

Buffalo Urban Development Corporation

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Buffalo Urban Development Corporation Real Estate Committee Meeting Tuesday, March 20, 2018 at Noon 95 Perry Street, 4th Floor Vista Room

Agenda

- 1) Approval of Minutes – Meeting of 1/23/2018 (*Action*) (*Enclosure*)
- 2) Northland Beltline Project
 - a) 2017 BBRF Reimbursement Request (*Recommendation*)(*Handout*)
 - b) Northland Road & ROW Construction Cost Update (*Recommendation*)(*Handout*)
 - c) Northland Beltline Start-up NY Designations (*Recommendation*)(*Handout*)
 - d) 683 Northland – \$6M ESD WTC Equipment Grant (*Recommendation*)(*Enclosure*)
 - e) ~~683 Northland – WTC Equipment RFP Process (*Information*)~~
 - f) 683 Northland - \$25M ESD Buffalo Billion 2 Capital Grant (*Recommendation*)(*Encl.*)
 - g) 683 Northland – Food Service Vendor Procurement Update (*Recommendation*)(*Handout*)
 - h) 683 Northland – Audio-Visual Equipment & Systems Bid (*Recommendation*)(*Handout*)
 - i) 683 Northland – Common Area Pattern Wall w/ SACRA (*Recommendation*)(*Handout*)
 - j) 683 Northland – Construction Update (*Information*)(*Handout*)
 - k) 683 Northland – EDG/WTC Lease Amendment Update (*Information*)
 - l) 683 Northland – Plesh Negotiations Update (*Information*)(*Handout*)
 - m) 683 Northland – Facility Staffing (Mancuso Group) (*Discussion*)(*Handout*)
 - n) 683 Northland – City Preservation Board Landmarking (*Discussion*)(*Enclosure*)
 - o) 612 Northland – Entrepreneur Center Naming (*Information*)(*Handout*)
 - p) 541 East Delavan – Schematic Design Update (*Information*)(*Handout*)
 - q) Northland Beltline Funding Updates (ESD, NYPA, CDBG, Restore NY) (*Information*)
 - r) NorDel II (BUDC)/City of Buffalo Land Swap Update (*Information*)
- 3) Buffalo Lakeside Commerce Park
 - a) Prospects Update (*Information*)
 - b) Brochure Update (*Information*)
- 4) C.O.B. Brownfield Opportunities Update (*Information*)
- 5) Adjournment (*Action*)

**Minutes of the Meeting
of the
Real Estate Committee
of
Buffalo Urban Development Corporation**

**95 Perry Street
Buffalo, New York
January 23, 2018
12:00 p.m.**

Committee Members Present:

Thomas A. Kucharski
Brendan R. Mehaffy
Kimberley A. Minkel
Dennis M. Penman
Maria R. Whyte

Committee Members Absent:

Janique S. Curry
Craig A. Slater (Chair)

Officers Present:Peter M. Cammarata, President

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

Guests Present: Atiqa Abidi, ECIDA Senior Accountant; Dawn Boudreau, ECIDA Compliance Officer; Stephen Frank, LiRo Engineers; Terry LoConte, Gilbane Building Company; Thomas Mancuso, Mancuso Business Development, Inc.; Brett Stiehler, Gilbane Building Company; and Steven Weathers, ECIDA President & CEO.

Roll Call – The Secretary called the roll at 12:10 p.m. and a quorum was determined to be present. Ms. Whyte joined the meeting during the presentation of item 2(e).

- 1.0 Presentation of Meeting Minutes** – The minutes of the December 12, 2017 meeting of the Real Estate Committee were presented. Mr. Kucharski made a motion to approve the meeting minutes. The motion was seconded by Mr. Penman and unanimously carried.

