

## Buffalo Urban Development Corporation

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### Buffalo Urban Development Corporation

#### Real Estate Committee Meeting

Tuesday, November 19, 2019, Noon

95 Perry Street, 4<sup>th</sup> Floor Vista Room

#### Agenda

- 1) Approval of Minutes – Meeting of 10/22/19 (*Action*) (*Enclosure*)
- 2) Northland Beltline Corridor Projects
  - a) 541 E. Delavan Project – Restore NY V Grant Adjustments (*Information*)
  - b) 541 E. Delavan Phase 1 – Apollo Dismantling C.O. (*Recommend*) (*Handout*)
  - c) 541 E. Delavan Phase 1 – 34 Group CM Contract Extension (*Recommend*) (*Handout*)
  - d) 683 Northland Phase 2 - Construction Update (*Information*) (*Handout*)
  - e) 683 Northland Phase 2.1 – Final NWTC Sr. Lab Equipment Purchases (*Recom.*) (*Handout*)
  - f) 683 Northland Phase 3 – Gilbane C.O. - Tenant Improvements (*Recommend*) (*Handout*)
  - g) Northland Central – Tenant Prospects (*Information*)
  - h) Northland Central – Manna @ Northland Update (*Information*)
  - i) Northland Central – SparkCharge Update (*Information*)
  - j) 612 Northland – Construction, Contracting & C.O. Update (*Information*) (*Handout*)
  - k) 631 Northland – Rehabilitation Project Financing RFP (*Action*) (*Handout*)
  - l) Northland Corridor – Community Solar & Microgrid RFP (*Action*) (*Handout*)
  - m) Northland Corridor – Brownfield Opportunity Area Update (*Information*) (*Handout*)
  - n) Northland Corridor – Miscellaneous Updates (*Information*)
  - o) COB / BUDC (NorDel II) Land Exchange Update (*Information*)
  - p) Plesh / BUDC 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  
October 22, 2019  
12:00 p.m.

Committee Members Present:

Janique S. Curry  
Thomas A. Kucharski  
Brendan R. Mehaffy  
Maria R. Whyte

Committee Members Absent:

Kimberley A. Minkel  
Dennis M. Penman  
Craig A. Slater, Chair

Officers Present:

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

Guests Present: Evan Y. Bussiere, Hurwitz & Fine, P.C.; John Cleary, Gilbane Building Company; David Dittmar, 34 Group, Inc.; Arthur Hall, BUDC; Ryan Herrell, Zephyr Investors; Anthony Masiello, Masiello, Martucci, Calabrese and Associates; and Brett Stiehler, Gilbane Building Company.

Roll Call: The meeting was called to order at 12:07 p.m. A quorum of the Committee was not present. Information items 3(d), 2(p), 2(h), 3(c), 4, 2(c) and 2(n) were presented in that order without a quorum present. Ms. Curry joined the meeting during the presentation of item 3(c) and Ms. Whyte joined the meeting during the presentation of item 4. Mr. Mehaffy joined the meeting during the presentation of item 2(n), at which time a quorum was present.

**1.0 Approval of Minutes – Meeting of September 17, 2019** – The minutes of the September 17, 2019 Real Estate Committee meeting were presented. Mr. Kucharski made a motion to approve the meeting minutes. The motion was seconded by Ms. Whyte and unanimously carried.

**2.0 Northland Beltline Corridor Projects**

**(a) 683 Northland Phase 1.3 – Gilbane Change Order – Area 2 Tenant Improvements (HVAC)** – Mr. Stebbins presented a proposed Gilbane Building Company change order in the amount of \$172,735 for the fit out for the space to be occupied by SparkCharge. Tenant improvements are required in anticipation of the SparkCharge tenancy. Mr. Stiehler noted that final pricing for the HVAC work has not been received. Mr. Stebbins noted that the cost of this work will be funded through the Phase 2 construction contingency for the project, of which

approximately \$1.3 million dollars remains. He also noted that this cost is a “not-to-exceed” amount and that value engineering will be employed to reduce the cost. Mr. Kucharski made a motion to recommend that the Board of Directors approve the change order in the amount not to exceed \$172,735. The motion was seconded by Ms. Curry and unanimously carried.

