

Buffalo Urban Development Corporation

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Buffalo Urban Development Corporation Real Estate Committee Meeting Tuesday, December 10, 2019, Noon 95 Perry Street, 4th Floor Vista Room

Agenda

- 1) Approval of Minutes – Meeting of 11/19/19 *(Action) (Enclosure)*
- 2) Northland Beltline Corridor Projects
 - a) 683 Northland Phase 2.1 – Final NWTC Equipment Purchases *(Information) (Handout)*
 - b) 683 Northland Phase 3 – Gilbane C.O. - Tenant Improvements *(Information) (Handout)*
 - c) Plesh / BUDC Land Exchange *(Recommendation) (Handout)*
 - d) Northland Central – Tenant Prospects *(Information)*
 - e) Northland Central – Manna @ Northland Update *(Information)*
 - f) Northland Central – SparkCharge Update *(Information)*
 - g) 612 Northland – Construction, Contracting & C.O. Update *(Information) (Handout)*
 - h) 612 Northland – AKAG Occupancy Update *(Information)*
 - i) 631 Northland – Rehabilitation Project Financing RFP Update *(Information) (Handout)*
 - j) Northland Corridor – Community Solar & Microgrid RFP Update *(Information) (Handout)*
 - k) Northland Corridor – Brownfield Opportunity Area Update *(Information) (Handout)*
 - l) Northland Corridor – Miscellaneous Updates *(Information)*
 - m) COB / BUDC (NorDel II) Land Exchange Update *(Information)*
- 3)
 - a) BLCP – Zephyr Investors, LLC Land Sale Agreement Update *(Information)*
 - b) BLCP – Thinking Robot Studios Inc. Land Sale Agreement Update *(Information)*
 - c) BLCP – Uniland Development Co. Land Sale Agreement Update *(Information)*
 - d) BLCP – Parcel 4 Easement Update *(Information)*
- 4) 308 Crowley Project Update *(Information) (Handout)*
- 5) WNY Industrial Real Estate Development Strategy Update *(Information) (Handout)*
- 6) Other City of Buffalo Brownfield Opportunities *(Information) (Handout)*
- 7) Adjournment *(Action)*

**Minutes of the Meeting
of the
Real Estate Committee
of
Buffalo Urban Development Corporation**

95 Perry Street
Buffalo, New York
November 19, 2019
12:00 p.m.

Committee Members Present:

Janique S. Curry
Brendan R. Mehaffy
Dennis M. Penman
Craig A. Slater, Chair
Maria R. Whyte

Committee Members Absent:

Thomas A. Kucharski
Kimberley A. Minkel

Officers Present:

Peter M. Cammarata, President
David A. Stebbins, Executive Vice President
Brandy Merriweather, Vice President
Kevin J. Zanner, Secretary
Atiqah Abidi, Assistant Treasurer

Guests Present: Dawn Boudreau, ECIDA; Evan Y. Bussiere, Hurwitz & Fine, P.C.; John Cleary, Gilbane Building Company; Arthur Hall, BUDC; Thomas Mancuso, Mancuso Group; Brett Stiehler, Gilbane Building Company; and Paul Tronolone, Empire State Development.

Roll Call: The meeting was called to order at 12:15 p.m. A quorum of the Committee was not present. Information item 2(a) was presented. Mr. Mehaffy and Ms. Whyte both joined the meeting during the presentation of item 2(a), at which time a quorum was present.

1.0 Approval of Minutes – Meeting of October 22, 2019 – The minutes of the October 22, 2019 Real Estate Committee meeting were presented. Mr. Penman made a motion to approve the meeting minutes. The motion was seconded by Mr. Mehaffy and unanimously carried.

2.0 Northland Beltline Corridor Projects

(a) **541 E. Delavan Project – Restore NY V Grant Adjustments** – Mr. Stebbins circulated a handout regarding proposed modifications to the Restore NY V budgets for the 541 E. Delavan and 777 Northland projects. The proposed revised budget provides for a reallocation of funding from the 777 Northland project to the 541 E. Delavan project. The decision to reallocate funding is in part due to the SHPO requirement that BUDC preserve the chimney and the first three bays of the building at 777 Northland. A selective demolition process was not initially contemplated and as a result there is a shortfall in funding. Mr. Stebbins noted that the proposed budget will include funding to secure 777 Northland until funding is obtained for the select demolition process. The budget revisions are subject to ESD approval.

Mr. Stebbins then circulated a summary of the Buffalo Brownfields Redevelopment Fund as part of a discussion regarding the grant disbursement procedure for Restore NY grants. The timing for payments from the Restore NY grant has impacted BUDC cash flow. Mr. Stebbins requested that the Committee make a recommendation to the Board to authorize the use of up to one million dollars in BBRF funding as temporary bridge funding for projects in the Northland Corridor that are funded with Restore NY grants. Ms. Whyte made a motion to recommend that the Board of Directors approve the authorization. The motion was seconded by Ms. Curry and unanimously carried.