2.0 Northland Beltline Project

- (a) **683 Northland – GMP Owner Contingency and Allowance Update** – Mr. Stebbins reviewed with the Committee a one-page summary of owner allowances and owner contingencies for the 683 Northland construction project. Mr. Stebbins noted that the amount committed for the skylights and clerestories work is expected to exceed the original GMP budget allowance by \$800,000 due to SHPO design requirements. Mr. Stebbins then explained that the amounts committed for other elements of the work are lower than original GMP budget allowances, which, along with adjustments to certain budgeted owner contingencies, will offset the increased expense for the skylights and clerestories work. The updated owner contingency line item shows a balance of \$312,700.
- (b) **683 Northland – Financing Update** – Mr. Stebbins reported that BUDC closed on the historic

tax credits, New Markets tax credits and KeyBank bridge loan financing transactions in late December. Mr. Stebbins indicated that closing the transactions required a total team effort, and he thanked BUDC executive staff, Cannon, Heyman & Weiss, Hurwitz & Fine, Freed Maxick and the entire the tax credits consulting team for their efforts in accomplishing the closing prior to the end of the calendar year. Mr. Stebbins then reviewed with the Committee an updated sources and uses summary for the 683 Northland construction project, which reflects the new sources resulting from the tax credits and bridge loan financing transactions.

- (c) **683 Northland – Buffalo Brownfields Redevelopment Fund Update** – Ms. Profic reviewed the Buffalo Brownfields Redevelopment Fund (BBRF) summary of activity for the period from November 30, 2017 through January 12, 2018. Ms. Profic explained that on December 27th, BUDC utilized \$1,450,000 from the BBRF account on a temporary basis for the purpose of initially funding closing costs for the tax credits and KeyBank financing transactions. These funds were expected to be returned to the BBRF account the same day as part of the overall flow of funds model. However, due to a wire room delay, the funds were not returned to the BBRF account until January 2, 2018. As a result, the BBRF year-end financial statements will reflect a balance of \$797,594 instead of \$2,375,065.
- (d) **683 Northland – Food Service Expressions of Interest Update** – Mr. Stebbins updated the Committee regarding the solicitation for expressions of interest for a food service vendor at 683 Northland. Five vendors submitted proposals, which are now under review.
- (e) **683 Northland – Construction Update** – Mr. Stebbins circulated the Gilbane monthly project report and reviewed the construction milestones portion of the report. Due to the delay in obtaining National Parks Service approvals, portions of the work identified in red in the report are behind schedule. Mr. Stiehler then presented an update regarding the construction work.

At the conclusion of Mr. Stiehler's presentation, Mr. Stebbins introduced a proposed late file item relating to pre-construction services for Phase II of the 683 Northland project. Gilbane is proposing to provide pre-construction services for Phase II of the project at a cost of \$142,640. This work would be processed as an amendment to the construction management agreement between Gilbane and 683 Northland LLC. The Committee discussed the proposal. Ms. Minkel asked about the funding of Phase II of the project. Mr. Cammarata responded that ESD issued a grant incentive letter in the amount of 21.5 million dollars, and that formal grant authorization will be sought from the ESD Board in February. Mr. Cammarata further indicated that BUDC could pay for the pre-construction work from the first ESD grant or from the BBRF. At the conclusion of the discussion, Mr. Penman made a motion to recommend that the Board of Directors approve an amendment to the construction management agreement between Gilbane Building Company and 683 Northland LLC for Gilbane to provide pre-construction services for Phase II of the 683 Northland project at a cost of \$142,640. The motion was seconded by Ms. Minkel and unanimously carried.

- (f) **683 Northland – Brownfield Cleanup Program Update** – Mr. Cammarata referred the Committee to the January 9, 2018 letter from the United States EPA and the January 10, 2018 letter from NYSDEC, copies of which were included in the Board agenda packet. The EPA approved an application submitted by LiRo Engineers relating to a plan for the cleanup and disposal of PCBs at 683 Northland. NYSDEC has approved a modification to the interim remedial measure work plan that will allow for the deferral of tank removal work until after the final remedy is selected. A BCP tax credits status and timeframe document was then circulated and reviewed with the Committee. A certificate of completion for the BCP is anticipated to be issued by December 31, 2018, with the tax credits refund to follow by May 2020. Mr. Cammarata then introduced Stephen Frank of LiRo Engineers, who updated the Committee regarding environmental remediation activities at 683 Northland.