- (b) **683 Northland Phase 2 – Gilbane Change Order – Tenant Improvements** – Mr. Stebbins presented a proposed Gilbane Building Company change order in the amount of \$956,442.15 to complete Phase 2 of the project. He noted that the cost of the change order includes extra work needed for the BMW space and major structural work that was not anticipated for the two sheds. He also noted that the costs include foundation and flooring work and the addition of doors and gas metering for the project. Mr. Stebbins noted that the cost of this work will be funded through the Phase 2 construction contingency for the project, of which approximately \$200,000 would remain. Mr. Kucharski made a motion to recommend that the Board of Directors approve the change order in the amount of \$956,442.15. The motion was seconded by Ms. Curry and unanimously carried.
- (c) **683 Northland Phase 2 – Construction Update** – The Phase 2 project monthly report was circulated to the Committee. Mr. Stiehler presented the update regarding Phase 2 of the 683 Northland project. He noted that BMW held its grand opening and that all punch list items for the BMW space are complete. The Area 9 (Red Shed) exterior and structural construction are underway as well as the flooring for Area 4. Mr. Stiehler anticipates that Phase 2 will be closed out by the end of the year and the cost certification should be completed by the end of the year, which will allow for the project to receive additional tax credits. Mr. Cammarata noted that M/WBE utilization and workforce participation percentages continue to track favorably against project goals with current amounts of 26.1% MBE and 7.1% WBE.
- (d) **683 Northland Phase 2.1 – Gilbane Change Order – NWTC Expansion Construction** – Mr. Stebbins presented a proposed Gilbane Building Company change order in the amount of \$46,235.68 for additional work needed to equip and build out Area 4 and other areas of the Northland Workforce Training Center (NWTC) for the fall semester. Due to time constraints, Gilbane incurred overtime expenses and installation expenses, including additional painting, wallboard and electrical installation in order for the school to have the areas complete for the current school semester. Mr. Stebbins noted that the cost for the change order will be paid for with the six million dollar Empire State Development (ESD) grant and that the change order had been reviewed by ESD. Mr. Kucharski made a motion to recommend that the Board of Directors approve the Gilbane change order in the amount of \$46,235.68. The motion was seconded by Ms. Whyte and unanimously carried.
- (e) **683 Northland Phase 2.1 – Gilbane Change Order – NWTC Expansion Equipment Installation** – Mr. Stebbins presented a proposed Gilbane Building Company change order in the amount of \$52,951.13 for additional work needed to equip the senior labs and other areas of the NWTC for the fall semester. In order for the school to have the areas complete for the fall school session, Gilbane was required to install additional equipment, conduct electrical upgrades and perform certain relocation and rebalancing of equipment. Mr. Stebbins noted that the cost for the change order will be paid for with the six million dollar ESD grant. He estimated that approximately \$451,000 will be left in grant funds after this change order. Mr. Stebbins also noted that he discussed the protocol for ordering additional equipment with the schools and, in the future, the schools will provide more lead time for purchases. Mr. Kucharski made a motion to recommend that the Board of Directors approve the Gilbane change order in the amount of \$52,951.13. The motion was seconded by Ms. Curry and unanimously carried.

