

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

**95 Perry Street
Buffalo, New York 14203
January 26, 2016
12:00 p.m.**

1.0 Call to Order

Directors Present:

James W. Comerford
Janique S. Curry
Thomas J. Dearing
Dennis W. Elsenbeck
Dottie Gallagher-Cohen
Thomas A. Kucharski
Woodrow W. Maggard
Brendan R. Mehaffy
Dennis M. Penman (Vice Chair)
Rev. Darius G. Pridgen
Christopher J. Schoepflin
Craig A. Slater
Steven J. Stepniak
Maria R. Whyte

Directors Absent:

Thomas Beauford, Jr.
Hon. Byron W. Brown (Chair)
Kimberley A. Minkel
Benjamin N. Obletz

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; Jonathan Epstein, *The Buffalo News*; Andrew Federick, Erie County Senior Economic Development Specialist; James Fink, *Buffalo Business First*; Lisa Hicks, BUDC Intern; and Michael A. Taylor, New York Business Development Corporation.

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. Rev. Pridgen joined the meeting during the presentation of item 4.3.

2.0 Presentation of the Minutes - The minutes of the December 15, 2015 meeting of the Board of Directors were presented. Ms. Gallagher-Cohen made a motion to approve the meeting minutes. The motion was seconded by Mr. Maggard and unanimously carried.

3.0 Monthly Financial Report - Mr. Schoepfich reported that BUDC's audit firm is working on 2015 year-end auditing matters, and that accordingly, no monthly financial report will be distributed to the Board this month. Mr. Cammarata reported that BUDC received a \$75,000 grant from ECIDA for the

Buffalo Building Reuse Program. He also indicated that during the month of February, Board members will receive Board self-evaluation forms for the annual Board self-evaluation process that is mandated by the Public Authorities Law.

4.0 New Business

4.1 Election of New Board "Citizen" Member – Mr. Kucharski presented his January 26, 2016 memorandum to the Board regarding the proposed appointment of David J. Nasca as a Board elected "citizen-member" of BUDC. Mr. Nasca is the President and Chief Executive Officer of Evans Bank, N.A. Mr. Kucharski noted that Mayor Brown submitted a memorandum to the Governance Committee in support of the Board's appointment of Mr. Nasca. Mr. Kucharski then made a motion to appoint David J. Nasca as a citizen member and director of Buffalo Urban Development Corporation for a term to commence immediately and continue until the June 2017 annual meeting. The motion was seconded by Mr. Elsenbeck and unanimously carried.

4.2 BBRP Loan Program – Phoenix Brewery Loan – Ms. Merriweather presented her January 26, 2016 memorandum to the Board regarding a proposed loan in the amount of \$750,000 to The Phoenix Brewery Apartments, LLC, an affiliate of Sinatra & Company Real Estate LLC. The project involves the adaptive reuse of the Phoenix Brewery building located at 835 Washington Street. Ms. Merriweather then asked Michael A. Taylor of the New York Business Development Corporation (NYBDC) to present the loan details as set forth in his December 4, 2015 consideration memorandum to the BUDC Loan Committee. The proposed loan is interest only for 36 months at the prime rate plus 2%, with a balloon payment due upon maturity. Mr. Taylor commented that there are many positives to the project, including an experienced developer and the project's proximity to the medical campus. He noted that loan to value is within an acceptable range. He also indicated that the loan proceeds will be utilized to reimburse the developer for initial expenditures made in connection with the acquisition of the property. A discussion regarding the proposed loan followed Mr. Taylor's presentation. Mr. Mehaffy noted that no specific stream of income has been designated to repay the loan, and asked Mr. Taylor to explain BUDC's collateral position with respect to the loan. Mr. Taylor stated that collateral for the loan will consist of a second mortgage, the corporate guarantee of Sinatra & Company Real Estate, the personal guarantee of Nick Sinatra and an assignment of Mr. Sinatra's life insurance policy. Ms. Gallagher-Cohen commented that the loan fund was established for these types of projects and expressed her support for the loan. Ms. Merriweather noted that the Downtown Committee reviewed the proposed loan at its January 12, 2016 meeting and is recommending Board approval.

There being no further discussion, Ms. Merriweather presented the following resolution to the Board. Mr. Mehaffy made a motion to approve the resolution, which motion was seconded by Ms. Gallagher-Cohen and (with Mr. Schoepflin and Mr. Slater abstaining) carried with eleven affirmative votes (11-0-2):

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.

- 4.3 BBRP Loan Program – Amended Loan Committee Structure** – Ms. Merriweather presented her January 26, 2016 memorandum to the Board regarding proposed changes to the composition of the BUDC Loan Committee. Ms. Merriweather noted that the BUDC Board initially approved the Loan Committee to include three participating lenders in May of 2015. Since that time, a total of five lenders have agreed to participate in the loan program. The revised Loan Committee is proposed to include a one representative each from each of the five participating lenders, one BUDC Board member, one representative from the Mayor's Office of Strategic Planning and one person from a development-related profession appointed by the Chair of the Downtown Committee. Ms. Merriweather stated that the Downtown Committee reviewed this matter at its January 12th meeting and is recommending Board approval. The Board discussed the proposal. In response to a question from Ms. Whyte, Ms. Merriweather indicated that the Loan Committee will review and make recommendations regarding proposed loans, but that no loan will be made without Board approval.

