

# Buffalo Urban Development Corporation

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## Buffalo Urban Development Corporation Board of Directors Meeting

**Date: Tuesday, January 26, 2016 Time: Noon**

**Place: BUDC/ECIDA Offices, 95 Perry Street, 5<sup>th</sup> Floor Conference Room  
Buffalo, New York 14203**

### **1.0 CALL TO ORDER**

### **2.0 READING OF THE MINUTES** *(Action) (Enclosure)*

### **3.0 MONTHLY FINANCIAL REPORT** *(Information)*

### **4.0 NEW BUSINESS**

4.1 Election of New Board "Citizen" Member *(Action)*

4.2 BBRP Loan Program – Phoenix Brewery Loan *(Action) (Enclosure)*

4.3 BBRP Loan Program – Amended Loan Committee Structure *(Action) (Enclosure)*

4.4 Buffalo Building Reuse Project General Update *(Information)*

4.5 Northland Corridor – 577 Northland Ave. Pre-development Services Consultant  
Contract *(Action) (Enclosure)*

4.6 Northland Corridor Project General Update *(Information)*

4.7 Buffalo Lakeside Commerce Park Project Update *(Information)*

4.8 Information Package *(Information)*

### **5.0 LATE FILES**

### **6.0 TABLED ITEMS**

### **7.0 EXECUTIVE SESSION**

### **8.0 ADJOURNMENT** *(Action)*

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

**95 Perry Street  
Buffalo, New York 14203  
December 15, 2015  
12:00 p.m.**

**1.0 Call to Order**

Directors Present:

Thomas Beauford  
Hon. Byron W. Brown (Chair)  
Janique Curry  
Dennis W. Elsenbeck  
Dottie Gallagher-Cohen  
Thomas A. Kucharski  
Brendan R. Mehaffy  
Kimberley A. Minkel  
Benjamin N. Oblatz  
Dennis M. Penman (Vice Chair)  
Christopher Schoepflin  
Craig A. Slater

Directors Absent:

James W. Comerford  
Thomas Dearing  
Woodrow W. Maggard  
Rev. Darius G. Pridgen  
Steven J. Stepniak  
Maria R. Whyte

Officers Present:

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

Others Present: Dawn Boudreau, ECIDA Compliance Officer; Andrew Federick, Erie County Senior Economic Development Specialist; Daniel Leonard, Buffalo Niagara Partnership; Phil Riggs, ECIDA Facilities Manager; and Steven W. Weathers, ECIDA Chief Executive Officer.

**Roll Call; Order of Business** – The Secretary called roll of directors at 12:15 p.m. and a quorum of the Board was determined to be present. Mr. Schoepflin joined the meeting during the presentation of item 4.1. Ms. Curry joined the meeting during the presentation of item 4.2.

**2.0 Presentation of the Minutes** - The minutes of the November 24, 2015 meeting of the Board of Directors were presented. Ms. Minkel made a motion to approve the meeting minutes. The motion was seconded by Mr. Oblatz and unanimously carried.

**3.0 Monthly Financial Report** - Mr. Schoepfich presented the monthly financial report for the period ending November 30, 2015. The cash balance at the end of the period was \$2,695,665 and the net position of BUDC at the end of the period was \$14,638,731. Year-to-date revenue was \$5,341,569 and year-to-date expenses were \$1,351,198, resulting in year-to-date net income of \$3,990,370. Mr. Penman made a motion to accept the financial report. The motion was seconded by Ms. Gallagher-Cohen and unanimously carried.

