

**Minutes of the Real Estate Committee Meeting
Buffalo Urban Development Corporation
95 Perry Street
Buffalo, New York 14203
November 21, 2017
12:00 p.m.**

Call to Order

Committee Members Present:

Thomas A. Kucharski
Kimberley A. Minkel
Dennis M. Penman
Craig A. Slater (Chair)
Maria R. Whyte

Committee Members Absent:

Janique S. Curry
Brendan R. Mehaffy

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; John LaRow, Gilbane Building Company; Terry LoConte, Gilbane Building Company; Robert Sanders, Watts Architecture & Engineering; Brett Stiehler, Gilbane Building Company; and Edward Watts, Watts Architecture & Engineering.

Roll Call – The Secretary called the roll at 12:05 p.m. A quorum of the Committee was not present. Information items 2(d) through (f) were presented in the absence of a quorum. Ms. Whyte joined the meeting during the presentation of item 2(f) at which time a quorum of the Committee was present. Mr. Kucharski joined the meeting during the presentation of item 2(a).

1.0 Presentation of Meeting Minutes – The minutes of the October 24, 2017 meeting of the Real Estate Committee were presented. Mr. Penman made a motion to approve the meeting minutes. The motion was seconded by Ms. Minkel and unanimously carried.

2.0 Northland Beltline Project

(a) **541 E. Delavan – Watts Proposal for Schematic Design** – Mr. Stebbins presented proposed Service Order No. 20 from Watts Architecture & Engineering for the preparation of schematic design documents for the 41,000 square foot industrial building located at 541 East Delavan Avenue (also known as the Eastern Plant Building). Mr. Stebbins noted that 541 E. Delavan is one of the buildings that is included in the Restore NY Round IV grants for the Northland Beltline project. The schematic design work will provide a design scheme for the complete renovation of the building, the cost of which is estimated to be seven million dollars. Mr. Stebbins then introduced Rob Sanders from Watts, who provided additional detail regarding the schematic design work and answered Committee member questions. Mr. Sanders indicated that the work will take approximately eight weeks to complete. Mr. Stebbins noted that BUDC is required to provide a 10% match for Restore NY grant and proposed the use of the Buffalo Brownfield Redevelopment Fund (BBRF) as the source for the matching funds. At the

conclusion of the discussion, Mr. Penman made a motion to recommend that the Board of Directors approve Service Order No. 20 from Watts Architecture & Engineering for schematic design services for 541 East Avenue at a lump sum cost of \$109,030; to utilize the BBRF for the 10% match and to authorize the President or Executive Vice President to execute the Service Order on behalf of BUDC. The motion was seconded by Mr. Kucharski and unanimously carried.

- (b) **612 Northland – Architectural Proposals** – Mr. Stebbins reviewed with the Committee a proposed contract award relating to the construction of restrooms, conference room, entry doors and other architectural work for 612 Northland. The work also includes the replacement with concrete of a 5,100 square foot section of interior floor which was found to be composed of asphalt. Kathy Kinan, BUDC’s architect for this project, solicited proposals for the work. Three proposals were received, as follows: (i) Santina Enterprises LLC (\$173,596); (ii) Lamparelli Construction Co., Inc. (\$173,425); and (iii) Niagara Construction Co., Inc. (\$163,515). Niagara Construction Co. Inc. submitted the lowest cost proposal for this work. After meeting with the contractor regarding its proposal, Ms. Kinan is recommending award of the contract to Niagara Construction Co., Inc. Mr. Stebbins stated that this work is eligible for reimbursement through the Restore NY grant for the Northland Corridor. BUDC is required to provide a 10% match for the grant, and executive staff is proposing to utilize BBRF funds for the match. After a brief discussion, Ms. Whyte made a motion to recommend that the Board of Directors approve the retention of Niagara Construction Co., Inc. to perform the architectural improvement work at 612 Northland Avenue for the lump sum amount of \$163,515; to utilize the BBRF for the 10% match and to authorize the President or Executive Vice President to execute appropriate agreements with the contractor to perform the work. The motion was seconded by Ms. Minkel and unanimously carried.
- (c) **612 Northland – Masonry Proposals** – Mr. Stebbins reviewed with the Committee a proposed contract award for masonry work at 612 Northland. Kathy Kinan solicited proposals for the work. Three proposals were received, with Pepe Construction Services LLC, a WBE company, submitting the lowest cost proposal for the work in the amount of \$44,000. After meeting with the contractor regarding its proposal, Ms. Kinan is recommending award of the contract to Pepe Construction Services LLC. Mr. Stebbins indicated that this work is eligible for reimbursement through the Restore NY grant for the Northland Corridor, and that BUDC executive staff is proposing to utilize BBRF funding for the 10% match required under the Restore NY grant. Ms. Whyte made a motion to recommend that the Board of Directors approve the retention of Pepe Construction Services LLC to perform masonry work at 612 Northland Avenue for the lump sum amount of \$44,000; to utilize the BBRF for the 10% match and to authorize the President or Executive Vice President to execute appropriate agreements with the contractor to perform the work. The motion was seconded by Mr. Penman and unanimously carried.
- (d) **612 Northland – Window Contracts** – Mr. Cammarata reported that SHPO is requiring changes to the windows work for 612 Northland which will result in scope and price modifications. BUDC previously awarded the windows work to two contractors through a competitive solicitation process and will move forward with modifications to the contract to reflect the SHPO requirements. Mr. Stebbins noted that the memorandum of agreement (MOA) relating to the utilization of CDBG funds for the demolition of the main plant building at 537 East Delavan included a commitment that SPHO be consulted with respect to 612 Northland renovations.
- (e) **612 Northland – Phase I Renovation Project Update** – Mr. Cammarata updated the Committee regarding the Phase I renovation work at 612 Northland. The debris removal work is nearly complete. The roof tear-off and installation of new roof decking will take place within the next seven to ten days.