- (f) **Northland Central – Area 2 Tenant Lease** – Mr. Cammarata circulated copies of the non-binding executed Offer to Lease between 683 Northland Master Tenant, LLC and SparkCharge regarding the tenancy for Area 2 at 683 Northland. He noted that the proposed rent is \$1 per sq. ft. over market rate and the term of the lease would be for three years. Mr. Kucharski made a motion to recommend that the Board of Directors approve the sublease to SparkCharge based on the terms set forth in the Offer To Lease. The motion was seconded by Ms. Curry and unanimously carried.
- (g) **Northland Central – Watts – Fee Re-allocation Proposal** – Mr. Cammarata circulated a handout from Watts Architecture & Engineering regarding reallocation of certain fees associated with previously issued and approved service orders for the work at 683 Northland. Watts is requesting that BUDC shift approximately \$109,936 of fees previously approved to Watts for existing projects to cover unanticipated or unfinished work scopes. Mr. Cammarata noted that the reallocation would have no direct cost to BUDC and each task requested has already been approved by the Board of Directors. Ms. Curry made a motion to recommend that the Board of Directors approve the fee reallocation in accordance with the terms of the Watts proposal. The motion was seconded by Ms. Whyte and unanimously carried.
- (h) **Northland Central – Manna Culinary Group Update** – Mr. Stebbins presented an update regarding the Manna Culinary Group tenancy. He stated that Manna has occupied the space and will have a grand opening on November 4<sup>th</sup>. He noted that Manna conducted a job fair to aid in staffing up the restaurant and that all equipment for the operations of the restaurant should be in place by the end of next week. Mr. Stebbins also noted that Manna's initial plan is to operate during the work week only.
- (i) **Northland Central – Tenant Prospects** – Mr. Kucharski made a motion for the Committee to enter into executive session to discuss a proposed tenancy at 683 Northland on the basis that public discussion of the transaction would substantially affect the value of the property. The motion was seconded by Ms. Whyte and unanimously carried. At the conclusion of executive session, Mr. Kucharski made a motion to exit executive session. The motion was seconded by Ms. Curry and unanimously carried. No votes were taken during executive session.
- (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 build-out work for the Albright-Knox space remains on schedule to be completed by the first week of November. Mr. Cammarata noted that a little more than two million dollars has been expended on the rehabilitation project to date and that 60% 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 the Albright-Knox Art Gallery.
- (k) **Northland Corridor – 2019-2020 Snow Removal Contract** – Mr. Cammarata circulated a handout regarding snow removal proposals received for the Northland Corridor. Mr. Cammarata noted that four bids were received, with McMillian Landscaping submitting the lowest bid at \$84,000. Mr. Cammarata commented on the disparity in bid prices and the suburban location of one contractor, which could make it more difficult for the contractor to service Northland as opposed to a neighborhood-based contractor. He noted that BUDC was satisfied with the services of its current contractor, HLM Services. The Committee reviewed and discussed the proposals. At the conclusion of the discussion, the Committee suggested

that staff reexamine the bids with the bidders and present a staff recommendation at the October Board meeting.

- (l) **Northland Corridor – Community Solar & Microgrid RFP** – Presentation of this item was deferred.
- (m) **Northland Corridor – Future Project & Investment Plan** – Mr. Stebbins circulated a handout regarding five future projects and investment plans for the Northland Corridor. The projects include the 683 Northland Tenant Areas 4 & 5 buildouts, the future advanced manufacturing facility at 631 Northland, the construction of the Delmar Mitchel Entrepreneurial Center, Project Rainfall (healthy food initiative) at 541 East Delavan and the community solar and microgrid plan. Mr. Stebbins noted the need for additional gap funding for each proposed project and Mr. Cammarata noted that the list should be shared with Empire State Development in anticipation of the meeting to be held with ESD to discuss the projects.
- (n) **Northland Corridor – Miscellaneous Updates** – Mr. Hall updated the Committee regarding the Northland Brownfield Opportunity Area (BOA) and noted that a stakeholder meeting was held on October 3<sup>rd</sup> regarding the BOA. Based on feedback received at the meeting, the BOA boundary may be amended to include additional areas including some residential components. Mr. Hall also stated there will be a networking event on October 24 at the Beverly Gray Center to identify businesses that may be a good fit for the Delmar Mitchel Entrepreneurial Center. He also pointed out that a harvest festival will be held in the corridor next Saturday.
- (o) **NorDel II BUDC/COB/BURA Land Swap Update** – Mr. Zanner provided an update regarding the land exchange. He stated that the Common Council approved the land exchange transaction on October 1<sup>st</sup>. He then reviewed the proposed terms of the land exchange. Mr. Kucharski made a motion to recommend that the Board of Directors approve the land exchange. The motion was seconded by Ms. Curry and unanimously carried.
- (p) **Plesh Gate & Land Swap Update** – Mr. Bussiere reported that the final mapping of the parcels to be exchanged has been agreed upon. A land exchange agreement has been drafted and will be negotiated. He estimated that the transaction should be finalized by the end of winter.