#### 4.0 New Business

- 4.1 **BBRP Loan Program – New BBRP Loan Program Agreements** – Ms. Merriweather presented her December 15, 2015 memorandum to the Board regarding the loan program agreements for the Buffalo Building Reuse Project loan program. Ms. Merriweather outlined the framework of the BBRP Loan Program and the Funds Custodian Agreement, the principal terms of which are set forth in the December 15<sup>th</sup> memorandum. She also referred to the February 24, 2015 memorandum to the Board, copies of which were included with the Board meeting agenda materials. She noted that the most significant change from when this matter was first presented to the Board in February is that the participating lenders will receive quarterly interest payments for monies lent into the Fund at an interest rate of LIBOR plus 1% under the terms of a Loan Agreement to be entered into by NYBDC, the participating lenders and BUDC. Ms. Merriweather indicated that the Downtown Committee reviewed this item at its December 8, 2015 meeting and is recommending Board approval. The Board discussed then the item. Ms. Gallagher-Cohen commented on the importance of attracting public sector matching funds for the loan program. She also noted that the efforts of NYBDC President Patrick MacKrell were instrumental in bringing lenders aboard to create the new loan fund program. In response to a question from Mr. Slater, Ms. Merriweather outlined the loan program fee structure.

There being no further discussion, upon motion made by Ms. Gallagher-Cohen, seconded by Mr. Eisenbeck and unanimously carried, it was resolved, that the Board of Directors approve the Funds Custodian and Administration Agreement consistent with the terms presented in the December 15, 2015 memorandum to the Board, and that the President and Executive Vice President are each hereby authorized to execute and deliver the Funds Custodian and Administration Agreement, the Loan Agreement, and such other documents and agreements as may be necessary or appropriate to implement the BBRP Loan Program.

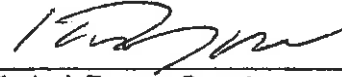
- 4.2 **BBRP Loan Program – Amended and Restated Underwriting Services Agreement** – Ms. Merriweather presented her December 15, 2015 memorandum regarding the Amended and Restated Underwriting Services Agreement between BUDC and NYBDC. With NYBDC's affiliate, Excelsior Growth Fund serving as the funds custodian for the loan fund, the agreement has been amended to reflect that NYBDC will provide loan processing services. The agreement is for a term of three years and may be mutually renewed by BUDC and NYBDC. Ms. Gallagher-Cohen made a motion to approve the Amended and Restated Underwriting Services Agreement and to authorize the President or Executive Vice President to execute and deliver the Amended and Restated Underwriting Services Agreement, to execute such other documents or instruments and take such other actions as may be reasonably necessary or appropriate to implement the action. The motion was seconded by Mr. Beauford and unanimously carried.
- 4.3 **BBRP General Update** – Ms. Merriweather presented a brief update regarding other Buffalo Building Reuse Project matters, including the successful roll-out of the 2016 Downtown Development Guide and the Queen City Pop-up Program, which runs through December 24<sup>th</sup>.
- 4.4 **Northland Corridor – Leasing Policy Adoption** – Mr. Cammarata presented his December 15, 2015 memorandum and the proposed leasing policy for the buildings located in the Northland Corridor. Mr. Cammarata reviewed with the Board the specific details of the policy. The policy requires BUDC to obtain a fair market rent study, which will serve as a benchmark for determining whether a particular lease transaction is made at fair market value. The policy delegates to BUDC executive staff and the Real Estate Committee the authority to negotiate and enter into certain limited lease transactions as long as the rent to be paid to BUDC is at fair market. Under the policy, the Board will review and approve lease transactions for less than fair market rent, and will also review each lease transaction that involves leases with terms greater than 36 months or annual rent in excess of \$25,000. Mr. Cammarata noted that the Real Estate Committee reviewed the leasing policy and is recommending approval. A discussion regarding

the leasing policy followed. In response to a question from Ms. Curry, Mr. Cammarata indicated that leasing proposals from community groups will be encouraged, and he noted that Mancuso Property Management was very successful with including community groups in other similar projects. Mr. Mehaffy suggested that the outreach to community groups needs to be proactive in order to maximize opportunities for involvement. At the conclusion of the discussion, Mr. Slater made a motion to approve the leasing policy in the form presented to the Board. The motion was seconded by Mr. Oblatz and unanimously carried.

