

Buffalo Urban Development Corporation

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Buffalo Urban Development Corporation
Hon. Christopher P. Scanlon, Chairman

Buffalo Urban Development Corporation Meeting of Real Estate Committee Tuesday, April 8, 2025 at 12:00 p.m. 95 Perry Street, 4th Floor

Agenda

- 1) Minutes of March 4, 2025 Meeting (*Approval*) (*Enclosure*)
- 2) Northland Corridor – Proposed Lease to Flat 12 Mushrooms, LLC for 606 (612) Northland Avenue (*Recommendation*) (*Enclosure*)
- 3) Northland Corridor – 741 and 777 Northland Avenue SHPO Mitigation Support Services Contract (*Action*) (*Enclosure*)
- 4) Northland Corridor – Public Service Commission Proceedings Update (*Information*) (*Enclosure*)
- 5) Northland Beltline Corridor - (*All Are Information Items*)
 - a) Northland Corridor – Tenant & Property Management Updates
 - b) Northland Corridor – Phase 3 Redevelopment Update
 - c) Northland Corridor – Phase 4 Redevelopment Update
 - d) Northland Corridor – Brownfield Opportunity Area
 - e) Northland Central – Periodic Review Report
- 6) 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
- 7) Executive Session
- 8) Adjournment (*Approval*)

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

**95 Perry Street
Buffalo, New York
March 4, 2025
12:00 p.m.**

Call to Order:

Committee Members Present:

Scott Bylewski
Elizabeth Holden
Thomas Kucharski
Nadine Marrero
Kimberly Minkel (Committee Chair)
Dennis M. Penman

Committee Members Absent:

Janique S. Curry

Officers Present:

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

Others Present: Kimberly Baptiste, Colliers Engineering & Design (via Zoom); Dennis Cannon, Comvest; Keith Carretto, Comvest; Matthew DiFrancesco, CBRE; Alexis M. Florczak, Hurwitz Fine P.C.; Brian Krygier, Director of IT, ECIDA; and Angelo Rhodes II, Northland Project Manager.

Roll Call – The meeting was called to order at 12:04 p.m. A quorum of the Committee was present. Mr. Kucharski joined the meeting during the presentation of item 3.

- 1.0 Minutes of February 11, 2025 Meeting** – The minutes of the February 11, 2025 Real Estate Committee meeting were presented. Ms. Marrero made a motion to approve the meeting minutes. The motion was seconded by Ms. Holden and unanimously carried (5-0-0).

- 2.0 Northland Corridor – 631 Northland Avenue Consulting Change Order** – Mr. Rhodes presented his March 4, 2025 memorandum regarding a proposed change order for the 631 Northland Avenue consultant contract with Wendel. The change order would authorize Wendel to contract with LiRo Engineers (“LiRo”) to provide additional environmental services for the project. Following the presentation, Ms. Marrero made a motion to recommend that the Board of Directors: (i) authorize Wendel’s retention of LiRo as a project team member under BUDC’s existing agreement with Wendel; (ii) approve an amendment to the Wendel consulting agreement for the additional scope of work associated with the Brownfield Cleanup Program project at 631 Northland Avenue, for an amount not to exceed \$204,415; and (iii) authorize the President or Executive Vice President to execute an amendment to the agreement with Wendel and take such other actions as

may be necessary or appropriate to implement this authorization. The motion was seconded by Mr. Penman and unanimously carried (5-0-0).

