

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

**95 Perry Street  
Buffalo, New York 14203  
February 28, 2017  
12:00 p.m.**

**1.0 Call to Order**

Directors Present:

Thomas Beauford, Jr.  
Hon. Byron W. Brown (Chair)  
James W. Comerford  
Janique S. Curry  
Thomas A. Kucharski  
Brendan R. Mehaffy  
David J. Nasca  
Dennis M. Penman (Vice Chair)  
Christopher J. Schoepflin  
Steven J. Stepniak  
Maria R. Whyte

Directors Absent:

Dennis W. Elsenbeck  
Dottie Gallagher-Cohen  
Thomas R. Hersey, Jr.  
Kimberley A. Minkel  
Benjamin N. Oblatz  
Darius G. Pridgen  
Craig A. Slater

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; Jonathan Epstein, *The Buffalo News*; James Fink, *Buffalo Business First*; Amy Judd, Alexandre Apartments, LLC; Sahar Mirzaei, BUDC intern; and Michael Taylor, New York Business Development Corporation.

**Roll Call** – The Secretary called the roll of directors at 12:23 p.m. and a quorum was determined to be present. Ms. Curry joined the meeting during the presentation of item 4.1.

**2.0 Presentation of the Minutes** – The minutes of the January 31, 2017 meeting of the Board of Directors were presented. Mr. Comerford made a motion to approve the meeting minutes. The motion was seconded by Mr. Penman and unanimously carried.

**3.0 Monthly Financial Report** – Ms. Profic presented the monthly financial report for the period ending January 31, 2017. The unrestricted cash balance at the end of the period was \$13,287,398 and the net position at the end of the period was \$16,556,213. Year-to-date revenue was \$352,861 and year-to-date expenses were \$434,047, resulting in a year-to-date net loss of (\$81,185).

## 4.0 New Business

### 4.1 Northland Corridor Project Update - Mr. Stebbins presented an update regarding the Northland Corridor project, as summarized below:

#### Community Outreach

- The Gilbane/CASNY community outreach team held their first M/WBE Outreach meeting on January 31<sup>st</sup> at Mt. Olive Church. Approximately 40 individuals attended the meeting.
- A community workforce outreach meeting is scheduled for Thursday, March 9<sup>th</sup> at 11:00 a.m. at the Delavan-Grider Community Center.

#### Project Funding

- The federal Section 106 Historic and Cultural Resources consultation and NEPA requirements for CDBG funding for the project have been completed. The Mayor's office has submitted a Request for Release of Funds to HUD for final approval.
- BUDC and the City have received a formal notice of award for the \$1.9 million Restore NY grant for 537 E. Delavan, 777 Northland and 1681 Fillmore Avenue. It is expected that the grant agreement will be drafted over the next few weeks.

#### 683 Northland Avenue

- Watts, Gilbane and BUDC completed a value engineering process for the project, which brought project costs in line with the budget (+/- \$41 million)
- Design development for the Workforce Training Center is expected to be completed by mid-March.
- Early bid packages for asbestos and hazmat abatement, select demolition, roofing and slabs are being prepared for release in late March or early April.
- Watts and Barbara Campagna are completing the SHPO Part I application for historic tax credits for submission to SHPO. Preparation of Part II is also well under way.
- Brownfield Cleanup Program investigation field work is complete. Analysis of field results and review with NYSDEC will take place over the next month.
- Staff is reviewing bridge loan term sheets submitted by 4 local lending institutions. Board member Thomas Kucharski will participate in the review.
- BUDC and the project design team have initiated discussions with Buffalo Manufacturing Works regarding BMV's proposed relocation to the Northland Corridor.
- The NYSERDA energy modeling work is nearing completion. The project is expected to achieve high energy performance and an as-yet determined level of LEED-certification. The cost and incentives for installing Solar PV on the roof will be explored.

#### Workforce Training Center

- The WTC Operator (Economic Development Group) and academic providers continue to provide input into the design process.