- 4.5 Northland Corridor General Project Update** – Mr. Stebbins presented an update regarding other Northland Corridor project matters. The City of Buffalo Planning Board accepted designation as the lead agency for the SEQRA review at the December 14<sup>th</sup> meeting of the Planning Board. The cultural resources study has been submitted to SHPO for review. SHPO has requested additional information concerning the study. Mr. Stebbins also reported on the asbestos and hazardous materials investigation work at 683 Northland. He closed his report with an update on the redevelopment plan, which is nearing completion and will be presented in draft form in January to the BUDC Real Estate Committee, the City of Buffalo Planning Board and the BUDC Board of Directors.
- 4.6 South Buffalo Brownfield Opportunity Area** – Mr. Stebbins reported on the delivery of voluminous documentation to NYSDOS to obtain formal designation as a Brownfield Opportunity Area for the South Buffalo study area. Mr. Stebbins noted that the BOA process began in 2006. An additional 5% brownfield tax credit will be available for any project located in a BOA study area as long as the BOA receives a formal designation from NYSDOS before the tax credit is utilized. BUDC will send a letter to the New York State delegation to emphasize the importance and impact of the BOA program.
- 4.7 Buffalo Lakeside Commerce Park Project Update** – Mr. Stebbins updated the Board regarding the NYSDEC Parcel 4 Superfund project at Buffalo Lakeside Commerce Park. Progress on this project has been limited to date and negatively impacts marketing efforts. NYSDEC's project contractor indicated that the remediation work will be awarded in the spring of 2016, with project completion by the end of 2016. Mr. Stebbins also reported that BUDC's consultant is completing its work on the remedial alternatives analysis for the Brownfield Cleanup Program project at 193 Ship Canal Parkway.
- 4.8 Buffalo Brownfield Restoration Corporation Update - Trico** – Mr. Cammarata updated the Board regarding the Buffalo Brownfield Restoration Corporation (BBRC) sale of the Trico building to The Krog Corp. Mr. Cammarata noted that BBRC recently extended the developer's deadline to complete its due diligence to January 31, 2016. As part of the extension arrangement, the developer will continue to pay all carrying costs for the building, including the liability insurance premium that is due in early January.
- 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. Ms. Gallagher-Cohen commented on the 2016 Council agendas of the Buffalo Niagara Partnership.
- 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 of Directors, upon motion made by Mr. Slater, seconded by Ms. Minkel and unanimously carried, the December 15, 2015 meeting of the Board of Directors was adjourned at 1:10 p.m.

Respectfully submitted,



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Kevin J. Zanner, Secretary

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**Item 4.2**

**MEMORANDUM**

**TO: BUDC Board of Directors**  
**FROM: Brandy Merriweather, Vice President**  
**SUBJECT: Phoenix Brewery Loan (Phoenix Brewery Apartments, LLC)**  
**DATE: January 26, 2016**

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On January 12, 2016, the BUDC Downtown Committee recommended The Phoenix Brewery Apartments project for a \$750,000 loan through the Buffalo Building Reuse Loan Fund. The proposed BUDC loan has been reviewed and underwritten by New York Business Development Council on behalf of the BUDC. A copy of NYBDC's Consideration Memorandum is enclosed.

Among other conditions, the BUDC financing will include both Workforce and M/WBE goals of 25% for the project.

**ACTION**

We are requesting that the BUDC Board of Directors accept the recommendation of the BUDC Downtown Committee and adopt the attached resolution that approves the Phoenix Brewery loan in the amount of \$750,000.

# Consideration Memo

**To:** BUDC Loan Committee

**From:** Michael A Taylor

**Date:** 12-4-2015

**Re:** Phoenix Brewery

Loan Amount	\$750,000
Referral Source	Stan Janicki, Five Star Bank
Term	3 Years Interest Only
Rate	P + 2.0%

BUDC is being asked to consider financing to be used to renovate the building located at 835 Washington Street in Buffalo, NY (also known as The Phoenix Brewery Building). The upper floors have been vacant for some time with the owners looking to convert the top floors into residential loft style apartments with the first floor and basement area to retain the existing hair salon and the remaining space to be converted into parking. The principal purchased the property for \$1,785,000 via cash. The permanent financing is set in place in order to reimburse the cash equity which the owner will then use to invest in additional renovation projects in the future.