- 3.0 Northland Corridor – Brownfield Opportunity Area (BOA) Presentation** – Ms. Gandour introduced Kimberly Baptiste from Colliers Engineering & Design for a presentation regarding the Northland Corridor Brownfield Opportunity Area (BOA) plan. Ms. Baptiste began with an overview of the BOA study area and planning efforts, noting that the plan builds on previous efforts initiated in 2020. She noted that the project team, which includes Colliers, BUDC, the City of Buffalo, and a BOA steering committee, have conducted a number of community engagement activities to obtain public feedback. The BOA steering committee also held several stakeholder meetings and public workshops to gather information for the BOA plan. Key takeaways from community members and stakeholders were identified, which included interest in affordable housing and supporting community needs. Ms. Baptiste then reviewed the preliminary recommendations included in the plan. A total of twenty-one strategic sites were identified, in addition to locations for strategic investment to be made. Five themes were also identified for the BOA as a whole: public health, identifying strategies for vacant lots, filling the housing gap, connectivity and accessibility, and neighborhood placemaking. Finally, Ms. Baptiste identified next steps to be taken, which include finalizing the BOA nomination plan documents to submit to the NYS Department of State. Once the BOA plan is approved, the area will be potentially eligible for CFA and other development-related funding. The Committee provided positive feedback on Ms. Baptiste's presentation and the plan, and asked that copies of the presentation be circulated.

4.0 Northland Beltline Corridor

- (a) **Northland Corridor – Phase 3 Redevelopment Update** – Mr. Rhodes presented an update regarding the Phase 3 Northland redevelopment project. BUDC has submitted its bid opening checklist to EDA for its review and approval prior to construction commencing.
- (b) **Northland Corridor – Phase 4 Redevelopment Update** – Mr. Rhodes noted that there is no update for Phase 4 redevelopment at this time.
- (c) **Northland Corridor– 741 Northland and 777 Northland Building Condition Update** – Mr. Rhodes noted that there is no update from the prior month's report at this time.
- (d) **Northland Corridor – Tenant & Property Management Updates** – Mr. DiFrancesco presented an update regarding CBRE marketing efforts. CBRE has provided a draft lease of the kitchen space at 683 Northland Avenue to Professional Culinary Academy LLC for its review. Buffalo Fashion Week has expressed interest in leasing the available space at 612 Northland Avenue on a short-term basis for its fashion show on May 1st. CBRE is obtaining additional information from Buffalo Fashion Week regarding details for a potential short-term lease of the space. CBRE is awaiting build-out information for the mezzanine space at 683 Northland Avenue.

Mr. Cannon then presented an update regarding property management at Northland. Manna has vacated the kitchen space at 683 Northland Avenue. The Comvest team is preparing the leased space for Professional Culinary Academy. Mr. Cannon is awaiting pricing from contractors for the restroom space at 683 Northland. Mr. Carretto then distributed and reviewed a handout to the Committee regarding updated budgeting figures for the Northland Corridor.

5.0 Buffalo Lakeside Commerce Park

- (a) **193, 80, 134, 158 and 200 Ship Canal Parkway Update** – Mr. DiFrancesco reported that CBRE continues to communicate with prospects regarding the remaining parcels at BLCF.

- (b) **Buffalo Lakeside Commerce Park Property Owners Association** – Ms. Gandour reported that BUDC and Uniland are up to date on payments for 2024 property assessments. Zephyr owes the final assessment payment issued for 2024.

6.0 Executive Session – None.

7.0 Adjournment – There being no further business to come before the Committee, the March 4, 2025 meeting of the Real Estate Committee was adjourned at 12:43 p.m.

Respectfully submitted,

Kevin J. Zanner

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Item 2

MEMORANDUM

TO: BUDC Real Estate Committee

FROM: Rebecca Gandour, Executive Vice President

SUBJECT: Northland Corridor – Proposed Lease to Flat 12 Mushrooms, LLC for 606 (612) Northland Avenue

DATE: April 8, 2025

Flat 12 Mushrooms, LLC (Flat 12) has expressed interest in leasing approximately 28,639 square feet of industrial space at 606 Northland Avenue, commonly known as 612 Northland Avenue, for the growth of mushrooms and production of mushroom-related products. BUDC, through its broker CBRE, has been working with Flat 12 to develop lease terms, the principal terms of which are as follows:

- A. Landlord: NorDel I, LLC (an affiliate of BUDC).
- B. Tenant: Flat 12 Mushrooms, LLC.
- C. Leased Premises: Approximately 15,700sf of industrial space located at the “A” building of 612 Northland Avenue (“612A Northland”) and approximately 12,939sf of industrial space located at the “B” building of 612 Northland Avenue (“612B Northland”) when construction is complete and contingent on the conditions outlined below.
- D. Use: Warehousing, light manufacturing, and distribution and ancillary uses thereto.
- E. Term: Ten (10) years, commencing May 1, 2025 and ending April 30, 2035.
- F. Approvals: Tenant acknowledges that 612B Northland has gone through minor site plan review with the City of Buffalo. Any revisions to the approved site plan to accommodate Flat 12’s requested composting site will be advanced at Tenant’s sole

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expense. Landlord is not guaranteeing the availability of a composting site on the property as the entire site will be under construction for 12-18 months.

Tenant further acknowledges that the construction of 612B Northland is funded by grant monies from the U.S. Economic Development Administration (“EDA”). Tenant’s lease of 612B Northland is expressly contingent on EDA approval, including; (i) EDA approval of the form of lease agreement; (ii) EDA approval of Landlord’s proposed lease arrangement with Tenant.

G. Rent:

612A Northland (15,700sf)

Month 1: Free base rent. Tenant will not pay additional rent.

Months 2-5: Free base rent. Tenant will pay additional rent.

Month 6-12: \$7.50 / sf and additional rent.

Year 2-10: \$7.73 / sf and additional rent with 3% annual base rent escalations

612B Northland (12,939sf)

Tenant’s occupancy of 612B Northland shall commence only upon the completion of construction and subject to EDA approval.

Months 1–3: free base rent. Tenant will pay additional rent.

Month 4 through lease expiration (based on 10-year term for 612A Northland): \$7.73/ sf and additional rent with 3% annual base rent escalations

H. Security Deposit: The Tenant will provide a security deposit in the amount of \$18,000.

I. Additional Rent: The lease will be structured as a triple net (NNN) lease. Tenant will pay all costs associated with the 612 Northland property including all real estate taxes and assessments, general liability and property insurance, maintenance, pest control, utilities, carrying costs and other obligations and liabilities of ownership.

J. Leasehold Improvements: The Premises are being leased in “as is” condition.

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K. Broker Fee: Landlord's broker shall receive a commission from Landlord per the terms of a separate agreement.

ACTION:

We are requesting that the Real Estate Committee recommend that the BUDC Board of Directors: (i) authorize NorDel I, LLC to enter into a lease with Flat 12 Mushrooms, LLC upon the terms outlined in this memorandum; and (ii) authorize the President or Executive Vice President of BUDC to execute the lease on behalf of NorDel I, LLC and take such other actions as are necessary and appropriate to implement this authorization.

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Item 3

MEMORANDUM

TO: BUDC Real Estate Committee

FROM: Angelo Rhodes II, Northland Project Manager

SUBJECT: Northland Corridor – 741 and 777 Northland Avenue SHPO Mitigation Support Services Contract

DATE: April 8, 2025

On May 2, 2024, Buffalo Urban Development Corporation (BUDC) contracted with LiRo Engineers Inc. (“LiRo”) to provide consulting services and prepare updated building and structural condition assessments for 741 and 777 Northland Avenue at a cost not to exceed \$9,000.00. This updated evaluation was based on initial surveys for the 741 and 777 Northland Avenue buildings conducted by LiRo in 2016.

In July 2024, LiRo issued its draft update to the building condition report for 741 and 777 Northland Avenue. The draft report noted that the condition of both buildings had deteriorated as a result of the December 2022 blizzard. On February 10, 2025, BUDC submitted a letter to the State Historic Preservation Office (“SHPO”) detailing the ongoing deterioration of both buildings and recommending the demolition of both structures. In its March 12, 2025 response, SHPO recommended mitigation measures for the 741 and 777 Northland Avenue buildings.

