

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

**Mayor's Office of Strategic Planning
901 City Hall
Buffalo, New York
January 12, 2016
12:00 p.m.**

Committee Members Present:

Thomas J. Dearing
Brendan R. Mehaffy (Committee Chair)
Benjamin N. Obletz
Steven J. Stepniak

Committee Members Absent:

James W. Comerford
Dottie Gallagher-Cohen
Rev. Darius G. Pridgen

Officers Present:

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

Guests Present: Debra Chernoff, Buffalo Place, Inc.; Rebecca Gandour, City of Buffalo Office of Strategic Planning; Jamie Hamann-Burney, Buffalo Niagara Medical Campus, Inc.; Lisa Hicks, BUDC Intern; Daniel Leonard, Buffalo Niagara Partnership; Michael Schmand, Buffalo Place, Inc.; Michael Taylor, New York Business Development Corporation; and Gary Witulski, City of Buffalo Office of Strategic Planning.

Roll Call: The Secretary called the roll at 12:15 p.m. A quorum of the Committee was not present. The Chair requested that the information items of the agenda be presented, and items 4.0 through 10.0 were presented. Mr. Stepniak joined the meeting during the presentation of item 9.0, at which time a quorum of the Committee was present.

- 1.0 Approval of Minutes of the December 8, 2015 Meeting** –The minutes of the December 8, 2015 meeting of the Downtown Committee were presented. Mr. Stepniak made a motion to approve the meeting minutes. The motion was seconded by Mr. Dearing and unanimously carried.
- 2.0 BBRP Loan Program – Phoenix Brewery Loan** – Ms. Merriweather presented her January 12, 2016 memorandum regarding a proposed loan in the amount of \$750,000 to The Phoenix Brewery Apartments, LLC. The project involves the adaptive reuse of the Phoenix Brewery building located at 835 Washington Street. The project developer is Sinatra & Company Real Estate. Ms. Merriweather then introduced Michael A. Taylor of the New York Business Development Corporation (NYBDC). Mr. Taylor indicated that NYBDC performed underwriting services for the proposed loan. Mr. Taylor then reviewed the details of the proposed loan as set forth in his December 4, 2015 consideration memorandum to the Committee. The proposed loan is interest only for 36 months at the prime rate plus 2%, with a balloon payment due upon maturity. Collateral for the loan will consist of a second mortgage, the corporate guarantee of Sinatra & Company Real Estate, the personal guarantee of

principal Nick Sinatra and the assignment of a life insurance policy. A discussion regarding the proposed loan followed Mr. Taylor's presentation. In response to a question from Mr. Obletz, Mr. Taylor confirmed that the transaction does not require the developer to identify a specific source of repayment. It is anticipated that the developer will obtain permanent financing or utilize proceeds from other projects to repay the BUDC loan. Mr. Taylor also addressed questions relating to loan to value ratios. Mr. Stebbins noted that this loan is structured in a manner similar to the Main & Cathedral loan in that tax historic tax credits are not expected to be used as dedicated source of repayment.

At the conclusion of the discussion, Ms. Merriweather presented a proposed resolution to the Committee, copies of which were provided to the Committee members. Mr. Stepniak made a motion to approve the following resolution, which motion was seconded by Mr. Obletz and unanimously carried:

RESOLUTION OF THE DOWNTOWN COMMITTEE AS THE INTERIM LOAN COMMITTEE OF BUFFALO URBAN DEVELOPMENT CORPORATION ("BUDC") RECOMMENDING APPROVAL BY THE BOARD OF DIRECTORS OF A LOAN IN AN AMOUNT NOT TO EXCEED \$750,000 THROUGH THE BUFFALO BUILDING REUSE LOAN PROGRAM TO THE PHOENIX BREWERY APARTMENTS, LLC TO REIMBURSE THE PHOENIX BREWERY APARTMENTS, LLC FOR A PORTION OF COSTS INCURRED IN CONNECTION WITH THE ACQUISITION OF THE FORMER PHOENIX BREWERY FACILITY LOCATED AT 835 WASHINGTON STREET, BUFFALO, NEW YORK WHICH IS TO BE RENOVATED AND CONVERTED INTO MARKET-RATE APARTMENTS OR TO FUND OTHER PROJECT-RELATED COSTS

WHEREAS, BUDC is the beneficiary under a Grant Disbursement Agreement between New York State Urban Development Corporation d/b/a Empire State Development, as grantor, and the City of Buffalo, as grantee, for the City of Buffalo - Building Reuse Upstate City-by-City Capital Project, Project Number X956 (the "Grant Agreement") the proceeds of which are being used to fund the BUDC's Buffalo Building Reuse Loan Program (the "Loan Program"); and

WHEREAS, the BUDC Board of Directors previously adopted its Buffalo Building Reuse Loan Program Policy Guidelines and Operating Plan (the "Program Guidelines") and by resolution dated June 25, 2013, designated the Downtown Committee of BUDC to act as the interim loan committee (the "Loan Committee") to make recommendations to the BUDC Board of Directors regarding loans presented to the Committee, with final approval of all loans reserved to the BUDC Board; and

