outreach Contract Extension Approval** – Mr. Cammarata presented his December 20, 2016 memorandum to the Board regarding the proposed renewal of a community outreach services agreement with Sandra White d/b/a Mustard Seed World Consulting Group. Mr. Cammarata indicated that the initial funding for this contract in the amount of \$25,500.00 has been expended and that the contract may be renewed

for an additional term with Board approval. He commented that the consultant's community outreach work has been outstanding and that it is important for the project that community outreach services continue to be provided. The proposed extension will be for services at a cost not-to-exceed \$25,500.00. The Board discussed the proposed renewal of the contract. In response to a question from Mr. Oblatz, Mr. Cammarata indicated that compensation under the contract is based on an hourly rate. He also noted that the services are expected to be performed over a period of approximately eighteen months, consistent with the actual timeframe for performance under the initial term of the contract. Mr. Pridgen agreed that the community outreach work on the project has been outstanding and encouraged BUDC to publicize its community outreach efforts.

There being no further discussion, upon motion made by Ms. Gallagher-Cohen, seconded by Mr. Oblatz and unanimously carried, it was resolved, that BUDC exercise its option to extend the consulting agreement with Mustard Seed World Consulting Group for community outreach services for the Northland Corridor project and the broader neighborhood revitalization plan to be undertaken by the City of Buffalo at a cost not-to-exceed \$25,500.00 and authorize the President or Executive Vice President to take such actions as are reasonably necessary to implement this action.

4.5 BBRP Loan Program – Loan Case Approval for Alexandre Apartments, 510

Washington Street – Ms. Merriweather presented her December 20, 2016 memorandum to the Board regarding a proposed BBRP loan program loan to Alexandre Apartments, LLC. This project involves the renovation of an eight-story commercial building located at 510 Washington Street into a mixed-use facility containing market-rate apartments and commercial space. The developer is seeking loan funding in the amount of \$750,000 for the project. It is anticipated that the project will achieve an M/WBE utilization of 31%. Ms. Merriweather noted that NYBDC performed the underwriting analysis for the loan and introduced Michael Taylor to present the loan case to the Board. Mr. Taylor reviewed the details of the loan and the underwriting analysis. The term of the loan eighteen months with a six month extension option. Payments are interest-only at a variable rate of prime plus 2%. The loan is secured by a second mortgage and assignment of rents and leases on the premises, the personal guaranties of principals Amy E. Judd and Mark Judd and the collateral assignment of life insurance policies on the lives of the principals in the amount of \$750,000.00. Community Preservation Corporation (CPC) will hold the first mortgage as the primary lender. Mr. Taylor noted that the loan is expected to be repaid from Better Buffalo funding that will be made available by Empire State Development upon completion of construction. The Board discussed the proposed loan. Ms. Gallagher-Cohen commented that this project is a "poster child" for the type of project that was intended to benefit from the loan program. Mr. Pridgen expressed his support of the effort to rehabilitate this building, and also stated that BUDC should seek to provide loan funding for projects that include workforce housing. Mr. Mehaffy commented on the City's affordable housing strategy and commended the Loan Committee for its thoroughness in reviewing this loan.

There being no further discussion, upon motion made by Mr. Kucharski, seconded by Mr. Comerford and unanimously carried, the Board adopted the following resolution:

RESOLUTION OF THE BOARD OF DIRECTORS OF BUFFALO URBAN DEVELOPMENT CORPORATION ("BUDC") AUTHORIZING A LOAN IN AN AMOUNT NOT TO EXCEED \$750,000 THROUGH THE BUFFALO BUILDING REUSE LOAN PROGRAM TO THE ALEXANDRE APARTMENTS, LLC TO FINANCE A PORTION OF COSTS IN CONNECTION WITH THE RENOVATION OF THE FORMER LOEW'S THEATRE WAREHOUSE BUILDING LOCATED AT 510 WASHINGTON STREET, BUFFALO, NEW YORK TO CONVERT SUCH BUILDING INTO A MIXED-USE FACILITY CONTAINING MARKET-RATE APARTMENTS AND COMMERCIAL SPACE AND TO FUND OTHER PROJECT-RELATED COSTS

WHEREAS, BUDC is the beneficiary under a Grant Disbursement Agreement between New York State Urban Development Corporation d/b/a Empire State Development, as grantor, and the City of Buffalo, as grantee, for the City of Buffalo - Building Reuse Upstate City-by-City Capital Project, Project Number X956 (the "Grant Agreement") the proceeds of which are being used to partially fund the BUDC's Buffalo Building Reuse Loan Program (the "Loan Program"); and

WHEREAS, pursuant to a Loan Agreement dated December 1, 2015 by and among NYBDC Local Development Corporation ("NYBDC LDC"), various lending institutions (the "Funding Partners") and BUDC, the Funding Partners have agreed to provide additional funding to support the Loan Program, and NYBDC LDC, the Funding Partners and BUDC have entered into a Funds Custodian and Administration Agreement dated December 1, 2015 pursuant to which BUDC and the Funding Partners will provide funds to NYBDC LDC, which will be administered by NYBDC LDC and used to make loans through the Loan Program; and