Five Star Bank has provided an appraisal completed February 2015 providing for an Upon Completion value of \$6,070,000. The bank has approved and closed on a \$4,500,000 construction loan which will convert to a permanent mortgage upon completion of the renovations. The term and amortization mirror the terms of the bank's loan. This results in a LTV of 86.5% for the BUDC loan.

Details of the project are noted below.

BUFFALO URBAN DEVELOPMENT CORPORATION					
<b>DATE</b>	1/4/16	<b>LENDER</b>	Michael Taylor	<b>ANALYST</b>	Chris Levy
				<b>EXPOSURE:</b>	\$750,000

**RESOLVED** that at the Loan Committee Meeting held \_\_\_\_ that this loan was approved subject to the following:

**BORROWER INFORMATION**

<b>BORROWER:</b>	<b>The Phoenix Brewery Apartments, LLC</b>	<b>ESTAB</b>	<b>3/12/2014</b>	<b>TYPE</b>	<b>LLC</b>
<b>ADDRESS</b>	<b>835 Washington Street</b>	<b>STATE</b>	<b>NY</b>	<b>ZIP</b>	<b>14203</b>
<b>CITY</b>	<b>Buffalo</b>	<b>COUNTY</b>	<b>Erle</b>	<b>TEL</b>	<b>716-220-8468</b>
<b>TYPE OF BUSINESS</b>	<b>Lessors of Nonresidential Buildings (except Miniwarehouses)</b>	<b>SBA NAICS #</b>	<b>531120</b>	<b>RISK RATING</b>	<b>3</b>
<b>NAICS PERF</b>	<b>11.01% / 0.92%</b>	<b>FRANCHISE PERF</b>	<b>N/A</b>	<b>OC ANNUAL REV</b>	<b>N/A</b>

The sources and uses of funds is as follows:

**POLICY EXCEPTION – NONE**

Uses of Funds:

Existing Building	\$1,785,000
Renovations	3,926,300
Construction Contingency	200,000
<b>Total</b>	<b>\$5,911,300</b>

Sources of Funds:

Five Star Bank	\$4,500,000
BUDC	750,000
Equity	661,300
<b>Total</b>	<b>\$5,911,300</b>



<b>EQUITY SOURCE</b>	Personal Cash			<b>MINORITY CODE</b>	(7) Caucasian
<b>JOBS EXISTING</b>	3	<b>JOBS CREATED</b>	0	<b>JOBS RETAINED</b>	0
<b>LOAN INFORMATION</b>					
<b>LOAN AMOUNT</b>	\$750,000		<b>PURPOSE</b>	Renovate Existing Building	
<b>BUDC PORTION</b>	\$750,000		<b>LEAD LENDER</b>	BUDC	
<b>PARTICIPANT PORTION</b>	N/A		<b>PARTICIPANT</b>	N/A	
<b>TERM/AMORT. (YRS)</b>	3 Years Interest Only		<b>GOVT GUAR/TYPE/%</b>	N/A	
<b>REF. BY</b>			<b>REF. FEE</b>	N/A	<b>COUNSEL</b> Diane Church
<b>INITIAL DATE OF CONTACT</b>			<b>DATE OF SITE VISIT</b>		
<b>INTEREST RATE &amp; REPAYMENT TERMS</b>					
<b>FUNDING SOURCE</b>	BUDC		<b>Interest Rate</b>	Prime + 2.00%	
<b>LOAN TYPE</b>	BUDC		<b>Fixed</b>	X	
<b>R/COF/SPR</b>	5.50%		<b>Variable</b>		<b>Interval</b> N/A
<b>PAYMENT TERMS</b>	P&I		<b>P+I</b>		<b>INT. ONLY</b> 3 Years
<b>EST. MONTH. PMT</b>	\$3,437.50		<b>PKG. FEE</b>	0.00	<b>Comm. Fee</b> \$7,500
<b>COLLATERAL</b>					
<b>COMMERCIAL RE</b>	2 <sup>nd</sup> mortgage, inclusive of an assignment of rents and leases, on the commercial property located at 835 Washington Street, Buffalo, NY subject to a 1 <sup>st</sup> mortgage held by Five Star Bank in the amount of \$4,500,000.				
<b>APPRAISAL REQ.</b>	\$6,070,000	<b>LTV</b>	80%	<b>ENVIRONMENTAL</b>	Phase I
<b>BUSINESS ASSETS</b>	N/A				
<b>OTHER</b>	N/A				
<b>GUARANTORS</b>	Nicholas Sinatra Sinatra and Company Real Estate, LLC				
<b>LIFE INSURANCE</b>	Assignment of life insurance on the life of Nicholas Sinatra in the amount of \$750,000.				
Recommended by: _____					

