

Buffalo Urban Development Corporation

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Buffalo Urban Development Corporation **Board of Directors Special Meeting**

Date: Friday, January 11th, 2019

Time: 8:30 A.M.

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

1.0 CALL TO ORDER

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

3.0 NEW BUSINESS

3.1 Proposed Sale of Multiple Parcels at Buffalo Lakeside Commerce Park *(Action)*

4.0 LATE FILES

5.0 TABLED ITEMS

6.0 EXECUTIVE SESSION

7.0 ADJOURNMENT *(Action)*

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

**95 Perry Street
Buffalo, New York
December 18, 2018
12:00 p.m.**

Directors Present:

Trina Burruss
James Comerford
Janique S. Curry
Darby Fishkin
Dottie Gallagher
Thomas Halligan
Thomas R. Hersey, Jr.
Thomas A. Kucharski
Brendan R. Mehaffy
Dennis M. Penman (Vice Chair)
Craig A. Slater
Maria R. Whyte

Directors Absent:

Mayor Byron W. Brown (Chair)
Dennis W. Eisenbeck
Amanda Mays
Kimberley A. Minkel
David J. Nasca
Darius G. Pridgen
Steven J. Stepniak

Officers Present:

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

Guests Present: Dawn Boudreau, ECIDA; John Cleary, Gilbane Building Company; Jonathan Epstein, *The Buffalo News*; Terry LoConte, Gilbane Building Company; and Brett Stiehler, Gilbane Building Company.

- 1.0** **Roll Call** – The Vice Chair called the meeting to order at 12:16 p.m. The Secretary called the roll and a quorum of the Board was determined to be present. Ms. Curry and Mr. Mehaffy joined the meeting during the presentation of item 4.1(a).
- 2.0** **Approval of Minutes – Meeting of November 27, 2018** – The minutes of the November 27, 2018 meeting of the Board of Directors were presented. Mr. Slater made a motion to approve the meeting minutes. The motion was seconded by Mr. Kucharski and unanimously carried.
- 3.0** **Monthly Financial Report** – Ms. Profic presented the consolidated financial statements for BUDC and its affiliates, 683 Northland LLC and 683 WTC, LLC for the period ending November 30, 2018. Ms. Gallagher made a motion to accept the financial report. The motion was seconded by Ms. Whyte and unanimously carried.

4.0 New Business

4.1 714 Northland Avenue

a.) **Acquisition Approval** – Mr. Cammarata presented his December 18, 2018 memorandum regarding the proposed acquisition of the building and real property located at 714 Northland Avenue. The property consists of a 1.8 acre parcel improved by an 18,900 square foot building. It is currently occupied by Well Worth Products, Inc., a manufacturing company, and the tenant recently renewed its lease for an additional three-year term. Mr. Cammarata reviewed the due diligence that BUDC has undertaken in connection with the acquisition, which included the commissioning of a Phase I environmental site assessment by LiRo Engineers and a third-party inspection of the building. The results of both inspections were favorable. The property was appraised at the contract price of \$425,000.00. Mr. Cammarata noted that the acquisition was reviewed and recommended for Board approval by the Real Estate Committee at its December 11th meeting. The Board discussed the proposed acquisition. In response to a question from Ms. Whyte, Mr. Cammarata indicated that the annual rent from the tenant is approximately \$72,000, and that the tenant is expected to remain in the building on a long-term basis. At the conclusion of the discussion, Ms. Fishkin made a motion to (i) approve the acquisition of 714 Northland Avenue through a wholly-owned subsidiary limited liability company at a cost of \$425,000.00; (ii) waive the due diligence contingency and proceed to closing of the acquisition; and (iii) authorize the President and Executive Vice President to execute and deliver any and all agreements that are necessary or appropriate in connection with the acquisition and closing of the transaction. The motion was seconded by Mr. Comerford and unanimously carried.

b.) **Financing Proposal Approval** – Mr. Stebbins presented his December 18, 2018 memorandum regarding acquisition financing proposals for 714 Northland Avenue. On October 29th, BUDC issued a Request for Proposals for financing in connection with the proposed acquisition of 714 Northland. Proposals were received from KeyBank, Evans Bank, Northwest Bank and M&T Bank. These proposals were initially reviewed by BUDC executive staff and counsel, and then reviewed with members of the Audit & Finance Committee at its December 5, 2018 meeting. The recommendation is to accept the M&T Bank term sheet. Mr. Stebbins then reviewed with the Board the terms of the M&T financing which includes: (i) a loan amount of \$425,000 or 85% loan-to-value; (ii) interest-only payment terms; (iii) a loan fee equal to 100 basis points; (iv) an interest rate of 265 basis points over the 1 month LIBOR. As collateral, M&T will take a first lien mortgage and an assignment of rents and leases on the property. The M&T Term Sheet compared favorably to the other proposals received. The Board discussed the financing proposal. In response to a question from Mr. Slater, Mr. Stebbins clarified that the loan amount is the lesser of \$425,000.00 or 85% of the bank-appraised value of the property. Mr. Cammarata indicated that the Buffalo Brownfields Redevelopment Fund will be used to cover additional financing, if needed. At the close of the discussion, Mr. Hersey made a motion to (i) approve BUDC and/or a to-be-formed subsidiary limited liability company borrowing up to \$425,000 from M&T Bank to finance the acquisition of 714 Northland Avenue in accordance with the M&T term sheet and such other terms and conditions as the President or Executive Vice President determine are commercially reasonable and consistent with the term sheet; and (ii) to authorize the President or Executive Vice President to execute and deliver such agreements and documents and to take such actions as may be reasonably necessary or appropriate to close the loan with M&T Bank. The motion was seconded by Mr. Kucharski and (with Ms. Burruss abstaining), carried with eleven affirmative votes (11-0-1).

