

**Minutes of the Meeting  
of the  
Loan Committee  
of  
Buffalo Urban Development Corporation**

**95 Perry Street  
Buffalo, New York  
January 4, 2018  
12:00 p.m.**

Committee Members Present:

Dottie Gallagher-Cohen  
Russ Gentner  
Brendan R. Mehaffy, Committee Chair  
Adam W. Perry  
James L. Rykowski  
Andrew Zemrac

Committee Members Absent:

Michael S. Anthony

Officers Present:

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

**Guests Present:** Rebecca Gandour, Mayor's Office of Strategic Planning; Daniel Leonard, Buffalo Niagara Partnership; Patrick J. MacKrell, NYBDC (via telephone); and Michael Taylor, NYBDC.

**Roll Call:** The roll of Committee members was called at 12:05 p.m. and a quorum of the Committee was determined to be present.

- 1.0 Approval of February 24, 2017 Meeting Minutes** – The minutes of the February 24, 2017 meeting of the Loan Committee were presented. Ms. Gallagher-Cohen made a motion to approve the minutes. The motion was seconded by Mr. Rykowski and unanimously carried.
  
- 2.0 BBRP Loan Program – Project Consistency Feedback** – Ms. Merriweather presented her January 4, 2018 memorandum to the Committee regarding the C.W. Miller Livery project and the McCarley Gardens project. She provided a brief overview of both projects and indicated that the Downtown Committee had reviewed both projects at its October 10<sup>th</sup> meeting for a determination of consistency with BBRP. The Downtown Committee decided to table both items and seek feedback from the Loan Committee regarding project eligibility. Ms. Merriweather outlined the specific issues for which Loan Committee feedback was requested. She indicated that the C.W. Miller Livery project is almost entirely commercial, and with only one residential unit, could be considered outside the intent of the BBRP. The C.W. Miller Livery project will also house the second Emerson culinary school. The McCarley Gardens project involves the new construction of affordable housing with no net new residential housing units. The Committee discussed both projects. Ms. Gallagher-Cohen noted that the original purpose of BBRP was to encourage the adaptive re-use of older buildings into market-rate residential properties. Mr. Gentner commented that the McCarley Gardens project is in a strategic location and is important for downtown. Mr. Rykowski asked whether changes in the historic tax credits

law might impact the C.W. Miller Livery project. Mr. Stebbins responded that as long as the project is placed in service by 2019, the same rules that existed prior to January 1, 2018 are expected to apply. Mr. MacKrell stated that he believes that both projects are consistent with the BBRP program philosophy and spirit. The general consensus of the Committee was that both projects should proceed, and the Committee asked staff to advise the Downtown Committee regarding the outcome of Loan Committee's review of the projects.

**3.0 Downtown Housing Demand Study Update** – Ms. Merriweather reported on the status of the downtown housing demand study that is being prepared by Real Property Research Group, Inc. (RPRG). The study was commissioned by the Buffalo Niagara Partnership, and BUDC provided a portion of the funding for the study. Ms. Merriweather noted that the most recent study by Zimmerman & Volk dates from 2011, so a new study was needed to update data and trends affecting the downtown residential housing market. Mr. Leonard indicated that the final report will provide a housing demand forecast and also identify where residents are coming from when relocating to downtown. The consultant is expected to present the study at the January 24<sup>th</sup> meeting of the Loan Committee.

**4.0 Current Loan Status Updates** – Ms. Profic and Ms. Merriweather presented the January 4, 2018 BBRP Loan Status Report, copies of which were circulated to the Committee. Ms. Profic reported that Main & Cathedral Development paid its loan in full last month. There is currently one outstanding loan for the Phoenix Brewery Apartments project; payments on that loan are current. Ms. Merriweather then reported on the status of several projects that are listed as potential loans in the Loan Status Report, as follows:

Trico – The developer is still working through design issues for the project. It is expected that the developer will supply updated and complete financial information during the first quarter of 2018, at which time the loan will be submitted to NYBDC for underwriting.

The Sinclair – This project was determined to be consistent with BBRP Loan program guidelines, but was not advanced for formal action by the Loan Committee because the developer was unable to identify a gap in financing for the project. The project has since been constructed and is occupied. There is no active underwriting taking place on the project, although the developer may seek a BBRP loan as part of its permanent financing.

810 Main – The project has not yet been submitted to underwriting. The developer is re-bidding the work this spring after the construction budget came in much higher than initially estimated.

Michigan/Broadway – The developer is working with its primary lender to structure project financing. The primary lender has not issued a commitment letter; the project has not been submitted to NYBDC for underwriting.

The Marin - The developer is working with its primary lender to structure project financing. The primary lender has not issued a commitment letter; the project has not been submitted to NYBDC for underwriting.

68-72 Sycamore Street – The developer is working on obtaining public and private sources of financing for this project. The project has not been submitted to NYBDC for underwriting.

Ms. Gallagher-Cohen suggested adding a column in the Loan Status Report to identify loans that are “in the pipeline” but haven’t been submitted for underwriting. The Committee then discussed the loan program. Mr. Mehaffy commented that the program should continue to focus on lending to fill demonstrable financing gaps, and should not be used where the need for financing is not apparent. The Committee discussed how to achieve stronger program utilization. It was suggested that instead of requiring a formal commitment letter, a term sheet or letter of intent from a primary lender could be accepted in order to advance projects. Mr. MacKrell commented that utilization might increase if the program did not require a firm take-out for the financing in every instance. Attracting interest from

developers for smaller projects has been a challenge, though it was noted that the Alexandre Apartments project involved a new developer on a smaller scale project. It was suggested that lenders could serve as referral sources for projects. Ms. Merriweather noted that BUDC utilizes a downtown property database to identify properties that may be in need of funding. Mr. Stebbins commented that as supply shrinks, it has been more difficult for developers to identify and acquire downtown properties.

**5.0 BBRP Loan Program – Developer Feedback** – Ms. Merriweather reported that BUDC and BNP solicited feedback from developers regarding the loan program. She circulated and reviewed with the Committee a one-page summary of positive and negative feedback received from developers. Developers commented favorably regarding the program’s success in filling financing gaps and bridging tax credits. The program has assisted projects that otherwise would not have been developed. Developers indicated that the program has too many requirements and is more costly than traditional financing. Also, the program’s limited geographic footprint, its lack of a long-term financing offering and the \$750,000 maximum loan amount serve to limit more extensive use of the program.

**6.0 Adjournment** – There being no further business to come before the Loan Committee, upon motion made by Ms. Gallagher-Cohen, seconded by Mr. Perry and unanimously carried, the January 4, 2018 meeting of the BUDC Loan Committee was adjourned at 1:15 p.m.

Respectfully submitted,

  
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Kevin J. Zanner, Secretary