## **I. PROJECT DESCRIPTION:**

- The Phoenix Brewery Apartments, LLC was formed in 2014 to hold title to property located at 835 Washington St in Buffalo, NY. Phoenix is primarily owned by Sinatra and Company Real Estate LLC (52%). Sinatra & Company Real Estate, LLC is equally owned by Sinatra & Company Housing Group, LLC and KLP Enterprises LLC. Sinatra & Company Housing Group, LLC is owned by Nicholas Sinatra (44%), KLP Enterprises LLC (50%), and Mark Campanella (6%). KLP Enterprises LLC is held various trusts within the Pritzker-Vlock family. Mr. Sinatra is the primary owner of The Phoenix Brewery Apartments, LLC and will provide his personal guarantee. The remaining shares are split 24% by Matt Connors via his 100% ownership in MDC Retail and 24% by Daniele Lewis via 100% ownership in Maggie Bear Buffalo. It is noted that while the two minority owners do have more than 20% ownership in the borrowing entity, the first mortgage lender (Five Star) did not require their guaranties. As such, they will not be required for the BUDC loan. The personal guaranty of Mr. Sinatra is required for both the Five Star first mortgage and the BUDC second mortgage.
- In 2009, Nicolas Sinatra founded a real estate investment company focusing on the Western New York market called Sinatra and Co., LLC. The business invests in distressed multi-family and retail real estate. Since inception it has acquired over 600 apartment units and over 650,000 sf of commercial space.
- The subject property located at 835 Washington St, Buffalo, NY was acquired by the borrower on 4/24/14 for \$1,785.0 and was paid with cash.
- At time of purchase the property consisted of 0.36 acres of land improved by a 41,545 sf multi-use property with two retail units on the first floor and the upper three floors empty shell space. The project calls for a renovation of the existing property to retain one 480 sf commercial space (currently leased as a hair salon) and complete renovation of the remaining space into 31 residential apartments. In addition the partial basement and a section of the first floor will be converted into 24 indoor parking spaces with mechanical areas, bike storage and small tenant storage areas. The first floor will contain a front vestibule, interior common hallway, eleven apartment units, a common area fitness center for tenants, and the existing 480 sf hair salon. The second floor will contain eleven apartment units while the third floor will contain nine apartment units.
- The building is currently being renovated via the use of a \$4,500.0 Five Star mortgage and owners' equity. The BUDC loan is to be used to fund the amount of the project not covered by the Five Star bank loan. The Five Star mortgage provides for a construction loan with a rate of Prime + 0.5% and a permanent loan with a five year term and a twenty year amortization. The rate is to be fixed at the FHLB rate plus 290 bps (estimated presently to be 5.0%).
- The proposed BUDC loan will be three years of interest only payments with a balloon payment due at maturity. The loan will reimburse the principal for funds already injected into the project for the building acquisition.

### **Loan Disbursement**

- The borrower purchased the property for \$1,785.0 which is being considered as the equity requirement for the property. The BUDC loan will be used to refund \$750.0 of this amount which will allow the borrower to fund additional projects.

## **II. HISTORY & BACKGROUND:**

- The company will manage the commercial and residential property located at 835 Washington Street, Buffalo, NY. The property will consist of two commercial spaces and 31 residential apartments.
- The tenants will be responsible for heat, electric, cable, and internet access. All units will feature luxury finishes catering to professionals who work in the nearby Buffalo Medical Campus and other downtown students, residents, and employees. The facility will also contain 25 indoor parking spaces and there are ample surface spaces. Amenities include stainless steel refrigerators, oven, and microwave. Washers and dryers will be provided on each floor.