To advance these mitigation efforts, LiRo submitted a proposal to BUDC for an expanded scope of services to support the development of a comprehensive mitigation plan for the two buildings. LiRo will provide an evaluation of measures, graphics and renderings, and costs associated with the proposed scope of services. The cost of LiRo’s services will not exceed \$9,952.00 and will be funded through BUDC’s RECAP grant with Empire State Development, which was previously approved by the BUDC Board of Directors on October 31, 2023. These expanded efforts will help ensure that the historical significance of the Northland Beltline Historic District is documented and preserved to the greatest extent possible.

This item is being presented for recommendation as a “single source” procurement according to BUDC’s procurement policy. The single source exception to seeking competitive proposals applies to “a situation where,

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even though two or more vendors are available to supply the required goods or services, BUDC determines that: (i) one particular vendor has unique knowledge or expertise concerning the required goods, services or project, rendering the use of the competitive procedures impractical; and (ii) considering the benefits, the cost to BUDC is reasonable.” LiRo possesses unique knowledge and expertise regarding 741 and 777 Northland Avenue due to its involvement in preparing the initial surveys for the 741 and 777 Northland Avenue buildings in 2016 and preparation of the updated building conditions report in July 2024. LiRo’s familiarity with the 741 and 777 Northland buildings will benefit BUDC by completing the proposed scope of work without significant onboarding or start-up costs.

ACTION:

I am requesting that the BUDC Real Estate Committee: (i) authorize BUDC to enter into a contract with LiRo to support the development of a mitigation plan for 777 and 741 Northland Avenue for an amount not to exceed \$9,952.00; and (ii) authorize the President or Executive Vice President to execute the agreement with LiRo and take such other actions as may be necessary or appropriate to implement this authorization.

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Item 4

MEMORANDUM

TO: BUDC Real Estate Committee

FROM: Rebecca Gandour, Executive Vice President and Kevin J. Zanner, Secretary

SUBJECT: Northland Corridor – Public Service Commission Proceedings Update

DATE: April 8, 2025

An important component of the Phase 3 redevelopment project involves substantial upgrades to the electrical substation located at 644 Northland Avenue. The substation, which is owned by NorDel II, LLC (“NorDel II”), a wholly-owned subsidiary of BUDC, provides electric service to 683 Northland Avenue. As part of the Phase 3 project, the electric capacity of the substation will be increased in order to connect and power the “B” building of 612 Northland Avenue and 537/541 E. Delavan Avenue.

As the Committee is aware, BUDC and its legal counsel have been addressing regulatory aspects of the substation upgrades, and specifically whether operation of the substation is subject to the oversight of the New York State Public Service Commission (“PSC”).

In November 2024, BUDC and NorDel II jointly petitioned the PSC (the “Petition”) for a declaratory ruling that the substation is not subject to PSC regulation. BUDC and NorDel II also requested, in the event PSC determined that the substation was subject to PSC oversight, that PSC issue a certificate of public convenience and necessity (“CPCN”) for the substation project.

On March 20, 2025, PSC issued an order with respect to the Petition (the “Order”). In its Order, PSC determined that NorDel II is subject to regulation as an electric corporation and granted the request for a CPCN, which was needed in order for the substation project to move forward.

PSC also issued a press release, a copy of which is included with this memo. In its press release, PSC announced that a CPCN was issued to NorDel II to provide “the go ahead for the important economic development project” being built by BUDC and NorDel II” and that a CPCN for the ownership, operation, and upgrade of the

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substation was in the public interest. PSC also recognized that, while BUDC and NorDel II “did not set out to become electricity providers, the existing conditions of the property required” them to do so. The chairperson of PSC provided the following statement in the press release:

“The numerous benefits of the project have been repeatedly recognized at various levels of federal, state, and local government. Improving the substation will provide significant public benefits, such as avoiding the financial burden and environmental risks of duplicating electric utility facilities to serve the Northland Corridor Redevelopment Project. It will also help establish a state-of-the-art hub campus for workforce training and advanced manufacturing, which will encourage new economic opportunities in the region.”

