

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

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

Committee Members Present:

Janique S. Curry
Thomas A. Kucharski
Brendan R. Mehaffy
Craig A. Slater (Chair)
Maria R. Whyte

Committee Members Absent:

Kimberley A. Minkel
Dennis M. Penman

Officers Present:

Peter M. Cammarata, President
David A. Stebbins, Executive Vice President
Brandy Merriweather, Vice President
Mollie Profic, Treasurer
Atiqa Abidi, Assistant Treasurer

Guests Present: Dawn Boudreau, ECIDA; Evan Y. Bussiere, Esq., Hurwitz & Fine, P.C.; Brett Stiehler, Gilbane Building Company; Thomas Mancuso, Mancuso Business Development, Group; Kellena Kane, Uniland Development Company; Michael Montante, Uniland Development Company; and Paul Tronolone, Empire State Development.

Roll Call – Mr. Slater called the meeting to order at 12:15 p.m. A quorum of the Committee was not present. Agenda items 2(b), 3(a) and 3(b) were presented for information purposes. Ms. Curry joined the meeting during the presentation of item 3(b), at which time a quorum of the Committee was present.

1.0 Approval of Minutes – Meeting of February 19, 2019 – The minutes of the February 19, 2019 Real Estate Committee meeting were presented. Ms. Curry made a motion to approve the meeting minutes. The motion was seconded by Ms. Whyte and unanimously carried.

2.0 General Items

(a) 2018 BBRF Reimbursement Request – Ms. Profic presented a written summary of third party expenses that are proposed for reimbursement from the Buffalo Brownfields Redevelopment Fund (BBRF). Third party expenses for Buffalo Lakeside Commerce Park, RiverBend, 308 Crowley and the Northland Beltline are eligible for reimbursement from the BBRF. The total amount of third party expenses being requested for reimbursement is \$419,785, of which \$300,510 relates to Northland Beltline project expenses. Ms. Profic stated that reimbursement expenses were down from last year primarily due to the shifting of utility costs at the 683 Northland project from BUDC to 683 Northland Master Tenant, LLC. Ms.

Curry made a motion to recommend that the Board of Directors approve the BBRF reimbursement request as set forth in the written expense summary. The motion was seconded by Ms. Whyte and unanimously carried.

- (b) **2018 Real Estate Report** – Mr. Cammarata presented the 2018 Property Report to the Committee, which lists all real property owned by BUDC, either directly or through its affiliates or subsidiaries, as of December 31, 2018. The sole acquisition in 2018 was the purchase of the 308 Crowley property. Mr. Cammarata noted that this report will be included as part of the Annual Report required to be submitted to the Authorities Budget Office.