### 3.0 **Buffalo Lakeside Commerce Park**

- (a) **BLCP – Project Flora Update** – Mr. Cammarata introduced Mr. Masiello and Mr. Herrell, representatives for Project Flora. Mr. Masiello updated the Committee regarding the status of the pending marijuana legalization legislation and identified key dates in the legislative session that will affect the Project Flora legislative approval contingency. Mr. Herrell discussed other projects that Flora has underway nationally and identified the need for an extension of the due diligence period in order to accommodate the timing of the legislative session. He also discussed the current investment Zephyr has made for the Flora project to date. He also commented on the pending Brownfield Cleanup Program project for the site and the job creation goals for the facility. Members of the Committee inquired regarding State of New York involvement for the project and whether the facility would emit odors as a result of operations. Mr. Herrell explained that local firms have been engaged for architectural and environmental services, that the project will seek assistance from the State of New York and that the facility will be designed so that odors do not emanate outside the facility. Upon the conclusion of the presentation, Mr. Masiello and Mr. Herrell left the meeting. Mr. Cammarata then reviewed the proposed terms to extend the due diligence period. After a discussion, Mr. Kucharski made a

motion to recommend that the Board of Directors approve the amendment of the Land Sale Agreement to extend the due diligence period through July 31, 2020 and to increase the exclusivity fee from \$1,000 per month to \$2,000 per month for the duration of the due diligence period. The motion was seconded by Ms. Whyte and unanimously carried.

(b) **BLCP – Project Chardonnay Update** – Ms. Whyte made a motion for the Committee to enter into executive session to discuss the proposed Project Chardonnay real estate sale transaction on the basis that public discussion of the transaction would substantially affect the value of the property. The motion was seconded by Mr. Kucharski and unanimously carried. At the conclusion of executive session, Ms. Whyte made a motion to exit executive session. The motion was seconded by Ms. Curry and unanimously carried. No votes were taken during executive session.

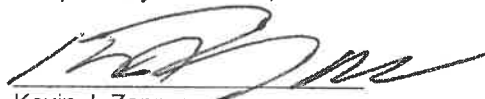
(c) **BLCP – 255 Ship Canal Parkway Land Sale Update** – Mr. Cammarata stated that he recently met with Uniland representatives and that Uniland is expected to exercise its right to extend the due diligence period under the land sale agreement.

(d) **BLCP – Parcel 4 Easement Update** – Mr. Bussiere reported that the environmental easement package has been 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 handout which shows the land to be sold. The land sale agreement has been finalized and is awaiting purchaser signature. LiRo has completed site mapping. CDBG funds from the City of Buffalo are expected to be utilized to conduct targeted demolition on the site. He noted that the initial \$750,000 estimate for the demolition has increased to approximately \$1,500,000. Mr. Cammarata indicated that a meeting will be held with Councilmember Golombek to discuss CDBG funding for the demolition work. He also reviewed the map and identified which structures are planned for demolition and which will remain.

5.0 **Adjournment** – There being no further business to come before the Committee, upon motion made by Ms. Whyte, seconded by Mr. Kucharski and unanimously carried, the October 22, 2019 meeting of the Real Estate Committee was adjourned at 2:10 p.m.

Respectfully submitted,

  
Kevin J. Zanner  
Secretary