With the Order now in place, the next step is for PSC to determine the extent of lightened or incidental regulation that NorDel II will be subject to as an electric corporation. Based on prior PSC rulings, we anticipate that NorDel II will be required to comply with safety regulations applicable to electric corporations and will have limited reporting obligations relating to the provision of electrical service. A decision from PSC is anticipated in May. We will keep the Committee updated as to any further developments.

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Department of Public Service
(/)

MARCH 20, 2025 | ALBANY

PSC Allows Substation for Major Buffalo Project to Move Forward

Proposed Substation Updates Will Nearly Triple Electric Capacity

ALBANY — The New York State Public Service Commission (Commission) today granted a Certificate of Public Convenience and Need for an on-site electric distribution substation at the Northland Corridor Redevelopment Project. The certificate provides the go ahead for the important economic development project being built by Buffalo Urban Development Corporation and NorDel II, LLC.

“The numerous public benefits of the project have been repeatedly recognized at various levels of federal, state, and local government. Improving the substation will provide significant public benefits, such as avoiding the financial burden and environmental risks of duplicating electric utility facilities to serve the Northland Corridor Redevelopment Project,” **said Commission Chair Rory M. Christian.** “It will also help establish a state-of-the-art hub campus for workforce training and advanced manufacturing, which will encourage new economic opportunities in the region.”

In its decision, the Commission determined that granting a Certificate for the ownership, operation, and upgrade of an electric distribution substation at 644 Northland Avenue that is part of its Northland project in Buffalo, is in the public interest. As stated in the submitted petition, certain

grant funding tied to the Northland project requires the completion of construction within 48 months of the award date. The developers plan to start construction in March or April of 2025.

In April 2022, Governor Kathy Hochul announced that \$55 million would be made available for Phases 3 and 4 of redevelopment of the project. This next phase of development in the Northland Corridor will build upon prior phases of investment in the campus and will involve the rehabilitation of existing buildings, as well as the demolition and new construction at 631 Northland Avenue, 777 Northland Avenue, 741 Northland Avenue, and 537 E. Delavan in Buffalo, Erie County. Phase 4 is projected to result in approximately 250,000 square feet of new commercial, manufacturing, and community spaces. Phase 4 of redevelopment is occurring concurrently with the Phase 3 redevelopment.

The existing 2.5 megawatts (MW) substation serves the 683 Northland Avenue building, which is located across the street from the substation and is owned by BUDC's subsidiary 683 Northland LLC. As part of the Phase 3 project, it is anticipated that the "B" Building at 612 Northland Avenue and 537/541 E. Delavan Avenue will be connected to and powered from the substation.

As part of Phase 3 redevelopment, the proposed scope of work for the substation entails installing and constructing new equipment to expand the substation's capacity from 2.5 MW to 7 MW. Two 23 kilovolt feeders will be extended from National Grid's substation at E. Delevan Avenue, which will be tied into new switchgear and transformers. Once the new equipment is installed, the existing substation equipment will be de-energized and removed from the site. New electric service will be established underground for adjacent properties at 612 Northland Avenue and 541 E. Delavan Avenue. Tenants will be metered downstream of the primary meter at the substation.

In their petition, the developers say they will continue the provision of safe, adequate, and reliable service to themselves and the tenants of the Northland Corridor project. Although the developers did not set out to become electricity providers, the existing conditions of the property required it. The preexisting substation and distribution facilities have been

operated by the developers since the acquisition of the 644 Northland property. The developers have been working cooperatively with National Grid and will continue to do so. The developers said they will continue to pursue their mission of supporting urban economic development efforts by providing safe, adequate, and reliable service to maintain the long-term economic viability of the Northland Corridor project.

Today's decision may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.ny.gov and entering Case Number 24-E-0643 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.

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