- (g) **683 Northland – F.F. & E. Bid** – Mr. Stebbins referred the Committee to the public advertisement for bids issued by 683 Northland LLC for furniture and furnishings for the workforce training center. 683 Northland LLC will purchase the furniture and furnishings under the New York State contract and will utilize ESD grant funds for payment. A pre-bid meeting was held on January 16th; bids are due on January 26th.
- (h) **683 Northland – Economic Development Group Lease Execution and Amendment** – Mr. Cammarata reported that the Workforce Training Center sublease with The Economic Development Group, Inc. (EDG) was executed in late December as a requirement to the closing of the tax credits transaction. Mr. Zanner then reported on a technical amendment to the sublease relating to NYPA lab space requirements.
- (i) **612 Northland – Phase I Renovation Project Update** – Mr. Cammarata updated the Committee regarding the 612 Northland project. A number of contracts have been executed for this work, which are detailed in the BBRP summary of activity report reviewed with the Committee as part of item 2(c) of the meeting agenda. Mr. Cammarata noted that M/WBE participation on the 612 Northland project is very high. With the exception of one company, all companies working on this project are either MBE or WBE companies.
- (j) **541 East Delavan – Schematic Design Update** – Mr. Stebbins reviewed the schematic design layout for 541 East Delavan prepared by Watts Architecture & Engineering. He indicated that ~~Watts asked BUDC to consider completing an entire bay of the building first, rather than~~ repairing/replacing the entire roofing system. The Committee discussed the matter. Concerns were expressed about delaying the roofing work. Mr. Stebbins noted that completing a single bay would facilitate leasing opportunities, which could provide additional revenue to help fund additional work. The Committee requested that a Watts representative attend the next Committee meeting to further discuss the project.
- (k) **Mustard Seed (Sandy White) Public Outreach Contract** – Mr. Cammarata updated the Committee regarding community outreach services provided by Sandy White (d/b/a Mustard Seed World Consulting) for the Northland Beltline project. The funding allocated under the current agreement with the consultant has been fully expended as of this month. Mr. Cammarata commented on the importance of the consultant's work over the past two years and indicated that a new contract with the consultant is expected at a fee of \$24,000 per year in order to continue the work.
- (l) **Northland Beltline Funding Updates (ESD, NYPA, CDBG, Restore NY)** – Mr. Cammarata presented an update regarding the status of CDBG and NYPA grant funding for the project. He noted that a condition to receiving the final three million dollars of the NYPA grant was the execution of the sublease for the workforce training center, which was completed last month. Mr. Stebbins then provided an update regarding the Restore NY IV grant.
- (m) **NorDel II (BUDC)/City of Buffalo Potential Land Swap Update** – Mr. Cammarata reported that BUDC continues to work with the City of Buffalo on a transaction that will result in the exchange of properties in the Northland Corridor.
- (n) **COB DPW Road & ROW Project Update** – Mr. Stebbins updated the Committee regarding the Northland Avenue road and infrastructure project. Work on the project has been suspended for the winter. Mr. Stebbins then introduced a late file item for consideration by the Committee. He explained that the cost of this project is paid with ESD grant funds, but that the timing for reimbursements can result in a two-three month lag in payments to contractors. To help bridge this cash flow issue, BUDC executive staff is suggesting the utilization of up to one million dollars

from the Buffalo Brownfields Redevelopment Fund (BBRF) to advance payments for the project. The Committee discussed the proposal. At the conclusion of the discussion, Ms. Whyte made a motion to recommend that the Board of Directors authorize the utilization of up to one million dollars in BBRF funds for the project for a period of up to 90 days, with further Board authorization required for any extension of the 90 day time period. The motion was seconded by Mr. Kucharski and unanimously carried.