**RESOLUTION 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 PHOENIX BREWERY APARTMENTS, LLC TO REIMBURSE THE PHOENIX BREWERY APARTMENTS, LLC FOR A PORTION OF COSTS INCURRED IN CONNECTION WITH THE ACQUISITION OF THE FORMER PHOENIX BREWERY FACILITY LOCATED AT 835 WASHINGTON STREET, BUFFALO, NEW YORK WHICH IS TO BE RENOVATED AND CONVERTED INTO MARKET-RATE APARTMENTS OR TO FUND OTHER PROJECT-RELATED COSTS**

**WHEREAS**, Buffalo Urban Development Corporation (“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 fund the BUDC’s Buffalo Building Reuse Loan Program (the “Loan Program”); and

**WHEREAS**, the BUDC Board of Directors previously adopted its Buffalo Building Reuse Loan Program Policy Guidelines and Operating Plan (the “Program Guidelines”) and by resolution dated June 25, 2013, designated the Downtown Committee of BUDC to act as the interim loan committee (the “Loan Committee”) to make recommendations to the BUDC Board of Directors regarding loans presented to the Committee, with final approval of all loans reserved to the BUDC Board; and

**WHEREAS**, The Phoenix Brewery 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 reimburse the Company for a portion of the costs associated with the acquisition of the former Phoenix Brewery facility located at 835 Washington Street, Buffalo, New York (the “Premises”) which is to be renovated and converted to approximately 31 market-rate apartments, with first-floor commercial space and tenant amenities (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 Company is constructing the Project with financing in the amount of \$4,500,000.00 provided by Five Star Bank, as described in the Loan Report; 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 any additional conditions set forth in the Loan Committee resolution dated January 12, 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 reimbursing the Company for a portion of costs incurred in connection with the acquisition of the Premises, funding construction of the Project 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.

**Section 2.** The Loan shall 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 workforce and M/WBE goals of 25% for the Project.

**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 Five Star Bank) 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, if any, held by Five Star Bank.

**Section 4.** The Loan shall be guaranteed by the personal guaranty of Nicholas A. Sinatra and the guaranty of Sinatra and Company Real Estate, LLC and the Loan shall be secured by a collateral assignment of a life insurance policy on the life of Nicholas A. Sinatra in an unencumbered face amount not less than \$750,000.00.

**Section 5.** 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 6.** This Resolution shall take effect immediately.

Adopted: January 26, 2016

# Buffalo Urban Development Corporation

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## Item 4.3

### MEMORANDUM

**TO: BUDC Board of Directors**

**FROM: Brandye Merriweather, Vice President**

**SUBJECT: BBRP Loan Program – Amended Loan Committee Structure**

**DATE: January 26, 2016**

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On May 26, 2015, the BUDC Board of Directors approved a resolution to create a new BUDC Loan Committee to review and approve loan applications for real estate developers seeking funding as part of the Buffalo Building Reuse Project. (A copy of the May 26, 2015 Board Resolution is attached for reference.) The formation of the new Loan Committee was a condition of funding from the private banks for BUDC's expanded loan program. The previously approved Loan Committee consisted of:

- Three (3) members from financial institutions participating in the Buffalo Building Reuse Loan Program (BBRLP);
- One (1) BUDC Board member;
- Three (3) members from development-related professions appointed by the Downtown Committee Chairman.

Following continued negotiations with the five (5) participating banks, they have requested a modification to the previously approved Loan Committee structure. The primary reason for the requested modification is to have representation from all five participating banks on the Loan Committee.

The proposed new BUDC Loan Committee would be comprised of eight (8) members drawn from the following:

- Five (5) members from financial institutions participating in the BBRLP;
- One (1) representative of the Mayor's Office of Strategic Planning;
- One (1) BUDC Board member;
- One (1) member from a development-related profession appointed by the BUDC Downtown Committee Chairman.

