

## Buffalo Urban Development Corporation

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**Buffalo Urban Development Corporation  
Real Estate Committee Meeting  
Tuesday, March 19, 2019 – Immediately Following the BBRC Meeting at Noon  
95 Perry Street, 4<sup>th</sup> Floor Vista Room**

### Agenda

- 1) Approval of Minutes – Meeting of 2/19/19 (*Action*) (*Enclosure*)
- 2) General Items
  - a) 2018 BBRF Reimbursement Request (*Recommendation*) (*Handout*)
  - b) 2018 Real Estate Report (*Information*) (*Handout*)
- 3) Northland Beltline Corridor Projects
  - a) 683 Northland Phase I – Construction Update (*Information*) (*Handout*)
  - b) 683 Northland Phase I – Tax Credit Update (*Information*) (*Handout*)
  - c) 683 Northland Phase I - Inventory & Tagging Proposals (*Recommendation*) (*Handout*)
  - d) 683 Northland Phase II – Construction Update (*Information*) (*Handout*)
  - e) Northland Central Lease & Prospects Updates (*Information*)
  - f) 541 E. Delavan - Construction Management Proposals (*Recommendation*) (*Handout*)
  - g) 612 Northland – Lease Prospect Update (*Information*)
  - h) 612 Northland – Construction, Contracting & C.O. Update (*Information*) (*Handout*)
  - i) 714 Northland Property Acquisition Update (*Information*)
  - j) NorDel II (BUDC)/City of Buffalo Land Swap Update (*Information*)
  - k) Plesh Gate & Land Swap Issues (*Information*)
- 3) Buffalo Lakeside Commerce Park Sale & Prospects Update (*Information*) (*Handout*)
- 4) 308 Crowley Update (*Information*)
- 5) Other C.O.B. Brownfield Opportunities (*Information*)
- 6) Adjournment (*Action*)

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

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

Committee Members Present:

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

Committee Members Absent:

Janique S. Curry  
Kimberley A. Minkel  
Dennis M. Penman

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: Dawn Boudreau, ECIDA Compliance Officer; Evan Y. Bussiere, Esq., Hurwitz & Fine, P.C.; Rebecca Gandour, City of Buffalo Office of Strategic Planning; Robert Sanders, Watts Architecture & Engineering; Brett Stiehler, Gilbane Building Company; Paul Tronolone, Empire State Development and Edward Watts, Jr., Watts Architecture & Engineering.

**Roll Call** – Mr. Slater called the meeting to order at 12:07 p.m. A quorum of the Committee was not present. Agenda items 2(e), 2(g), 2(h) and 2(n) through 2(r) were presented for information purposes. Ms. Whyte joined the meeting during the presentation of item 2(q), at which time a quorum of the Committee was present. Ms. Whyte left the meeting following the presentation of item 4.0.

**1.0 Approval of Minutes – Meeting of January 22, 2019** – The minutes of the January 22, 2019 Real Estate Committee meeting were presented. Mr. Kucharski made a motion to approve the meeting minutes. The motion was seconded by Mr. Mehaffy and unanimously carried.

**2.0 Northland Beltline Corridor Projects**


**(a) 683 Northland Phase I – Gilbane Change Order – NWTC Training Equipment** – Mr. Stebbins presented a proposed change order for additional training equipment for the NWTC. Mr. Stebbins explained the need for the change order and noted that the initial estimate of \$25,444.13 for the additional training equipment has been reduced to \$17,939.35. The funds for the change order work would be provided from the \$6 million dollar ESD equipment grant. Mr. Kucharski made a motion to recommend that the Board of Directors approve the change order in the amount of \$17,939.35. The motion was seconded by Mr. Mehaffy and unanimously carried.