At the conclusion of the discussion, Ms. Merriweather presented the following resolution to the Board. Ms. Curry made a motion to approve the resolution, which motion was seconded by Mr. Kucharski and unanimously carried:

**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.

4.4 Buffalo Building Reuse Project General Update – Ms. Merriweather updated the Board regarding Buffalo Building Reuse Project matters. She reported that a quarterly application process has been implemented for the loan program. First quarter applications are due on March 31, 2016, and there has been strong interest in the loan program thus far. Ms. Merriweather informed the Board that two downtown infrastructure improvement projects have been approved for funding through the CFA process. Funding in the amount of \$100,000 was awarded for design costs relating to the pedestrian-friendly greenway from Shelton Square/Fireman's Park to the waterfront. Funding in the amount of \$500,000 was awarded for the construction of infrastructure improvements to Franklin Street. Ms. Merriweather concluded her report with an update regarding the Downtown Development Guide, noting that BUDC has received over 50 inquiries since the guide was released last month.

4.5 Northland Corridor – 577 Northland Ave. Pre-development Services Consultant Contract – Mr. Cammarata presented his January 26, 2016 memorandum to the Board regarding the proposed award of a pre-development consulting services contract for the 577 Northland property. Four firms submitted responses to BUDC's request for proposals for the work. LaBella Associates ("LaBella") submitted the lowest priced proposal in the amount of \$24,970. Mr. Cammarata noted that the Real Estate Committee reviewed this matter at two separate meetings before issuing a recommendation to award the contract to LaBella. Mr. Slater indicated that the Real Estate Committee was initially concerned with the gap between the price quoted by LaBella and the price quoted by the next highest bidder. However, after additional due diligence, the Real Estate Committee was satisfied that LaBella had properly quoted the work and would perform the work for the price quoted without change orders. Mr. Cammarata noted that LaBella will subcontract a portion of the work to one WBE firm and two MBE firms.

At the conclusion of the discussion, Mr. Slater made a motion to authorize the President or Executive Vice President to execute a contract with LaBella Associates to provide pre-development services for the 577 Northland Avenue site for a cost not to exceed \$24,970, and to take such actions and execute such documents or agreements as may be reasonably necessary to implement the work. The motion was seconded by Rev. Pridgen and carried with thirteen affirmative votes (13-0-1). Mr. Schoepflin abstained from the vote.

4.6 Northland Corridor Project General Update – Mr. Stebbins provided a detailed overview of the draft Northland Building Re-Use and Site Development Plan, a written summary of which

was made available to Board members. Mr. Stebbins reviewed the major recommendations set forth in the plan, including the proposed redevelopment and reuse of the buildings located at 631 Northland, 683 Northland and 741 Northland, the selective demolition of buildings located at 777 Northland and 537 East Delevan and the proposed use of the vacant residential lots and parking lots in the project area. He noted that the development strategy was presented at yesterday's meeting of the City of Buffalo Planning Board and was well received. He also noted that the site plan for the workforce training center site at 683 Northland has been submitted to the Planning Board. A question and answer session followed Mr. Stebbins' presentation. Ms. Whyte asked about the progress on the workforce training center. Mr. Schoepflin responded that ESD is in the final stages of establishing its initial academic partners for the training center, and that ESD will be issuing a request for proposals for a training center operator sometime next month. Mr. Schoepflin also responded to Ms. Curry's inquiry regarding the type of training that will be made available at the training center, noting that the initial focus will be on training in the advanced manufacturing and energy sectors.

Following this discussion, Mr. Stebbins presented a general update regarding other Northland Corridor project matters, including an update on the SEQRA submission to the Planning Board, the request for qualifications for the workforce training center design work and Fisher Associates' completion of the asbestos and hazardous materials survey for 683 Northland. He also reported that a stakeholders' advisory committee has been formed as part of the community outreach efforts, and noted that Board member Janique Curry is a member of the advisory committee. The next public meeting for the project will be held on February 24th at the Delavan-Grider community center.

4.7 Buffalo Lakeside Commerce Park Project Update – Mr. Stebbins reported that the remedial investigation work plan for the Brownfield Cleanup Program project at 193 Ship Canal Parkway has been submitted to the NYSDEC. He informed the Board that BUDC continues to work with two prospects for projects at Buffalo Lakeside Commerce Park, and noted that BLCPP is a finalist for the location of ECIDA's proposed zero net energy facility. Mr. Stebbins concluded his report with an update regarding the Parcel 4 Superfund project, which is scheduled to move forward this spring.

4.8 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 Regional Priority Projects 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 Ms. Gallagher-Cohen, seconded by Mr. Schoepflin and unanimously carried, the January 26, 2016 meeting of the Board of Directors was adjourned at 1:15 p.m.

Respectfully submitted,



Kevin J. Zanner, Secretary