4.2 683 Northland Phase I Construction –

a.) **Additional Gilbane Shared Savings Split Approval** – Mr. Stebbins presented his December

18, 2018 memorandum which sets forth the shared savings that has been realized to date in connection with Phase I of the project. An additional \$165,000 in savings for BUDC has been realized from the project. Mr. Stebbins requested that the Board authorize to accept and transfer an additional \$165,000 of the shared savings into the Owner's contingency to cover additional expenses for masonry restoration, kitchen requirements, BCP cleanup of unsuitable soils and additional electrical for HVAC equipment. Ms. Curry made a motion that the Board of Directors approve the transfer of \$165,000 from shared savings to the Owner's contingency within the Guaranteed Maximum Price and to authorize the President or Executive Vice President to execute and deliver the Authorization to Proceed to Gilbane Building Company on behalf of 683 Northland LLC. The motion was seconded by Ms. Whyte and unanimously carried.

- b.) **Gilbane Change Order #13 Approval** – Mr. Stebbins presented his December 18, 2018 memorandum regarding proposed change order #13. The items in this change order cover costs for items that had been identified by the NWTC staff and the academic providers of the project that were needed to meet their curriculum requirements. Items included the creation of a student lunch area, additional carpeting, additional office space, safety modifications to the welding labs, refrigerators and the installation of new water meters and a wall mural. The cost of the change order is \$150,375.46, and the proposed source of funding for this work is the remaining Owner's "Outside" Contingency. This would leave a balance of \$234,414.07 in the Owner's "Outside" Contingency. Mr. Stebbins stated that the Real Estate Committee reviewed and recommended approval of the change order at its December 11th meeting. Mr. Halligan made a motion to authorize an amendment to the existing construction management agreement with Gilbane Building Company to cover additional tenant-driven changes to the training labs and other miscellaneous items for the 683 Northland Avenue project at an estimated cost of \$150,375.46 and to authorize the President or Executive Vice President to execute and deliver the amendment to the construction management agreement on behalf of 683 Northland LLC. The motion was seconded by Mr. Mehaffy and unanimously carried.

4.3 683 Northland Phase I – GMP & Construction Update – Mr. Stebbins reviewed with the Board the one-page 683 Northland Project Monthly Report prepared by Gilbane. The Certificate of Compliance for Phase 1 has been issued. Mr. Stebbins stated that the final M/WBE utilization and workforce participation percentages are expected to be above the original goal amounts and will be calculated upon 100% completion.

4.4 683 Northland Phase II – GMP & Construction Update – Mr. Stebbins presented a brief update on Phase II of the 683 Northland project. Select demolition and remediation work is ongoing and the roof decking is now in place. Two-thirds of the concrete slab has been poured for the floor and framing has started. Mr. Stebbins stated that WBE utilization percentages were at 13.9%, which is significantly above the 5% goal.

4.5 Northland Beltline Project Update – Mr. Stebbins provided the project update. He stated that the recent ULI event held at 683 Northland was well attended and brought statewide attention to the project. He also stated that BUDC will continue to work with ESD staff on future funding activities for the project. NWTC is looking for additional space at 683 Northland. Ms. Gallagher suggested that BUDC invite Stephen Tucker to attend an upcoming meeting of the Board to discuss the project. Mr. Stebbins noted that the Northland Avenue paving work is complete, and work continues on signage, striping and intersection work for the street project. He also reported that winterization activity is underway at 612 Northland and that MBE utilization at 612 Northland is 70%.

4.6 Buffalo Building Reuse Project Update – Ms. Merriweather reported that BUDC issued its fourth quarter request for proposals for the BBRP loan program and that responses are due on

December 28th. Ms. Merriweather then updated the Board regarding downtown infrastructure matters, including the Erie Street project. Ms. Merriweather also reported that the BUDC is updating its website and that the City issued a request for proposals for 74 Franklin Street, which is an eligible location for BBRP funding. She closed her report with an update on the marketing of Queen City Pop-Up, which will include a radio appearance on WUFO. The program will close on December 24th.

4.7 Buffalo Lakeside Commerce Park Update – Mr. Cammarata reported that BUDC is in the process of negotiating with three different entities at Buffalo Lakeside Commerce Park and the Real Estate Committee will be meeting to discuss such proposals, with the goal to present each transaction to the Board in late January.

4.8 308 Crowley Project Update – Mr. Cammarata reported that \$750,000 of CDBG funds have been allocated by the City for the demolition work at the site. The NEPA review is underway. He also reported that work is underway to get the remaining environmental lien on the property waived by the NYS Attorney General's office.

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.

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. Kucharski, seconded by Mr. Slater and unanimously carried, the December 18, 2018 meeting of the Board of Directors was adjourned at 1:05 p.m.

Respectfully submitted,



Kevin J. Zanner, Secretary