- (b) **541 E. Delavan Phase I – Apollo Dismantling Change Order** – Mr. Stebbins presented a handout regarding a change order to the Apollo Dismantling contract for select demolition and environmental remediation work at 541 E. Delavan. The additional work includes lead abatement, masonry wall removal and foundation removal. The cost of this work is \$105,190. Mr. Stebbins noted that the change order request was reviewed by the 34 Group and Watts Architecture and recommended for approval. Ms. Curry made a motion to recommend that the Board of Directors approve the Apollo Dismantling change order in the amount of \$105,190. The motion was seconded by Mr. Penman and unanimously carried.
- (c) **541 E. Delavan Phase I – 34 Group CM Contract Extension** – Mr. Stebbins presented the November 11, 2019 proposal from the 34 Group to extend its construction management agreement through June 30, 2020. He noted that the project work was to have been completed by December 31, 2019. However, the rejection of construction bids and other delays pushed back the project completion date. 34 Group is proposing an extension of the contract in the amount of \$146,928 to extend services through June 30, 2020. Mr. Stebbins noted that this cost will be paid with the Restore NY V grant funds. Ms. Whyte made a motion to recommend that the Board of Directors approve the contract extension and amendment of the existing construction management contract with the 34 Group to provide services through June 30, 2020 at a not-to-exceed cost of \$146,928. The motion was seconded by Ms. Curry and unanimously carried.
- (d) **683 Northland Phase 2 – Construction Update** – The final Phase 2 project monthly report was circulated to the Committee. Mr. Stiehler noted that Area 9 (red shed) exterior and roof construction are underway. The red shed building should be complete by the end of February. The bathrooms in Area 8 will be complete next week. Mr. Stiehler indicated that the Phase 2 project will be closed out by the end of the year. He also noted that M/WBE utilization and workforce participation percentages continue to track favorably against project goals (26.1% MBE; 7.1% WBE).
- (e) **683 Northland Phase 2.1 – NWTC Sr. Lab Equipment Purchases** – Mr. Stebbins presented his November 19, 2019 memorandum regarding additional purchases of senior lab equipment for the NWTC. The total amount of these purchases is \$251,184.93. Mr. Stebbins referred the Committee to the sourcing letters submitted by BNMA and explained the competitive procurement process undertaken for these purchases. Mr. Stebbins noted that the cost for the equipment will be paid for with the six million dollar ESD equipment grant. He estimated that approximately \$615,000 will be left in grant funds after these purchases. He also noted that purchases for the photovoltaic and wind labs will be presented at the next Committee meeting. Mr. Penman made a motion to recommend that the Board of Directors approve the senior lab equipment purchases in the aggregate amount of \$251,184.93. The motion was seconded by Ms. Whyte and unanimously carried.
- (f) **683 Northland Phase 3 – Gilbane Change Order – Tenant Improvements** – Mr. Stebbins presented a proposed Gilbane Building Company change order in the amount of

\$116,617.38 to complete improvements to the 1981 building at 683 Northland. The work includes installation of LED lighting for the main floor and the installation of exterior wall panels at the overhead door infills. Mr. Stebbins noted that the cost of this work will be funded through the Phase 2 construction contingency for the project. Ms. Curry made a motion to recommend that the Board of Directors approve the change order in the amount of \$116,617.38. The motion was seconded by Ms. Whyte and unanimously carried.

- (g) **Northland Central – Tenant Prospects** – Mr. Cammarata reported on a potential new tenant for 683 Northland. Mr. Mehaffy made a motion for the Committee to enter into executive session to discuss the proposed terms of the lease on the basis that public discussion of the transaction would substantially affect the value of the property. The motion was seconded by Mr. Penman and unanimously carried. At the conclusion of executive session, Mr. Penman made a motion to exit executive session. The motion was seconded by Mr. Mehaffy and unanimously carried. No votes were taken during executive session.
- (h) **Northland Central – Manna Culinary Group Update** – Mr. Cammarata updated the Committee regarding the Manna Culinary Group tenancy. He stated that Manna held its grand opening on November 4th and that Manna appears to have established a good customer base, especially from the local neighborhood. He also commented that the tenant's catering business is doing well.
- (i) **Northland Central – SparkCharge Update** – Mr. Cammarata provided an update regarding the SparkCharge tenancy. Final landlord work is underway to prepare the space for the tenant. The bathrooms are completed and the HVAC system should be fully installed by January. SparkCharge is expected to take early possession of the space in order to commence certain tenant-funded improvements. Lease payments will commence on February 1, 2020.
- (j) **612 Northland – Construction, Contracting & Change Order Update** – Mr. Cammarata circulated a handout regarding construction costs to date and a list of contractors for the work at 612 Northland. The interior build-out work for the Albright-Knox Art Gallery (AKAG) space has been completed and exterior improvements are underway. Mr. Cammarata noted that approximately two million dollars has been expended on the rehabilitation project to date and that 58% of the work has been performed by certified MBE firms or those seeking certification. He noted that approximately \$78,659 of the total amount expended will be reimbursed by the Regionally Significant Project Fund and that \$35,000 of the total amount will be reimbursed by AKAG.
- (k) **631 Northland – Rehabilitation Project Financing RFP** – Mr. Stebbins circulated the draft Request For Proposals (RFP) for tax credit services in support of the redevelopment of 631 Northland. The building is eligible for tax credit programs including the federal and state historic tax credits, new markets tax credits and brownfield tax credits. Mr. Stebbins noted that there is a funding gap for the renovation and that tax credits will help fill that gap. The consultant that is selected through the RFP process will aid in the application, structuring and syndication of the tax credits. He also noted that the project may be eligible for Property Accessed Clean Energy (PACE) financing. The RFP will be released next week, with responses due at the end of February.
- (l) **Northland Corridor – Community Solar & Microgrid RFP** – Mr. Stebbins circulated a draft request for proposals (RFP) regarding the design and implementation of a campus energy microgrid and community solar project for the Northland Corridor. The project budget is approximately \$2.5M, with a significant portion of the funding to be provided through a New York State grant. He also noted that NYSERDA grant funding may be available for the project.