- (b) **683 Northland Phase I – Gilbane Change Order – HVAC Issues** – Mr. Cammarata presented a report regarding the need for additional HVAC work at 683 Northland. A preliminary cost estimate for this work is \$475,000, but the cost has not been finalized yet. Edward Watts, Jr. and Robert Sanders then briefed the Committee regarding the HVAC issue and discussed the proposed modifications to the design of the HVAC. The HVAC system, which was designed by a subcontractor to Watts, has not operated efficiently, resulting in much higher energy consumption and a strain on the existing HVAC equipment. Watts has enlisted CJ Brown to assist with the redesign of the system. Mr. Stebbins noted that the additional HVAC equipment costs can be deemed qualified rehab expenditures for historic tax credit purposes. An insurance claim for additional costs associated with the redesign and installation of the new HVAC system will be made and the insurance carrier has been placed on notice of the issue.
- (c) **683 Northland Phase I – Prentice Change Order – Furniture Installation Update** – Mr. Stebbins reviewed the updated quote from Prentice Office Environments for additional costs associated with the warehousing, manpower and delivery of furniture for the NWTC. Mr. Stebbins explained the initial quotation of \$9,000 has been reduced to \$8,000 as shown on the quote. Mr. Mehaffy made a motion to recommend that the Board of Directors approve the change order in the amount of \$8,000. The motion was seconded by Mr. Kucharski and unanimously carried.
- (d) **683 Northland Phase I – LiRo – Additional BCP Costs Update** – Mr. Stebbins presented a handout from LiRo Engineers and provided an update regarding additional costs associated with the environmental compliance work required under the Site Management Plan. As a result of further negotiations with the NYSDEC, the original estimate for the costs associated with these environmental monitoring costs have been reduced from \$73,185 to \$64,371. Mr. Mehaffy made a motion to recommend that the Board of Directors approve the payment of the additional costs in the amount of \$64,371. The motion was seconded by Ms. Whyte and unanimously carried.
- (e) **683 Northland Phase I – Additional Miscellaneous Equipment Purchases** – Mr. Stebbins presented his February 19, 2019 memorandum to the Committee regarding additional equipment purchases for the NWTC in the amount of \$25,648.95. Mr. Stebbins noted that the purchases were made in accordance with the provisions of the BUDC procurement policy relating to the preservation of a time sensitive economic opportunity, and he outlined the procurement process undertaken with respect to the purchases. Mr. Stebbins noted that funds from the \$6 million dollar ESD equipment grant.
- (f) **683 Northland Phase I – GMP & Construction Update** – Mr. Stiehler reported that Phase 1 is nearly complete other than a final cost certification and some HVAC issues. The GiGi's restaurant space is completed. The restaurant is expected to have a soft opening on February 20<sup>th</sup>, with an official opening on February 25<sup>th</sup>. Mr. Stebbins stated that Phase I has been closed from a financial perspective, and that any remaining funds left in the Phase I construction contingency will be rolled over to the Phase II contingency.
- (g) **683 Northland Phase II – NWTC Expansion (East Shed) Update** – Mr. Cammarata circulated and reviewed with the Committee a draft floor plan drawing prepared for the proposed expansion of the NWTC into the east shed building at 683 Northland. Mr. Sanders stated that Watts has been working with Alfred State regarding the design for the expansion space.

- (h) **683 Northland Phase II – NWTC Expansion (West Shed) Update** – Mr. Cammarata presented a draft floor plan drawing prepared by Watts for the west shed space and reported that the Delmar Mitchell entrepreneurial center will move into this space. It is likely that BUDC will have to recreate the historical shed profile to satisfy SHPO requirements. The core build-out for the space, including the maker spaces, bathroom and kitchenette, will be covered by the Phase II budget.
- (i) **683 Northland Phase II – GMP & 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. Finish work has started in the BMW space, the skylights are being installed and three-fourths of the floor work has been completed.
- (j) **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. The renovation of the 1981 building is nearly complete and a potential tenant has interest in the mezzanine space.
- (k) **631 Northland – Watts Scoping & Cost Estimating Proposal** – Mr. Stebbins presented the February 15, 2019 proposal from Watts regarding a proposed building conditions survey/report for 631 Northland. The 42,000+/- square foot space has been marketed as-is and has not generated serious interest to date due to the need for building improvements. The plan is to undertake core and shell renovations at the property (including HVAC, bathroom and floor installations) in order to attract end users. The Watts proposal involves a feasibility study to get a better sense of what the renovation costs will be. Mr. Stebbins indicated that BUDC could pursue historic tax credits and new markets tax credits for the project, which would cover up to 75% of the amount needed for the renovation, with the additional 25% of cost to be covered through borrowing or other sources. In response to a question from Ms. Whyte, Mr. Stebbins stated that the ideal tenant for the property would be a single tenant. At the conclusion of the discussion, Mr. Kucharski made a motion to recommend that the Board of Directors approve the Watts feasibility study proposal at a cost of \$27,050. The motion was seconded by Ms. Whyte and unanimously carried.
- (l) **777 Northland – Watts Demo, Scoping & Cost Estimating Proposal** – Mr. Cammarata presented the February 15, 2019 proposal from Watts for a building conditions survey/report in connection with the demolition and renovation of 777 Northland. He noted that SHPO is requiring that BUDC preserve certain historic elements of the existing structure, including the first 3 bays, the saw-tooth roof, the façade and portions of the perimeter exterior wall. As some of the building is expected to remain standing, BUDC is exploring the potential for creating leasable space at 777 Northland. The cost of the Watts work is \$23,350 and will be paid with Restore V grant funds. Ms. Whyte made a motion to recommend that the Board of Directors approve the Watts proposal at the cost of \$23,350. The motion was seconded by Mr. Kucharski and unanimously carried.
- (m) **541 E. Delavan Construction Management RFP Update** – Mr. Stebbins reported on the issuance of a request for proposals for construction management services for the redevelopment of the 541 E. Delavan building. Response to the RFP is due on February 20<sup>th</sup>. M/WBE goals are set for 25/5%. Mr. Stebbins indicated that there was good attendance at the pre-bid meeting and that he expects to receive a number of proposals to be reviewed with the Committee next month.