#### 537 Delavan/Vibratech

- Demolition work is ready to start upon HUD's release of funds, which is expected on or before March 15<sup>th</sup>.
- BUDC continues to work with Mancuso Business Development and a community group regarding short-term building improvements for the 612 Northland (Heat Treating Building). These improvements will be expedited as a result of the Restore NY grant award for these buildings

#### Northland Street Improvement Project

- Design work is nearing completion; bidding is expected in April and construction scheduled to begin in June 2017.
- Project design continues to be coordinated with the Watts team, especially for utilities, curb cuts and storm water management/green infrastructure.
- The City's Art Commission prepared a draft Call for Artists for the public art component of the project. The Call document was reviewed with a Northland-specific Public Art Committee that is comprised of neighborhood stakeholders as well as Arts Commission members and a member of the Northland design team. The Call document is expected to be issued in this spring and will be specifically targeted to neighborhood artists. It is currently under review by the City Law Department.

#### Property Management

- Marketing and leasing efforts continue.
- BUDC will be issuing an informal bid request for landscaping services for the complex in March.

#### Neighborhood Planning

- Buffalo Urban Renewal Agency (BURA) has completed the draft neighborhood strategy and reviewed it with the Stakeholder Advisory Committee.
- BURA staff is reviewing the Watts/SWBR Campus Plan for consistency with the neighborhood strategy.

**4.2 683 Northland – Proposal for Assessment of Tenant Space** – Mr. Stebbins presented his February 28, 2017 memorandum to the Board regarding a proposal to engage project consultant Watts Architecture & Engineering to prepare a tenant space assessment for the potential relocation of Buffalo Manufacturing Works (BMW) to 683 Northland. The cost of the work is \$12,800, and BUDC is proposing to pay for the work from the Regionally Significant Project (RSP) fund. The current balance in the RSP fund is \$106,000. Mr. Stebbins indicated that the Real Estate Committee reviewed this item and is recommending Board approval. Mr. Cammarata commented that the work that Watts will perform will be beneficial for the design of 683 Northland even if BMW does not relocate to the building. After a brief discussion, Mr. Nasca made a motion to approve a proposal from Watts Architecture & Engineering to prepare a tenant space assessment for the potential relocation of Buffalo Manufacturing Works to 683 Northland at the lump sum cost of \$12,800 and to utilize the RSP fund to pay for the work. The motion was seconded by Mr. Stepniak and (with Mr. Schoepflin abstaining) carried with ten affirmative votes (10-0-1).

**4.3 BBRP Loan Modification – Alexandre Apartments** – Ms. Merriweather referred the Board to her February 28, 2017 memorandum to the Board regarding a proposed loan modification to the terms of the \$750,000 loan through the BBRP loan program to Alexandre Apartments, LLC. She then introduced Michael Taylor, Vice President of NYBDC to explain the proposed loan modification. Mr. Taylor noted that the appraisal for the property, which was received after the January Board meeting, came in lower than anticipated. The senior lender for the project, Community Preservation Corporation (CPC), has since agreed to include the value of the historic tax credits to be generated from the project as part of the loan-to-value calculation, resulting in a loan-to-value ratio of 90.3%, which varies from BUDC guidelines by .3%. The proposed loan modifications are for the Board to approve the appraisal with the inclusion of the historic tax credits for a loan-to-value ratio of 90.3%, to waive the requirement that the loan be secured by the assignment of a life insurance policy on the life of Amy Judd and to modify the loan term to mature on the earlier of the closing and funding of the ESD loan or three years from the loan

closing. Mr. Mehaffy commented on the in-depth review and discussion of the project at the Loan Committee, and he praised the expertise of the Loan Committee and the NYBDC. There being no further discussion, upon motion made by Mr. Nasca, seconded by Mr. Penman and (with Mr. Schoepflin abstaining) carried with ten affirmative votes (10-0-1), the Board adopted the following resolutions:

**RESOLUTION OF THE BOARD OF DIRECTORS OF BUFFALO URBAN DEVELOPMENT CORPORATION ("BUDC") APPROVING MODIFICATIONS TO CERTAIN TERMS OF A LOAN IN AN AMOUNT NOT TO EXCEED \$750,000 THROUGH THE BUFFALO BUILDING REUSE LOAN PROGRAM TO THE ALEXANDRE APARTMENTS, LLC**