3.0 Buffalo Lakeside Commerce Park

(a) **Prospects Update** – Mr. Cammarata provided an update to the Committee regarding two potential prospects interested in locating at Buffalo Lakeside Commerce Park.

4.0 ULI Panel Report – Central Terminal – Mr. Stebbins referred the Committee to the ULI Advisory Services Panel report for the Central Terminal, the key recommendations of which were included in the meeting agenda packet. A complete copy of the report is available to Committee members upon request.

5.0 2018 BUDC Insurance Coverage – Mr. Cammarata circulated and reviewed with the Committee a summary of 2018 insurance coverage for BUDC, NorDel I, LLC, NorDel II, LLC, 683 Northland LLC and 683 WTC, LLC.

~~**6.0 Other C.O.B. Brownfield Opportunities Update** – Mr. Cammarata updated the Committee regarding a potential brownfield acquisition opportunity.~~

7.0 Adjournment – Upon motion made by Ms. Whyte, seconded by Ms. Minkel and unanimously carried, the January 23, 2018 meeting of the Real Estate Committee was adjourned at 1:30 p.m.

Respectfully submitted,



Kevin J. Zanner, Secretary



November 22, 2017

Mr. David Stebbins
 Buffalo Urban Development Corp. ("BUDC")
 95 Perry Street
 Buffalo, NY 14203

**RE: Buffalo Billion Program
 BUDC Funding to Support Outfitting the WNY Workforce Training Center
 Northland Corridor Redevelopment Area, Buffalo, NY**

Mr. Stebbins:

On behalf of New York State and Empire State Development ("ESD"), please let me express my continued enthusiasm regarding our ongoing efforts at the Northland Corridor Redevelopment Project and the WNY Workforce Training Center, which are being financed through monies under Governor Cuomo's Buffalo Billion Investment Development Program.

As you are aware, under Phase I of the Buffalo Billion Program, we have programmed additional funds for BUDC to be used to support the establishment of the Workforce Training Center by outfitting it through the acquisition/installation of appropriate advanced manufacturing, welding, and electrical training equipment at the Center to be used by its students as part of their educational programs.

Please allow this correspondence to serve as ESD's commitment to provide a state incentive valued up to \$6 million to BUDC to undertake this effort. We confirm that this funding has been already included in the prior State budget allocations for the Buffalo Billion; however, please note that prior to entering any agreement for the disbursement of these funds to BUDC, various approvals are required including review/approval by the ESD Board of Directors.

Should you have any questions or wish to discuss the offer further, please do not hesitate to call Paul Tronolone, your ESD project manager, at (716) 846-8228.

Very truly yours,
EMPIRE STATE DEVELOPMENT

Christopher Schoepflin
 Western New York Director

Empire State Development
 95 Perry Street, Suite 500, Buffalo, NY 14203
 (716) 846-8200 | www.esd.ny.gov



October 2, 2017

Mr. David Stebbins
 Buffalo Urban Development Corp. ("BUDC")
 95 Perry Street
 Buffalo, NY 14203

**RE: Buffalo Billion Investment Development Program
 BUDC Funding to Support Move of Buffalo Manufacturing Works to the
 Northland Corridor Redevelopment Area**

Mr. Stebbins:

On behalf of New York State and Empire State Development ("ESD"), please let me express my continued enthusiasm for working with you and BUDC to promote the revitalization of Buffalo's East Side through the Northland Corridor Redevelopment Project and the WNY Workforce Training Center, which is being financed through monies under Phase I of Governor Cuomo's Buffalo Billion Investment Development Program.

As you are aware, Phase II of the Buffalo Billion program involves funds to be used, in part, to support a move of the Buffalo Manufacturing Works ("BMW") facility from its location on the Buffalo Niagara Medical Campus to a new, larger home at 683 Northland Avenue, together with the Workforce Training Center and other future users of that redeveloped manufacturing complex.