- (f) **683 Northland – Gilbane GMP Submission Update** – Mr. Stebbins reported that BUDC and Gilbane have executed the GMP amendment to the construction management agreement between the parties.
- (g) **683 Northland – Phase II & BMW Update** – Mr. Stebbins presented an update regarding Phase II of the 683 Northland project and Buffalo Manufacturing Works (BMW). He reported that BUDC received an incentive letter from Empire State Development in the amount of 21.5 million dollars for the Phase II/BMW portion of the project. He indicated that the hard cost estimate for Phase II is 28 million dollars, with a total all-in cost of approximately 40 million dollars. Phase II of the project is now being combined with Phase I for purposes of the tax credits transaction. He noted that the tax credits investors are also seeking a commitment prior to closing that the project labor agreement will be amended to include the Phase II construction work. BUDC has reached out to Anna Falicov to move that process forward with the trade unions. Mr. Stebbins also reported that Gilbane is suggesting that BUDC incorporate aspects of integrated project delivery method of contracting (IPD) into the Phase II construction, and he asked Mr. LaRow to make a brief presentation to the Committee regarding IPD. Mr. LaRow explained that Gilbane is recommending a hybrid form of IPD for the Phase II project. BUDC's separate contracts with Watts and Gilbane would not need to be changed. The IPD allows for the fast-tracking the project design by bringing the trade contractors into the process earlier to provide "design-assist" services. There was discussion regarding the impact of IPD on liability for project design, and Mr. Watts indicated that his firm and insurance carrier are examining this issue. Mr. Cammarata noted that the principal reason for using IPD is to complete the project more quickly, and that there will not be appreciable cost savings. Mr. Penman suggested that the IPD method of contracting be reviewed with Empire State Development to confirm that ESD is comfortable with the concept.
- (h) **683 Northland – Tax Credit Transaction Update** – Mr. Stebbins reported that the tax credits transaction is expected to close sometime during the month of December. BUDC and its tax credits consulting team is evaluating whether to accept an additional allocation of New Markets tax credits from Empire State New Market Corporation (ESNMC), which is a subsidiary company of Empire State Development.
- (i) **683 Northland – KeyBank Construction Loan Update** – Mr. Stebbins reported that it is likely that BUDC will need to borrow additional funds from KeyBank, perhaps as much as ten million dollars. Mr. Stebbins stated that the additional funding is needed to complete Phase II of the 683 Northland project, and that KeyBank is receptive to providing additional financing on the same terms as its initial twenty million dollar commitment.
- (j) **683 Northland – WTC Lease Update** – Mr. Stebbins reported that a proposed lease with the WTC operator, Economic Development Group, Inc., has been submitted to Empire State Development for review.
- (k) **683 Northland – BETC Lease** – Mr. Stebbins reported that Buffalo Employment Training Center (BETC) has not responded to recent inquiries regarding whether it remains interested in leasing space at 683 Northland. Mr. Stebbins noted that Watts Architecture & Engineering prepared a tenant space plan, which was presented to BETC. Ms. Whyte indicated that she would follow up with her BETC contact.
- (l) **683 Northland – Construction Update** – Mr. Stiehler updated the Committee regarding construction activities at 683 Northland, including the status of interior demolition and abatement, plumbing and roof decking work.
- (m) **741 Northland – Prospective Tenant** – Mr. Cammarata reported on discussions with a

potential tenant for 741 Northland. He noted that the building at 741 Northland is in poor condition, and that BUDC presently does not have a funding source to rehabilitate the building. Mr. Mancuso has been working with a potential tenant to lease the property, which would involve the tenant taking on the entire cost of making improvements to the building. Mr. Zanner then reviewed with the Committee the proposed terms of the transaction, which Mr. Mancuso has communicated to the prospective tenant. The transaction would be structured as a triple net lease, with a tenant option to purchase at the end of the lease term.

- (n) **Restore NY Grants** – Mr. Stebbins indicated that BUDC is waiting for the City to issue a sub-grant agreement to BUDC with respect to the Restore NY IV grant funds for the Northland Corridor project.
- (o) **NorDel II (BUDC)/City of Buffalo Potential Land Swap Update** – Mr. Cammarata updated the Committee regarding the potential exchange of properties between BUDC and the City of Buffalo. Mr. Cammarata indicated that some of the properties that are proposed to be transferred to the City need to be divided so that the parking lots that will service 683 Northland will remain in BUDC ownership.
- (p) **COB DPW Road & ROW Project Update** – Mr. Stebbins presented a brief update regarding the Northland Avenue road and right-of-way project. Utility work continues near the west end of the project near Fillmore Avenue. Work will be suspended in two weeks for the winter.

3.0 Buffalo Lakeside Commerce Park

- (a) **Electrical Fixture Maintenance** – Mr. Cammarata reported on electrical maintenance work at Buffalo Lakeside Commerce Park. The total cost of this work is approximately \$3500 and is within the BLCP maintenance budget.
- (b) **International Trade Gateway Organization Grant Application** – Mr. Cammarata confirmed that the BLCP parcel located between CertainTeed and Sonwil has been included in the application of the International Trade Gateway Organization as the proposed location for the construction of a twenty million dollar logistics hub.

4.0 Other C.O.B. Brownfield Opportunities – There was no report or discussion regarding this item.

5.0 Adjournment – Upon motion made by Mr. Penman, seconded by Ms. Minkel and unanimously carried, the November 21, 2017 meeting of the BUDC Real Estate Committee was adjourned at 1:25 p.m.

Respectfully submitted,



Kevin J. Zanner, Secretary