

Buffalo Urban Development Corporation

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Buffalo Urban Development Corporation Real Estate Committee Meeting

Tuesday, October 22, 2024 at 12:00 p.m.
95 Perry Street, 4th Floor

Agenda

- 1) Approval of Minutes – Meeting of September 19, 2024 (*Approval*) (*Enclosure*)
- 2) Northland Beltline Corridor - (*All Are Information Items*)
 - a) Northland Corridor – Phase 3 Redevelopment Update
 - b) Northland Corridor – Phase 4 Redevelopment Update
 - c) Northland Corridor – 741 Northland and 777 Northland Building Condition Update
 - d) Northland Corridor – Brownfield Opportunity Area (BOA)
 - e) Northland Corridor – Tenant & Property Management Updates
 - f) Northland Central – Phase 1 Construction Additional HVAC Work Claim Update
- 3) Buffalo Lakeside Commerce Park - (*All Are Information Items*)
 - a) 193 Ship Canal Update and 80, 134, 158 and 200 Ship Canal Parkway Broker Update
 - b) Buffalo Lakeside Commerce Park Property Owners Association
- 4) Executive Session
- 5) Adjournment (*Approval*)

**Minutes of the Joint Meeting
of the
Audit & Finance and Real Estate Committees
of
Buffalo Urban Development Corporation**

**95 Perry Street
Buffalo, New York
September 19, 2024
12:00 p.m.**

Call to Order:

Committee Members Present:

Catherine Amdur (A&F)
Janique S. Curry (A&F, R.E.)
Elizabeth Holden (R.E.)
Thomas Kucharski (R.E.)
Brendan Mehaffy (R.E.)
Kimberly Minkel (R.E. Committee Chair)
Crystal Morgan (A&F)
Dennis M. Penman (A&F Committee Chair,
R.E.)

Committee Members Absent:

Scott Bylewski (R.E.)
David J. Nasca (A&F)

Officers Present:

Brandye Merriweather, President
Rebecca Gandour, Executive Vice President
Mollie M. Profic, Treasurer
Kevin J. Zanner, Secretary
Atiqah Abidi, Assistant Treasurer

Others Present: Dennis Cannon, Comvest; Matthew DiFrancesco, CBRE Upstate NY (via Zoom); Alexis M. Florczak, Hurwitz Fine P.C.; Brian Krygier, Director of IT, ECIDA; Yolando Mullen, BUDC Project Manager; Angelo Rhodes II, Northland Project Manager; Aaron Schauger, LaBella Associates; and Paul Tronolone, Empire State Development.

Roll Call – The meeting was called to order at 12:11 p.m. Mr. Zanner called the roll of both Committees and a quorum of Each Committee was determined to be present. Ms. Amdur joined the meeting during the presentation of item 1. Mr. Mehaffy left the meeting during the presentation of item 6 and rejoined the meeting during the presentation of item 7.

Mr. Penman served as Chair of the meeting with respect to items 1 through 5 of the meeting agenda. Ms. Minkel served as Chair of the meeting with respect to items 6 through 12 of the meeting agenda.

Audit and Finance Committee Items

- 1.0 Approval of Audit & Finance Committee Minutes of the December 14, 2023 Meeting**
– The minutes of the December 14, 2023 meeting of the Audit & Finance Committee were

presented to the Audit & Finance Committee. Ms. Curry made a motion to approve the meeting minutes. The motion was seconded by Ms. Amdur and unanimously carried (4-0-0).