Consistent with the May 26, 2015 resolution, the Downtown Committee has served as BUDC's ad hoc loan committee, making loan recommendations to the BUDC Board of Directors. The Downtown Committee will continue to serve in that capacity until the BUDC Loan Committee members are appointed.

Once the new BUDC Loan Committee members are appointed, the Downtown Committee will be relieved of its current loan review duties, but will continue to make recommendations on a project's alignment with BBRP goals and policy. All new loans reviewed by the new BUDC Loan Committee will remain subject to the final approval of the BUDC Board of Directors.

**ACTION**

We are requesting that the BUDC Board of Directors accept the recommendation of the BUDC Downtown Committee and approve the amended BUDC Loan Committee structure per the attached resolution. The amended BUDC Loan Committee structure will be comprised of five (5) members from the participating financial institutions of the BBRLP; one (1) representative of the Mayor's Office of Strategic Planning; one (1) BUDC Board member; and one (1) member from a development-related profession appointed by the BUDC Downtown Committee Chairman. We are also requesting an approval by BUDC Board of Directors that the amended BUDC Loan Committee structure be reflected in the BBRLP Loan Policy & Procedures and other documents related to the BBRLP.

**RESOLUTIONS OF THE BOARD OF DIRECTORS  
OF  
BUFFALO URBAN DEVELOPMENT CORPORATION  
REGARDING THE  
BUDC LOAN COMMITTEE**

WHEREAS, by resolution adopted on May 26, 2015, the Board of Directors approved the formation of a “committee of the corporation” known as the BUDC Loan Committee, the membership of which was to include seven persons, including three representatives designated by the private lender participants in the Buffalo Building Reuse Project Loan Fund; and

WHEREAS, a total of five lending institutions have since agreed to commit an amount up to \$9,000,000 in funding for the Buffalo Building Reuse Project Loan Fund; and

WHEREAS, the Board desires to modify Section 2 of the May 26, 2015 resolution relating to the composition of the BUDC Loan Committee.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of Buffalo Urban Development Corporation as follows:

Section 1. The BUDC Loan Committee shall be comprised of eight members, as follows:

- (i) Five members, one from each of the five participating lending institutions, as designated by the applicable lending institution;
- (ii) One member from the BUDC Board of Directors designated by the BUDC Board;
- (iii) One member from the Mayor’s Office of Strategic Planning designated by the Mayor’s Office of Strategic Planning; and
- (iv) One member from a development-related profession designated by the Chair of the BUDC Downtown Committee.

All members of the BUDC Loan Committee shall serve at the pleasure of the Board.

Section 2. The Policy Guidelines and Operating Plan for the BBRP Loan Program shall be revised to include the BUDC Loan Committee structure as set forth in Section 1 of this resolution.

Section 3. Except as modified by this resolution, the May 26, 2015 resolution of the Board of Directors is unchanged and remains in full force and effect.

Section 4. This resolution shall take effect immediately.

Dated: January 26, 2016

**RESOLUTIONS OF THE BOARD OF DIRECTORS  
OF  
BUFFALO URBAN DEVELOPMENT CORPORATION  
REGARDING THE FORMATION OF  
A LOAN COMMITTEE**

WHEREAS, the Board of Directors previously authorized BUDC to commit the \$3M City-by-City loan fund as public sector matching funds for the creation of an institutional loan fund for the Buffalo Building Reuse Project ("BBRP"); and

WHEREAS, the institutional loan fund will leverage private bank funding to provide additional support for the extraordinary costs associated with the adaptive reuse of vacant and underutilized structures in downtown Buffalo; and

WHEREAS, the Downtown Committee presently serves as the interim loan committee of BUDC; and

WHEREAS, at the May 11, 2015 meeting of the Downtown Committee, the Downtown Committee reviewed a proposal to form a new BUDC loan committee for the institutional loan fund and issued a recommendation that the Board of Directors form a new loan committee, and to include among its membership representatives from the private lender institutional participants in the loan fund; and

WHEREAS, the Board of Directors desires to form a loan committee in accordance with the recommendation of the Downtown Committee.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of Buffalo Urban Development Corporation as follows:

Section 1. The Board of Directors hereby forms a "committee of the corporation" known as the BUDC Loan Committee. The BUDC Loan Committee shall have the authority to review and approve loan applications and to present recommendations to the Board of Directors regarding loan approvals and loan modifications. The Loan Committee may also provide informal input to BUDC staff regarding loan work-out strategies and other loan program matters, and shall also have such other authority, duties and powers as may be expressly delegated to the Loan Committee by resolution of the Board.