**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") submitted an application to BUDC for a loan from the Loan Program in an amount up to \$750,000 (the "Loan") 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**, by a resolution adopted on December 16, 2016, the Loan Committee recommended that the BUDC Board approve the Loan under certain terms and conditions as set forth in the resolution and in the loan report to the Loan Committee prepared by New York Business Development Corporation ("NYBDC") (acting as underwriter) with respect to the Company's application (the "Loan Report"); and

**WHEREAS**, by a resolution adopted on December 20, 2016, the BUDC Board approved the Loan on the terms and conditions recommended by the Loan Committee; and

**WHEREAS**, subsequent to such approval, NYBDC received an appraisal of the Premises and additional information from Community Preservation Corporation (the "Senior Lender") and the Company and based on the appraisal and the additional information received, NYBDC recommended certain modifications to the terms of the Loan as described in a modification to the Loan Report which has been presented to the Loan Committee; and

WHEREAS, Loan Committee reviewed the modification to the Loan Report and an NYBDC representative presented the proposed modifications to the Loan terms to the Loan Committee and by a resolution adopted on February 24, 2017, the Loan Committee has recommended that the BUDC Board approve the modifications to the Loan terms.

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

**Section 1.** The following modifications to the terms of the Loan are hereby approved:

- (a) Approval of the appraisal, as described in the modification to the Loan Report, resulting, after inclusion of the value of the Historic Tax Credits, in a loan-to-value ratio of 90.3%.
- (b) Modification of the Loan term to mature on the earlier to occur of (i) the closing and funding of the Empire State Development (ESD) loan (which it is anticipated will be used to pay off the Loan) or (ii) three (3) years from the Loan closing.
- (c) Waiver of the requirement that the Loan be secured by the assignment of a life insurance policy on the life of Amy E. Judd.

**Section 2.** The Loan shall be secured by an assignment of a term life insurance policy on the life of Mark Judd in the amount of \$750,000, with delivery of such assignment to occur on the date that the Loan is funded.

**Section 3.** The Loan shall be secured by an assignment of certain capital contributions to be made by the members of the Company (as more particularly described in the modification to the Loan Report), to be subject and subordinate to an assignment to the Senior Lender, and BUDC shall obtain confirmation that ESD has accepted the appraisal of the Premises and the environmental reports relating to the Premises.

**Section 4.** Except as modified herein, the Loan shall be made on the terms and conditions described in the resolution of the Board of Directors dated December 20, 2016. This Resolution shall take effect immediately.

**4.4 Buffalo Building Reuse Project Update** – Ms. Merriweather presented an update regarding Buffalo Building Reuse Project matters. BUDC is seeking proposals for BBRP loan program funding. The deadline for submissions for this quarterly round of funding is March 31<sup>st</sup>. Ms. Merriweather indicated that BUDC is working with Invest Buffalo Niagara on the 2017 version of the Downtown Development Guide. The updated guide is expected to be released this spring. Ms. Merriweather next reported on downtown infrastructure projects, including the Erie/Shelton Square project. She closed her report with an update regarding the Queen City Pop-up retail program, and indicated that she is working with three recent program participants to find permanent downtown locations.

**4.5 Buffalo Lakeside Commerce Park Update** – Mr. Cammarata reported on the Superfund project at Parcel 4. NYSDEC has selected a contractor for the work and the work will begin this spring. Once this work is complete, NYSDEC will begin work on the two adjacent parcels. Mr. Cammarata then reported that the NYSDOH recently signed off on the proposed amended Record of Decision issued by the NYSDEC to modify the soil cover verification requirement for the Ship Canal Commons project. Mr. Cammarata completed his report with a brief update regarding Ship Canal Commons maintenance activities.

**4.6 Information Package** – Mr. Cammarata reviewed the informational, marketing and media materials that were included in the monthly information package provided to the Board. Ms. Curry commented on the ECMC “MWBE Express” bulletin that was included in the materials.

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 Mr. Mehaffy, seconded by Ms. Whyte and unanimously carried, the February 28, 2017 meeting of the Board of Directors was adjourned at 12:50 p.m.

Respectfully submitted,



Kevin J. Zanner, Secretary