- 2.0 ESD RECAP Grant Operational Impact** – Ms. Merriweather and Ms. Gandour provided an update regarding BUDC and ESD efforts to identify a solution to BUDC's reimbursement challenges under the RECAP grant and the potential impact on BUDC operations. Ms. Merriweather noted that the original RECAP grant disbursement agreement was signed in 2023 and included grant allocations for 683 Northland cost recovery and project development fees. These funding allocations are critical to BUDC operations and its financial sustainability. BUDC and ESD are now working closely to amend language in the RECAP grant disbursement agreement to reallocate funding. It is anticipated that additional information regarding these efforts will be available in the next few weeks. Ms. Gandour added that BUDC staff is looking closely at the timing of receipt of funds with ESD and its other partners and how delays in funding may impact BUDC operations. Members of the Committees discussed potential impacts on BUDC cash flow and the importance of a path forward with respect to the sustainability of BUDC.
- 3.0 2025 683 Northland Master Tenant Budget** – Ms. Profic reviewed the draft 2025 budget for 683 Northland Master Tenant, LLC. A net loss on a GAAP basis is projected. Factoring in cash flow adjustments, there is a projected net cash increase. Ms. Gandour noted that BUDC is meeting with its tax credits team on September 20th to discuss BUDC's exit from historic tax credits and New Markets tax credits structure, which is anticipated to take place in 2025. It was noted that the maximum amount of the investor put option that BUDC would pay to the investor is one million dollars. BUDC will work with its tax credits team to determine whether this amount can be negotiated, and the impact such negotiations may have on the exit from the tax credits model.
- 4.0 2025 BUDC Draft Budget** – Ms. Profic presented the 2025 draft budget. She began the presentation by reviewing the proposed 2025 project budgets for Buffalo Lakeside Commerce Park, Buffalo Building Reuse Project/Race for Place, Ralph Wilson Park, Northland Corridor, and general corporate operations. Ms. Profic also reviewed a separate budget sheet that breaks out the budgeted revenue, operating expenses, capital budget and cash flow adjustments for the Northland Corridor project. The overall draft budget projects a net income. Ms. Profic noted that some figures in the proposed budget are expected to change as updated numbers are received. She also noted that another Committee meeting will be scheduled in October to review and recommend approval of the proposed budget. All Board members will be invited to attend the Committee meeting.
- 5.0 683 Northland Tax Credits Discussion** – This item was reviewed as part of the presentation of the 2025 683 Northland Master Tenant budget.

Real Estate Committee Items

- 6.0 Real Estate Committee Minutes of August 20, 2024 Meeting** – The minutes of the August 20, 2024 Real Estate Committee meeting were presented to the Real Estate Committee. Mr. Kucharski made a motion to approve the meeting minutes. The motion was seconded by Ms. Curry and (with Ms. Holden abstaining) carried with four affirmative votes (4-0-1).
- 7.0 Northland Corridor– Snow Removal Services** – Mr. Rhodes presented his September 19, 2024 memorandum regarding Northland Corridor snow removal services. Following the presentation, Mr. Kucharski made a motion to recommend that the BUDC Board of Directors authorize a contract between Comvest Real Estate Management and Landscape Associates of WNY for snowplow services for the Northland Corridor for a total amount up to \$384,077 for the three year contract period. The motion was seconded by Ms. Curry and unanimously carried (6-0-0).
- 8.0 Northland Corridor – 631 Northland Avenue Consultant Change Order** – Mr. Rhodes presented his September 19, 2024 memorandum regarding a proposed change order to the

consulting agreement with Wendel for the 631 Northland Avenue project. Mr. Rhodes explained that the change order would allow for additional environmental testing to determine eligibility for the NYS Brownfield Cleanup Program. Following the presentation, Mr. Penman made a motion to recommend that the BUDC Board of Directors: (i) approve an amendment to the Wendel consulting agreement for a not-to-exceed amount of \$14,670 for additional environmental testing for the 631 Northland redevelopment project; and (ii) authorize the BUDC President or Executive Vice President to execute an amendment to the Wendel agreement and take such other actions as may be necessary or appropriate to implement this authorization. The motion was seconded by Ms. Holden and unanimously carried (6-0-0).

9.0 Northland Beltline Corridor

(a) Northland Corridor – Phase 3 Redevelopment Update – Mr. Rhodes presented an update regarding the Phase 3 Northland redevelopment project. Phase 3 bid documents have been informally approved by EDA, with formal approval anticipated soon. Mr. Schauger then presented an update regarding discussions with the Buffalo Sewer Authority (BSA) and funding for Phase 3. The project team initially estimated receiving approximately \$836,000 in incentives from BSA for work relating to the removal of impervious areas within the Phase 3 project. BSA, through its consultant Stantec, made several proposed changes to add additional green infrastructure. The revised proposal would increase project costs by \$745,000, resulting in a net \$393,000 in incentives. Mr. Schauger presented potential options in light of the revised proposal, which include incorporating Stantec's green infrastructure changes, maintaining the design plans as-is with no incentives, or engaging in additional discussions with BSA. Mr. Schauger noted that BUDC's existing plans incorporate green infrastructure elements in its design, but BSA is requiring additional elements to be incorporated at higher cost. The Committee discussed the potential options. The Committee expressed that BSA is disincentivizing BUDC from implementing existing plans that incorporate green infrastructure elements and that BUDC could remove these plans entirely from the Phase 3 redevelopment. Following input received from the Committee, Ms. Minkel suggested that BUDC re-engage BSA and discuss the feedback that BUDC staff received from the Real Estate Committee.

