

**Minutes of the Meeting
of the
Loan Committee
of
Buffalo Urban Development Corporation**

**95 Perry Street – 5th Floor Board Room
Buffalo, New York
December 16, 2016
12:00 p.m.**

Committee Members Present:

Maria Barth
Joseph W. Burden
Dottie Gallagher-Cohen
Brendan R. Mehaffy
James L. Rykowski

Committee Members Absent:

Michael S. Anthony
Adam W. Perry

Officers Present:

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

Guests Present: Diane K. Church, Esq., Hurwitz & Fine, P.C.; Michael Taylor, NYBDC; Pat MacKrell, NYBDC; and Andrew Zemrac, HSBC.

Roll Call: The roll of Committee members was called at 12:20 p.m. and a quorum of the Committee was determined to be present.

- 1.0 Welcome and Introductions** – Mr. Mehaffy welcomed the Committee members and thanked them for their participation. He also thanked the participating banks, on behalf of Mayor Brown, for their contributions to the BBRP loan fund. Mr. Mehaffy acknowledged the efforts of the Buffalo Niagara Partnership in helping to establish the loan fund and the commitment by the City of Buffalo of \$11,000,000 in public money to fund infrastructure improvements in the area targeted by the loan fund and to support the loan program and acknowledged efforts to identify additional public monies for the BBRP loan fund.
- 2.0 Program Remarks** – Ms. Gallagher-Cohen thanked the Committee members from the participating banks. She discussed the goals and objectives of the BBRP loan fund and her role, on behalf of the Buffalo Niagara Partnership, to ensure that the loan fund is utilized to further those goals, including accelerating development. Ms. Gallagher-Cohen expressed gratitude to the participating banks for their vote of confidence in the efforts to encourage development.
- 3.0 BBRP Overview and Project Goals** – Ms. Merriweather reviewed the history of the BBRP initiative, which was started in 2012 with the objective of creating momentum for development in the downtown core and addressing the oversupply of vacant office space and the need for residential units. She acknowledged the City's investment in infrastructure and the role of the BBRP loan fund in assisting adaptive reuse projects that are more difficult and which present unique challenges. Mr.

Mehaffy reiterated the commitment made by the City in 2012 to the creation of new residential units, with a goal of 2,000 new units. Ms. Merriweather reviewed the materials included in the binders provided to the Committee members, including the Buffalo Building Reuse Project Report and Boundaries Map and the goals and objectives of the loan program.

4.0 Loan Policy, Committee Procedures and Logistics

- 4.1 Process** – Ms. Merriweather reviewed the process for considering projects, which starts with a quarterly Request for Proposal (RFP) process. Proposals are reviewed by a selection team comprised of representatives of BUDC, the Buffalo Niagara Partnership and the Mayor’s Office of Strategic Planning. Projects which are selected by the team are referred to BUDC’s Downtown Committee, which reviews the projects for consistency with the goals of the program. If found to be consistent with goals of the program, the projects are referred to NYBDC for loan underwriting.
- 4.2 Board Approvals** – Ms. Merriweather reviewed the approval process for loans. Once a loan for a project is underwritten, it is presented to the Loan Committee, which determines if the loan should be recommended to the BUDC Board of Directors for approval. No loan can proceed unless approved by the BUDC Board.
- 4.3 Conflicts** – Ms. Merriweather referred the Committee members to the BUDC Code of Ethics contained in their binders. Any Committee member who represents a bank which is also a senior lender on a project will be required to disclose that fact and abstain from discussion and voting on the loan.