Section 2. The BUDC Loan Committee shall be comprised of seven members: one BUDC Board member appointed by the BUDC Board; three representatives from financial institutions that are participating in the institutional loan fund program, as recommended by the applicable financial institution and confirmed by the BUDC Board; and three persons from development-related professions appointed by the Chair of the Downtown Committee. All members of the BUDC Loan Committee shall serve at the pleasure of the Board.

Section 3. The Downtown Committee shall continue as the interim loan committee of BUDC until such time as the Board of Directors has appointed members to the BUDC Loan Committee. Once the members of the BUDC Loan Committee are appointed, the Downtown Committee shall no longer serve as the interim loan committee, but shall continue its role of making recommendations to the BUDC Board of Directors regarding project alignment with BBRP goals and policy.

Section 4. This Resolution shall take effect immediately.

Dated: May 26, 2015



**Buffalo Urban Development Corporation**

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**Item 4.5**

**MEMORANDUM**

**TO: Buffalo Urban Development Corporation (BUDC) Board of Directors**  
**FROM: Peter M. Cammarata, President**  
**SUBJECT: Northland Corridor – 577 Northland Ave. Pre-development Services Consultant Contract**  
**DATE: January 26, 2016**

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On October 30, 2015, staff released an Informal Request for Proposals (RFP) to five (5) local environmental consulting firms who are familiar with the Northland Corridor Project. The five firms were Fisher (WBE), GZA, LaBella, LiRo, and Watts (MBE). The request was to perform pre-development services at 577 Northland Ave., a derelict property which BUDC (NorDel II, LLC) had recently acquired. It is BUDC’s intent to demolish two structures that exist on the site and to remediate the property. The site is a very visible entry point to the Northland Corridor, immediately off Fillmore Avenue on the southern side of Northland Ave. (see attached). The scope of services for the RFP was divided into the following three (3) tasks:

- Task 1 – Subsurface Exploration & Data Summary Report
- Task 2 – Structural Assessment, Surveyor, Material Assessment, ACM Assessment
- Task 3 – Restoration Plan, Bid Documents, Estimate

Four (4) firms submitted proposals by the November 18, 2015 deadline, with Watts deciding to only participate as a sub-contractor on other proposals. The proposals were reviewed by me, Dave Stebbins and Dennis Sutton (Mayor’s Office of Strategic Planning). The bid results were as follows:

<b>LaBella</b>	<b>\$ 24,970</b>
<b>GZA</b>	<b>\$ 37,900</b>
<b>Fisher</b>	<b>\$ 46,070</b>
<b>LiRo</b>	<b>\$ 51,050</b>

Because of the disparity in cost, staff and the Real Estate Committee conducted additional due diligence and review at the December and January meetings. The Committee is recommending that BUDC move forward with LaBella Associates. LaBella supplemented their team with Foit-Albert (MBE), KHEOPS (MBE) and Sienna Environmental (WBE). The MBE percentage of the contract amount is 34% and the WBE amount is 15%. LaBella’s offices are located in Downtown Buffalo.

**Action**

I am requesting that the Board of Directors authorize the President or Executive Vice President to execute a contract with LaBella Associates to provide pre-development services for the 577 Northland Ave. site in the Northland Corridor, for a cost not to exceed \$24,970.00, and to take such actions and execute such documents or agreements as may be reasonably necessary to implement this work. These costs are eligible for reimbursement under the Northland Corridor Grant Disbursement Agreement with Empire State Development.