Mr. Zanner then presented an update regarding regulatory issues relating to the substation at 644 Northland. Counsel has reached out to several firms specializing in PSC regulatory matters, and with staff input, will engage Read and Laniado, LLP to assist with seeking a declaratory ruling from PSC regarding the substation. The plan is to request a determination that BUDC's substation is not subject to regulation, or in the alternative, would be subject to a lightened and incidental regulation. Ms. Gandour added that BUDC has received feedback from National Grid, which has indicated that work can proceed on the substation in parallel with seeking a declaratory ruling from PSC.

- (b) Northland Corridor – Phase 4 Redevelopment Update** – Mr. Rhodes presented an update regarding the Phase 4 project. Wendel continues to work on the SHPO process for the 631 Northland building.
- (c) Northland Corridor– 741 Northland and 777 Northland Building Condition Update** – Mr. Rhodes reported that there are no additional updates regarding this matter at this time.
- (d) Northland Corridor– Brownfield Opportunity Area (BOA) Plan** – Mr. Rhodes reported that BUDC and Colliers Engineering & Design will meet on September 23rd to discuss scope and review project requirements.
- (e) Northland Corridor – Tenant & Property Management Updates** – Mr. DiFrancesco reported that CBRE continues to negotiate a lease renewal with Manna and is working to resolve drainage issues identified by Manna. There is continued interest from a potential tenant for the mezzanine space at 683 Northland; additional information is anticipated from the potential

tenant in October. An affordable housing developer that expressed interest in the Fillmore parcels last month is working with the New York State Division of Housing and Community Renewal to determine if the site is compatible for an affordable housing project. CBRE also received an additional inquiry for the Fillmore parcels from a second housing developer. Mr. Cannon then presented an update regarding property management at Northland. The Northland Workforce Training Center anticipates that its auto-tech space build-out will be complete in October. Comvest submitted its capital budget to BUDC, which includes allocations for roof repairs at 714 Northland and a proposed contingency fund to provide for unanticipated repairs. Ms. Gandour indicated that these figures will be included in BUDC's budget update presented in October. Ms. Gandour then shared an updated spreadsheet prepared by Mr. Mehaffy setting forth revenue, expenses and overhead costs for each BUDC-owned property in the Northland Corridor.

(f) **Northland Corridor – Phase I Construction Additional HVAC Work Claim Update** Mr. Zanner reported that a mediation session is scheduled for October 24th.

(g) **Discussion of Northland Corridor Properties Grant & Other Obligations** – This item was discussed during the presentation of items 2, 4, and 9(e).

10.0 Buffalo Lakeside Commerce Park

(a) **193, 80, 134, 158 and 200 Ship Canal Parkway Update** – Ms. Gandour reported that BUDC and CBRE have executed the marketing/broker agreement for the remaining unsold parcels at BLCP and CBRE has begun marketing the properties. CBRE is working to collect information to address prior Committee questions regarding why these properties have not sold to date. The Committee discussed the properties and potential options to increase the marketability of the properties, including a possible spec building project.

(b) **Buffalo Lakeside Commerce Park Property Owners Association** – Ms. Gandour reported that Uniland has not yet paid an outstanding assessment invoice. BUDC legal counsel has drafted a letter reminding Uniland of its obligations to the POA. Mr. Zanner added that if Uniland's POA assessment remains unpaid, the next step would be to call a POA Board meeting to discuss the POA's legal rights and remedies for nonpayment.

11.0 Executive Session – None.

12.0 Adjournment – There being no further business to come before the Committees, upon motion made by Mr. Mehaffy, seconded by Mr. Kucharski and unanimously carried, the September 19, 2024 joint meeting of the Audit & Finance and Real Estate Committees was adjourned at 1:34 p.m.

Respectfully submitted,

Kevin J. Zanner
Secretary