WHEREAS, the BUDC Board of Directors has adopted its Buffalo Building Reuse Loan Program Policy Guidelines and Operating Plan (the "Program Guidelines") and by resolution dated May 26, 2015 formed the Loan Committee of BUDC to make recommendations to the BUDC Board of Directors regarding loans to be made through the Loan Program, with final approval of all loans reserved to the BUDC Board, and by a resolution adopted on January 26, 2016 the BUDC Board of Directors modified the composition of such Loan Committee (as reconstituted, the "Loan Committee"); and

WHEREAS, The Alexandre Apartments, LLC (the "Company") has submitted an application to BUDC for a loan from the Loan Program in an amount up to \$750,000 to be used to finance a portion of the costs associated with the renovation of the former Loew's Theatre Warehouse building located at 510 Washington Street, Buffalo, New York (the "Premises") to convert the building into a mixed-use facility containing market-rate apartments and commercial space (the "Project"), or to fund other Project-related costs; and

WHEREAS, the requested loan complies with the Grant Agreement and the Program Guidelines; and

WHEREAS, BUDC has contracted with New York Business Development Corporation ("NYBDC") to underwrite loans in connection with the Loan Program and NYBDC has submitted a loan report to the Loan Committee with respect to the Company's application (the "Loan Report") and additional documentation relating to the Project; and

WHEREAS, the Project will also be financed with the proceeds of a loan in the amount of \$2,800,000.00 provided by Community Preservation Corporation (the "Senior Lender"), as described in the Loan Report (the "Senior Lender Loan"); and

WHEREAS, the Loan Committee has reviewed the foregoing documentation and has recommended approval of the loan on the terms and conditions set forth in the Loan Report and subject to the additional conditions set forth in the Loan Committee resolution dated December 16, 2016.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF BUFFALO URBAN DEVELOPMENT CORPORATION HEREBY RESOLVES AS FOLLOWS:

Section 1. Subject to the conditions contained in this resolution, a loan in an amount not to exceed \$750,000.00 (the "Loan") to the Company for the purpose of financing a portion of the costs of renovating the Premises or to fund other Project-related costs, all as more particularly described in the Company's application and in the Loan Report, is hereby approved by the BUDC Board of Directors. The Loan may be funded in whole or in part with proceeds advanced under the Grant Agreement.

Section 2. The Loan shall have a term of eighteen (18) months, subject to an extension of up to six (6) months at the discretion of NYBDC LDC, as the servicer of the Loan. Interest only shall be payable during the Loan term, with the entire outstanding principal balance and any accrued interest to be due at maturity.

Section 3. The Loan shall be secured by a second mortgage lien and assignment of rents and leases on the Premises (subject only to a first mortgage and assignment of rents and leases held by the Senior Lender) and a lien on and security interest in all of the accounts, inventory, furniture, fixtures and equipment and other personal property assets of the Company, subject only to a prior lien held by the Senior Lender and, to the extent required by the Senior Lender, the Loan may be subordinate as to payment and lien to the Senior Lender Loan and the liens securing it. An interest reserve in the amount of \$50,000.00 shall be required and shall be funded from the Loan proceeds.

Section 4. The Loan shall be guaranteed by the personal guaranties of Amy E. Judd and Mark Judd and the Loan shall be further secured by the collateral assignment of life insurance policies on the lives of Amy E. Judd and Mark Judd in the amount of \$750,000.00 each.

Section 5. The Loan shall be subject to satisfaction of the following conditions:

- a. Delivery of satisfactory information about Borrower's parking arrangements for tenants of the Project.
- b. Delivery of satisfactory information regarding the proposed management of the Project and management fees.
- c. Delivery of a letter of intent regarding leasing of the commercial space for use as a bakery.
- d. Confirmation that the Borrower has entered into a rate lock agreement for the permanent term of the Senior Lender Loan, if a rate-lock option is available.
- e. Delivery of satisfactory information regarding the status of the Historic Tax Credits for the Project.
- f. Delivery of a copy of the construction contract for the Project and determination of whether the contract is a guaranteed maximum price/fixed price contract.
- g. Delivery of a copy of the commitment letter for the Empire State Development (ESD) loan, which it is anticipated will be used to pay the Loan off at maturity, or other verification of the ESD loan terms.

Section 6. The Loan shall otherwise be made on the terms outlined in the Loan Report and shall be subject to the requirements of the Grant Agreement and the Program Guidelines and the Loan documents shall include minority workforce and MBE goals of 25% and female workforce and WBE goals of 5% for the Project.