5.0 Loan Review

- 5.1 Alexandre Apartments, 510 Washington Street** – Ms. Merriweather introduced Mr. MacKrell and Mr. Taylor from NYBDC. Mr. MacKrell spoke generally about the substance of the loan reports which will be generated by NYBDC in connection with its underwriting. Mr. Taylor then reviewed the details of the proposed loan as set forth in the loan report dated December 7, 2016. The loan will have a term of 18 months and will require interest-only payments for the term, with all accrued interest and the outstanding principal balance to be due at maturity. The loan will be secured by a second mortgage and assignment of rents and leases and by the personal guaranties of Mark and Amy E. Judd and by assignments of life insurance policies. It is anticipated that the loan will be repaid with the proceeds of a permanent loan to be provided by ESD. A discussion regarding the proposed loan followed Mr. Taylor’s presentation and Committee members asked questions regarding various aspects of the loan and the project, including the status of the commercial lease and parking for the property, the terms of the construction contract, the proposed management of the project, the terms of the senior lender loan and whether an additional guaranty from BIDCO Marine Group, Inc. should be required. In response to questions from the Committee, Mr. Taylor agreed to follow up with the borrower on various points raised. After discussion, it was agreed to allow the loan servicer to extend the loan term for up to an additional 6 months in the event completion was delayed.

Based on the Committee’s discussions, various amendments to the proposed resolution were agreed to. Ms. Gallagher-Cohen made a motion to approve the following resolution, which motion was seconded by Mr. Rykowski and unanimously carried:

RESOLUTION OF THE LOAN COMMITTEE OF BUFFALO URBAN DEVELOPMENT CORPORATION (“BUDC”) RECOMMENDING APPROVAL BY THE BOARD OF DIRECTORS OF 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 an NYBDC representative has presented the proposed loan to the Loan Committee.

NOW, THEREFORE, THE LOAN COMMITTEE OF THE 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 recommended for approval 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 Committee recommends that the Loan 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 Committee recommends that the Loan 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 further that, 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.

Section 4. The Loan Committee recommends that the Loan be guaranteed by the personal guaranties of Amy E. Judd and Mark Judd and recommends that the Loan 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. The Loan Committee recommends that best efforts be made to obtain a corporate guaranty of BIDCO Marine Group Inc.

Section 5. The Committee further recommends that 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 copy of the bakery lease for the commercial space in the Project and verification of the lease terms.
- 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.

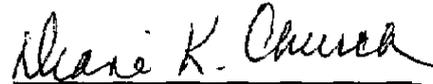
Section 6. The Committee recommends that the Loan be otherwise made on the terms outlined in the Loan Report and be subject to the requirements of the Grant Agreement and the Program Guidelines and that the Loan documents include minority workforce and MBE goals of 25% and female workforce and WBE goals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

Section 7. This Resolution shall take effect immediately. A copy of this resolution shall be provided to the BUDC Board of Directors as part of its consideration of the proposed Loan.

5.2 The Sinclair, 465 Washington Street – Mr. Taylor reviewed, for discussion purposes only, the loan report for a proposed \$750,000.00 loan to 465 Washington Street, LLC. After discussion by the Committee, Mr. Rykowski made a motion to table the matter. Mr. Burden seconded the motion, and upon affirmative vote of the Committee (with Ms. Barth abstaining), the motion carried 4-0-1.

- 6.0 Pending Loan Applications** – Ms. Merriweather reviewed the loans for which applications were pending.
- 7.0 Future Loan Prospects** – Ms. Merriweather advised that a Request for Proposal had been issued with a return date of December 30, 2016 and that another RFP would be issued in January. She asked that the Committee members let her know if they become aware of any eligible projects that would be a good fit for the loan program. It was agreed that the Committee should meet on an as-needed basis as loans come up for consideration.
- 8.0 2017 Budget** – Ms. Profic reviewed BUDC's 2017 budget, which has been approved by the Board and submitted to the State. She reviewed a summary of the existing loans made through the BBRP loan fund.
- 9.0 Adjournment** – There being no further business to come before the Loan Committee, upon motion made by Ms. Gallagher-Cohen, seconded by Mr. Rykowski and unanimously carried, the December 16, 2016 meeting of the Loan Committee was adjourned at 1:40 p.m.

Respectfully submitted,



Diane K. Church, Esq.
Secretary of the Meeting