- (n) **612 Northland – Lease Prospects** – Mr. Cammarata reported on the emergence of a significant lease prospect for the entire 15,000+/- square feet of space at 612 Northland. The parties are discussing a three year lease term with a two year extension option. The build-out would be funded by the Restore NY V grant. The tenant would be responsible for leasehold improvements. A proposed letter of intent has been circulated.
  - (o) **612 Northland – Construction, Contracting & Change Order Update** – Mr. Cammarata circulated a handout regarding construction costs and a list of contractors for the work at 612 Northland. The build-out work should be completed by summer of 2019. The core and shell work is estimated to cost \$1.28 million. 70% of the total contract value of the work is being performed by certified MBE firms or firm seeking certification.
  - (p) **714 Northland Property Acquisition Update** – Mr. Bussiere reported that M&T Bank counsel circulated draft loan documents and that the closing for the acquisition should be completed by the end of this month or in early March. There are no pending issues which would delay closing. Mr. Cammarata noted that the M&T loan would be in the approximate amount of \$370,000, and the balance of the funds required to purchase 714 Northland in the approximate amount of \$55,000 would be initially paid with BUDC operating funds and then submitted for reimbursement from the Buffalo Brownfields Redevelopment Fund.
  - (q) **NorDel II (BUDC)/City of Buffalo Land Swap Update** – Mr. Zanner reported that updated title searches and surveys have been provided to BURA counsel. The next step is for BURA to acquire the City-owned parcels. Once that is completed, BUDC and BURA will proceed with the land swap.
  - (r) **Plesh Gate & Land Swap Issues** – Mr. Bussiere reported that BUDC has approached Plesh with a proposal to leave the existing historical gate in its present location and install a new gate at the previously mutually agreed upon new location for the gate. Both parties have agreed in principle regarding the swapped parcels and mapping of the swapped areas is to commence upon confirmation of the area that Plesh is requesting for additional parking.
- 3.0 Buffalo Lakeside Commerce Park Sale & Prospects Update** – Mr. Cammarata and Mr. Zanner reported on the status of negotiations relating to the potential sale of 255 Ship Canal Parkway. The Committee provided feedback relating to the proposed terms of sale and a counterproposal was developed to respond to the prospective purchaser.
- 4.0 308 Crowley Update** – Mr. Cammarata reported that BUDC successfully negotiated with the NYS Attorney General's Office to reduce the dollar amount of the environmental lien from in excess of \$75,000 to \$5,000. Mr. Bussiere stated that the next steps are to record the environmental lien release and resolve Geiter Done invoice issue. Once these items are completed, the one-acre parcel at 71 Isabelle can be sold to the neighboring business.
- 5.0 Other C.O.B. Brownfield Opportunities** – Mr. Cammarata reported that BUDC is identifying new properties to acquire, including a former rail property and a site near Broadway.
- 6.0 Adjournment** – The February 19, 2019 meeting of the Real Estate Committee was adjourned at 1:40 p.m.

Respectfully submitted,



Kevin J. Zanner, Secretary