Please allow this correspondence to serve as ESD's commitment to provide a state incentive valued up to \$21.5 million to BUDC to allow you to proceed with design/construction efforts to facilitate BMW's move to 683 Northland Avenue. This funding is anticipated to come from multiple sources; some has been included in the State's 2017/18 budget, while a portion would be derived from remaining BMW funds under Buffalo Billion Phase I and other sources.

However, please note that prior to entering into any agreement for the disbursement of funds; various approvals are required including review/approval by the ESD Board of Directors, in accordance with the terms and conditions contained in an upcoming incentive proposal that will be issued to BUDC.

Should you have any questions or wish to discuss the offer further, please do not hesitate to call Paul Tronolone, your ESD project manager, at (716) 846-8254.

Very truly yours,
EMPIRE STATE DEVELOPMENT

A handwritten signature in black ink, appearing to read "Schoepflin".

Christopher Schoepflin
 Western New York Director

Empire State Development
 95 Perry Street, Suite 500, Buffalo, NY 14203
 (716) 846-8200 | www.esd.ny.gov

City of Buffalo, NY
Monday, January 22, 2018

Chapter C. The Charter

Article 28. Taxes and Assessments

§ 28-28. Historic Property Exemption.

- (a) Historic property shall be exempt from taxation to the extent of any increase in value attributable to such alteration or rehabilitation pursuant to the following schedule:

Year of Exemption	Percent of Exemption
1	100
2	100
3	100
4	100
5	100
6	80
7	60
8	40
9	20
10	0

- (b) No such exemption shall be granted for such alterations or rehabilitation unless:
- (i) Such property has been designated as a landmark, or is a property that contributes to the character of an historic district, created by a local law passed pursuant to section 96-a or 119-dd of the general municipal law;
 - (ii) Alteration or rehabilitation must be for the purpose of historic preservation. For purposes of qualifying for a real property tax exemption pursuant to this ordinance, alterations and rehabilitation shall be deemed to be for the purpose of historic preservation if:
 - (a) Only exterior work is involved; or
 - (b) Interior work involves the portion of the building that has been designated as a public interior under the local preservation law; or
 - (c) At least five percent (5%) of the total cost of the project is directly attributable to exterior work and/or work that enhances the structural stability or structural integrity of the property; provided, however, that such portion of interior work done for the purpose of converting property from a one or two family dwelling to a multiple dwelling as defined in the code of the city of Buffalo, and any increase in value resulting from such conversion, shall not qualify for the exemption; or
 - (d) The project returns to use a building which has not been used for a permissible purpose under the zoning code for a continuous period of at least two (2) years;
 - (iii) Such alterations or rehabilitation of historic property meet guidelines and review standards in chapter 337 of the code of the city of Buffalo;

(iv) Such alterations or rehabilitation of historic property are approved by the Buffalo preservation board prior to commencement of work;

(v) Alterations or rehabilitation are commenced subsequent to the effective date of this section.

(c) Such exemption shall be granted only by application of the owner or owners of such historic real property on a form prescribed by the state board of real property services. The application shall be filed with the commissioner of assessment and taxation on or before the appropriate taxable status date of the city.

(d) Such exemption shall be granted where the commissioner of assessment and taxation is satisfied that the applicant is entitled to an exemption pursuant to this section. The commissioner of assessment and taxation shall approve such application and such property shall thereafter be exempt from taxation and special ad valorem levies as herein provided commencing with the assessment roll prepared on the basis of the taxable status date referred to in subdivision (c) of this section. The assessed value of any exemption granted pursuant to this section shall be entered by the commissioner of assessment and taxation on the assessment roll with the taxable property, with the amount of the exemption shown in a separate column.

(e) Such exemption shall be applicable only to those alterations or rehabilitation which would otherwise result in an increase in the assessed valuation of the real property but which consist of a historic preservation to an existing building structure.

(f) This section shall take effect immediately and shall apply to assessment rolls completed on or after such effective date.