3.0 **Northland Beltline Corridor Projects**

- (a) **683 Northland Phase I – Construction Update** – Mr. Cammarata circulated a handout prepared by Gilbane, which identified each subcontractor for the Phase I project, including contract values and amounts billed and paid to date. Mr. Stiehler reported that Phase I closeout is complete except for the receipt of a few lien waivers. He stated that preliminary M/WBE utilization for Phase I are 29.5% MBE and 4.95% WBE, compared to the initial goals of 25% MBE and 5% WBE. Mr. Stebbins stated that final minority and women workforce participation numbers are forthcoming, and that the minority-owned business numbers are expected to increase when the Watts Engineering numbers are included.
- (b) **683 Northland Phase I – Tax Credits Update** – Mr. Stebbins circulated a report prepared by Freed Maxick that sets forth the Qualified Rehabilitation Expenditures for the 683 Northland LLC project from inception (April 7, 2015) through December 31, 2018. He reported that an additional \$400,000+/- in federal and NYS historic tax credits for the project were realized due to additional costs that were incurred during the course of the project. The additional tax credits realized by the project also resulted in additional owner equity. Mr. Stebbins also noted that the final estimated Brownfield Cleanup Program (BCP) tax credits for the first phase of the project are expected to exceed initial forecasts and that the total value of the BCP tax credits will be approximately 10.6 million dollars, which is nearly \$900,000 more than initially projected. Upon completion of all site preparation work, the final BCP tax credit numbers will be calculated. Mr. Stebbins advised the Committee that the tax credit equity from the BCP tax credits and historic tax credits will be used to repay the construction loan, with any excess used to pay taxes.
- (c) **683 Northland Phase I – Inventory & Tagging Proposals** – Mr. Stebbins presented his March 19, 2019 memorandum to the Committee regarding proposals to inventory and tag all the furniture, fixtures and equipment purchased for the NWTC and the restaurant space. Mr. Cammarata and Mr. Tronolone explained the financial benefits that such inventory procedure and annual review will have for the project, including the mitigation of potential losses that could be incurred. Mr. Stebbins stated that informal proposals were solicited from three companies (Freed Maxick, Industrial Appraisal Company and Strategic Asset Management) and that two proposals were received from Industrial Appraisal Company and Strategic Asset Management. BUDC staff met with representatives from both companies on-site and, based on the submitted cost proposals, are recommending that BUDC contract with Industrial Appraisal Company to perform the initial inventory and tagging at the project. Mr. Stebbins noted that this procurement is within the \$25,000 threshold for Committee approval. Mr. Mehaffy made a motion to approve a contract for the inventory and tagging of all the furniture, fixtures and equipment at 683 Northland Avenue to Industrial Appraisal Company for a total cost of \$10,950 and to contract with Industrial Appraisal Company for a period not-to-exceed three years to conduct an annual update at a cost of \$2,800 per year. The motion was seconded by Ms. Whyte and unanimously carried.

- (d) **683 Northland Phase II – Construction Update** – Mr. Stiehler presented the monthly report sheet and provided a brief update regarding Phase II of the project. The BMW space remains on schedule for occupancy by July 2019, with BMW’s relocation process to start shortly thereafter so that BMW can commence operations in the new space by September. Finish work has started in the BMW space, the mezzanine has been completed and glazing and other exterior work has commenced. Mr. Stiehler stated that preliminary M/WBE numbers are trending slightly above initial goals.
 - (e) **Northland Central Lease & Prospects Updates** – Mr. Cammarata presented an update regarding the status of discussions with multiple potential tenants for space at 683 Northland. He noted that discussions are underway with a prospect to lease the first floor space currently used by Gilbane for its Phase II construction office.
 - (f) **541 E. Delavan – Construction Management Proposals** – Mr. Stebbins presented his March 19, 2019 memorandum regarding construction management services for the renovation of 541 E. Delavan Avenue. He reported that BUDC had received five proposals in connection with the issued request for proposals for construction management services for the redevelopment of the 541 E. Delavan building. A proposal evaluation team was assembled and reviewed and evaluated the proposals. Evaluations were based on experience, approach, M/WBE utilization and cost. Three of the five respondents were interviewed. Based on the combination of proposals and interviews, it was the consensus of the interview team to recommend 34 Group with Gilbane Building Company as the construction manager for the 541 E. Delavan renovation project. 34 Group demonstrated exceptional experience with the Northland Corridor and the 541 E. Delavan site and had the most competitive pricing. The total estimated cost for construction management services for Phase I of the 541 E. Delavan project is \$246,528, based on a two month pre-construction period and a six month construction period. Ms. Curry made a motion to recommend that the Board of Directors approve 34 Group as the construction manager for the renovation of 541 E. Delavan Avenue at the cost of \$246,528 for Phase I of the project. The motion was seconded by Ms. Whyte and unanimously carried.
 - (g) **612 Northland – Lease Prospect Update** – Discussion of this item was deferred.
 - (h) **612 Northland – Construction, Contracting & Change Order Update** – Discussion of this item was deferred.
 - (i) **714 Northland Property Acquisition Update** – Discussion of this item was deferred.
 - (j) **NorDel II (BUDC)/City of Buffalo Land Swap Update** – Discussion of this item was deferred.
 - (k) **Plesh Gate & Land Swap Issues** – Discussion of this item was deferred.
- 4.0 Buffalo Lakeside Commerce Park Sale & Prospects Update** – Mr. Cammarata reported on the status of negotiations relating to the potential sale of 255 Ship Canal Parkway. He then introduced Michael Montante and Kellena Kane of Uniland Development Company who presented the company’s project at 255 Ship Canal Parkway and the proposed terms of acquisition. After the Uniland presentation, Ms. Whyte made a motion for the Committee to enter into executive session to discuss the proposed sale of 255 Ship Canal Parkway on the basis that discussion of the proposed transaction could substantially affect the value of the property. Ms. Whyte’s motion was seconded by Ms. Curry and unanimously carried. At the conclusion of the discussion, Mr. Mehaffy made a motion to exit executive session. The motion was seconded by