The RFP will be released soon, with responses due in January. Mr. Cammarata commented that the Northland substation is nearing capacity and that there is a need to expand capacity to accommodate power requirements for additional users.

- (m) **Northland Corridor – Brownfield Opportunity Area Update** – Mr. Hall reviewed with the Committee a map of the proposed Brownfield Opportunity Area (BOA). As a result of the feedback received from recent stakeholders meetings, the BOA map area has been expanded significantly. The next stakeholders meeting will be held during the first week of December to finalize the BOA map.
- (n) **Northland Corridor – Miscellaneous Updates** – Mr. Cammarata circulated a map showing the current parking areas in the Northland corridor and led a discussion regarding current and future parking needs in the corridor. Mr. Mancuso commented that there is a need for approximately 100 additional spaces. Following the parking lot discussion, Mr. Hall circulated a handout and reported on a potential Urban Manufacturing Alliance conference to be held at the NWTC in the spring of 2020.
- (o) **NorDel II BUDC/COB/BURA Land Exchange Update** – Mr. Zanner provided an update regarding the land exchange transaction. He stated that he has been in contact with City of Buffalo counsel and that a land exchange agreement will be prepared to document the transaction. He noted that updated title searches and surveys have been provided to the City of Buffalo counsel for review.
- (p) **Plesh Gate & Land Swap Update** – Mr. Bussiere reported that a land exchange agreement has been drafted and circulated to Plesh counsel. A separate agreement will be negotiated regarding the preservation of the existing gate and installation of the new gate.

3.0 Buffalo Lakeside Commerce Park

- (a) **BLCP – Zephyr Investors, LLC Land Sale Agreement Update** – Mr. Zanner reported that the amendment to the Land Sale Agreement to extend the due diligence period and increase the exclusivity fee from \$1,000 to \$2,000 per month has been executed. He also noted that \$9,000 in non-refundable exclusivity fees has been released from escrow and paid to BUDC.
 - (b) **BLCP – Thinking Robot Studios Inc. Land Sale Agreement Update** – Mr. Zanner reported that the Land Sale Agreement has been finalized and is pending signature. Mr. Cammarata noted that BUDC recently submitted the NYSDEC change of use notification form.
 - (c) **BLCP – Uniland Development Co. Land Sale Agreement Update** – Mr. Zanner reported that Uniland has exercised its right to extend the due diligence period under the Land Sale Agreement.
 - (d) **BLCP – Parcel 4 Easement Update** – Mr. Bussiere reported that the environmental easement package was submitted to NYSDEC and is under review by NYSDEC counsel.
- 4.0 308 Crowley Update** – Mr. Cammarata updated the Committee regarding the sale of the 71 Isabelle Street property to Enterprise Box Company. He circulated a summary of the current status of the transaction and noted that due diligence documents have been provided to the purchaser. He also noted that there will be a meeting with LiRo Engineers regarding the demolition plan for the remainder of the complex.

- 5.0 WNY Industrial Real Estate Development Strategy Update** – Mr. Cammarata noted that BUDC staff is coordinating with the Office of Strategic Planning regarding this initiative, which is being undertaken by Invest Buffalo Niagara. Mr. Mancuso commented that there is a shortage of industrial building inventory.
- 6.0 Other City of Buffalo Brownfield Opportunities** – Mr. Cammarata circulated a map and discussed the potential acquisition of a large industrial site near Bailey Avenue.
- 7.0 Adjournment** – There being no further business to come before the Committee, upon motion made by Ms. Whyte, seconded by Mr. Mehaffy and unanimously carried, the November 19, 2019 meeting of the Real Estate Committee was adjourned at 1:45 p.m.

Respectfully submitted,



Kevin J. Zanner
Secretary