Section 7. The President and Executive Vice President are each hereby authorized to issue a commitment letter to the Company and to execute and deliver any and all documents necessary or appropriate to close and fund the Loan, all of which shall contain terms and conditions consistent with the Loan Report and this Resolution, and such other terms and conditions as are customary for commercial loans of this type, and to take any and all actions necessary or proper for carrying out this Resolution.

Section 8. This Resolution shall take effect immediately.

- 4.6 Buffalo Building Reuse Project Update** – Ms. Merriweather presented a brief update regarding Buffalo Building Reuse Project matters. The application deadline for the 4th quarter round of BBRP loan program funding is December 30th. The Queen City Pop-up Retail program continues at Fountain Plaza through December 31st, and Ms. Merriweather reported on efforts to promote the program, including a live broadcasting event with radio station WUFO.

4.7 Northland Corridor Project Update – Mr. Stebbins presented an update regarding the Northland Corridor project, as summarized below:

Project Funding

- The federal Section 106 Historic and Cultural Resources consultation and NEPA requirements for CDBG funding are nearly complete, pending SHPO approval of Memorandum of Agreement for impacted historic resources (537 E. Delavan and 777 Northland).
- BUDC has executed a grant agreement with the New York Power Authority for fifteen million dollars in grant funding for the project. The first funding installment has been requested and is expected to be disbursed to BUDC before the end of December.
- BUDC's application for a 1.9 million dollar Restore NY grant for 537 E. Delavan, 777 Northland and 1681 Fillmore Avenue remains pending.

683 Northland Avenue

- Watts Architecture & Engineering has begun schematic design, with completion scheduled for mid-January. Design development will start immediately.
- The Gilbane construction management team has begun pre-construction work, focusing on the project schedule and outreach for M/WBE and workforce participation.
- Watts Architecture & Engineering and Barbara Campagna are completing the SHPO Part I application for historic tax credits for submission to SHPO. Preparation of Part II will begin immediately.
- The Brownfield Cleanup Program remedial investigation work plan activities are underway.
- The tax credit accounting and legal team is updating the rehabilitation tax credits model.
- Initial outreach and discussions for a construction loan is underway with several local lenders; a written request for financing proposals has been prepared.
- Construction/abatement documents and bid specifications for asbestos and HazMat removal are 90% complete, pending completion of the NEPA/compliance review for HUD funding.
- The energy modeling program with NYSERDA consultants is underway.

Workforce Training Center

- ESD has approved the Economic Development Group, Inc., a nonprofit consortium, as the WTC Operator.
- The WTC Operator and academic providers are assisting with space planning and other design issues.

537 E. Delavan/Vibrattech

- Demolition specifications and construction documents are nearly complete, with revisions as per NYSDEC directions for the building slab.
- Demolition will be bid and managed by BURA, with bidding expected in early January 2017 and the start of demolition in February 2017 (pending completion of the federal Section 106 and NEPA process).
- Staff continues to explore renovation and reuse options for the remaining buildings with Mancuso and a community group, with improvements pending outcome of the Restore NY grant application.

Northland Street Improvement Project

- Design work is nearing completion; bidding is expected in March and construction is scheduled to begin in May 2017.
- The City of Buffalo's design engineer, Clark Patterson Lee, has prepared green infrastructure designs for storm water management which will utilize the 577 Northland property.
- The project design is being coordinated with the Watts team, especially for utilities, curb cuts and storm water management/green infrastructure.

Property Management

- Marketing and leasing efforts continue.
- Contracts for snowplowing services have been executed and services have been satisfactorily delivered to date.

Community Outreach

- The December 15th public meeting was cancelled due to severe winter weather. The meeting is expected to be rescheduled for some time in January.
- The Gilbane/CASNY team has initiated its outreach efforts with key stakeholders and outreach to construction training organizations. A January M/WBE introductory meeting is being planned.

Neighborhood Planning

- BURA has completed the draft neighborhood strategy and reviewed it with the Stakeholder Advisory Committee.
- BURA staff is also reviewing the Watts/SWBR Campus Plan for consistency with the neighborhood strategy.

4.8 Buffalo Lakeside Commerce Park Update – Mr. Cammarata reported on a pre-bid meeting that took place in connection with the Parcel 4 Superfund project at Buffalo lakeside Commerce Park. Bids for the work are due in early January, and construction is expected to begin in the spring of 2017. New York State is funding the entire project. Mr. Cammarata also presented brief updates regarding recent tree replacement and snowplowing work at Buffalo Lakeside Commerce Park.

4.9 Information Package – Mr. Cammarata reviewed the informational, marketing and media materials that were included in the monthly information package provided to the Board.

5.0 Late Files – None.

6.0 Tabled Items – None.

7.0 Executive Session – None.

8.0 Adjournment – There being no further business to come before the Board, upon motion made by Ms. Gallagher-Cohen, seconded by Mr. Slater and unanimously carried, the December 20, 2016 meeting of the Board of Directors was adjourned at 1:05 p.m.

Respectfully submitted,



Kevin J. Zanner, Secretary