Ms. Whyte and unanimously carried. No votes were taken during executive session. Upon exiting executive session, the Committee discussed Uniland's counteroffer and the Committee responded with its own counteroffer, including an increase in the non-refundable deposit and a reduction in the duration of the due diligence period. Mr. Kucharski made a motion to recommend that the Board of Directors approve the sale of 255 Ship Canal Parkway based on the renegotiated terms. The motion was seconded by Ms. Curry and unanimously carried.

5.0308 Crowley Update – Discussion of this item was deferred.

6.0 Other C.O.B. Brownfield Opportunities – Discussion of this item was deferred.

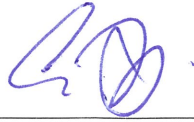
7.0 Late Files

7.1 Buffalo Lakeside Commerce Park: Parcel 4 Environmental Easement – Mr. Cammarata presented his March 19, 2019 memorandum to the Committee regarding the placement of an environmental easement on the lands comprising Parcel 4 at the Buffalo Lakeside Commerce Park. He reported that this site was subject of a New York State Superfund cleanup project that was completed last summer and BUDC has been working with NYSDEC to complete the project close-out requirements, including the completion of surveying and title work in connection with the preparation of an environmental easement for Parcel 4. As part of the close-out process, NYDSEC is requesting formal Board action to authorize Buffalo Lakeside Commerce Park-I, LLC, the BUDC subsidiary that owns Parcel 4, to execute the environmental easement. Mr. Kucharski made a motion to recommend that the Board of Directors approve the placement of an environmental easement on the Parcel 4 property at BLCP and to authorize the President or Executive Vice President to execute and deliver any and all instruments and documents and take any and all actions that are necessary or appropriate on behalf of Buffalo Lakeside Commerce Park-I, LLC in connection with the execution and delivery of the environmental easement. The motion was seconded by Ms. Whyte and unanimously carried.

7.2 308 Crowley: Sale of 71 Isabelle Street - Mr. Cammarata presented his March 19, 2019 memorandum to the Committee regarding the sale of 71 Isabelle Street, a portion of the larger 308 Crowley Avenue site. He stated that Enterprise Folding Box Co., Inc., an adjacent property owner to the 308 Crowley property, had expressed interest in acquiring a vacant .91 acre section of the property. That vacant parcel has been surveyed and a new SBL number was issued for the parcel, along with a designated street address of 71 Isabelle Street. He further reported that the BUDC staff has negotiated the terms of the potential sale of the parcel to Enterprise with a proposed purchase price of \$35,000, with a \$2,000 deposit due upon execution of a Land Sale Agreement. The deposit would become non-refundable upon the expiration of a 60 day due diligence period. The \$35,000 consideration to be received by BUDC for the parcel would exceed the appraised per acre value of the property of approximately \$31,800. Ms. Whyte made a motion to recommend that the Board of Directors approve the sale of 71 Isabelle Street to Enterprise Folding Box Co., Inc. for the sale price of \$35,000 and to authorize the President or Executive Vice President to execute and deliver any and all instruments and documents and take any and all actions that are necessary or appropriate on behalf of King Crow, LLC in connection with the closing of the transaction. The motion was seconded by Mr. Mehaffy and unanimously carried.

8.0 Adjournment – There being no further business to come before the Committee, upon motion made by Mr. Kucharski, seconded by Ms. Whyte and unanimously carried, the March 19, 2019 meeting of the Real Estate Committee was adjourned at 1:40 p.m.

Respectfully submitted,



Evan Bussiere
Secretary of the Meeting