WHEREAS, The Phoenix Brewery Apartments, LLC (the "Company") has submitted an application to BUDC for a loan from the Loan Program in an amount up to \$750,000 to be used to reimburse the Company for a portion of the costs associated with the acquisition of the former Phoenix Brewery facility located at 835 Washington Street, Buffalo, New York (the "Premises") which is to be renovated and converted to approximately 31 market-rate apartments, with first-floor commercial space and tenant amenities (the "Project"), or to fund other Project-related costs; and

WHEREAS, the requested loan complies with the Grant Agreement and the Program Guidelines; and

WHEREAS, BUDC has contracted with New York Business Development Corporation ("NYBDC") to underwrite loans in connection with the Loan Program and NYBDC has submitted a loan report to the Loan Committee with respect to the Company's application (the "Loan Report") and additional documentation relating to the Project; and

WHEREAS, the Company is constructing the Project with financing in the amount of \$4,500,000.00 provided by Five Star Bank, as described in the Loan Report; and

WHEREAS, the Loan Committee has reviewed the foregoing documentation and an NYBDC representative has presented the proposed Loan to the Loan Committee.

NOW, THEREFORE, THE LOAN COMMITTEE OF THE BUFFALO URBAN DEVELOPMENT CORPORATION HEREBY RESOLVES AS FOLLOWS:

Section 1. Subject to the conditions contained in this resolution, a loan in an amount not to exceed \$750,000.00 (the "Loan") to the Company for the purpose of reimbursing the Company for a portion of costs incurred in connection with the acquisition of the Premises, funding construction of the Project or to fund other Project-related costs, all as more particularly described in the Company's application and in the Loan Report, is hereby recommended for approval by the BUDC Board of Directors.

Section 2. The Loan Committee recommends that the Loan be made on the terms outlined in the Loan Report and be subject to the requirements of the Grant Agreement and the Program Guidelines and that the Loan documents include workforce and M/WBE goals of 25% for the Project.

Section 3. The Loan Committee recommends that the Loan be secured by a second mortgage lien and assignment of rents and leases on the Premises (subject only to a first mortgage and assignment of rents and leases held by Five Star Bank) and a lien on and security interest in all of the accounts, inventory, furniture, fixtures and equipment and other personal property assets of the Company, subject only to a prior lien, if any, held by Five Star Bank.

Section 4. The Loan Committee recommends that the Loan be guaranteed by the personal guaranty of Nicholas A. Sinatra and the guaranty of Sinatra and Company Real Estate, LLC and that the Loan be secured by a collateral assignment of a life insurance policy on the life of Nicholas A. Sinatra in an unencumbered face amount not less than \$750,000.00.

Section 5. This Resolution shall take effect immediately. A copy of this resolution shall be provided to the BUDC Board of Directors as part of its consideration of the proposed Loan.


3.0 BBRP Loan Program – Amended Loan Committee Structure – Ms. Merriweather presented her January 12, 2016 memorandum regarding proposed changes to the composition of the BUDC Loan Committee. Ms. Merriweather noted that the BUDC Board initially approved the Loan Committee to include three participating lenders in May of 2015. Since that time, a total of five lenders have agreed to provide capital to the loan program. The revised Loan Committee is proposed to include a one representative each from each of the five participating lenders, one BUDC Board member, one representative from the Mayor's Office of Strategic Planning and one person from a development-related profession appointed by the Chair of the Downtown Committee. Ms. Merriweather noted that the new structure would be included in the BBRLP Loan Policy Guidelines and Operating Plan. She further noted that the Downtown Committee will continue to serve as the interim Loan Committee until the members of the new Loan Committee are appointed.

After a brief discussion, Mr. Stepniak made a motion to recommend that the BUDC Board of Directors approve the amended BUDC Loan Committee structure as proposed, and to include the amended BUDC Loan Committee structure in the BBRLP Loan Policy & Procedures and other documents related to the BBRLP. The motion was seconded by Mr. Oblatz and unanimously carried.

- 4.0 BBRP Loan Program – Program Updates** – Ms. Merriweather presented an update regarding BBRP loan program matters. She reported on the status of the Main & Cathedral loan, which has not closed yet. Ms. Merriweather also indicated that BUDC is working with developer Amy Judd on the BBRP loan for the 510 Washington Street Alexandre Apartments project. She indicated that BUDC loan applications are now available online, and that applications will be processed and awarded on a quarterly basis. Ms. Merriweather noted that a number of developers have expressed significant interest in the loan fund. Ms. Merriweather also commented on BBRP loan program outreach activities, and noted that BUDC intern Lisa Hicks will provide assistance with respect to minority developer outreach.
- 5.0 Downtown Infrastructure – Project Updates** – Ms. Merriweather informed the Committee that two downtown infrastructure improvement projects have been approved for funding through the CFA process. Funding in the amount of \$100,000 was awarded for design costs relating to the pedestrian-friendly greenway from Shelton Square/Fireman’s Park to the waterfront. Funding in the amount of \$500,000 was awarded for the construction of infrastructure improvements to Franklin Street, which is intended to connect the Chippewa entertainment district and the Convention Center.
- 6.0 Queen City Pop Up** – Ms. Merriweather reported that the third session of the Queen City Pop-up retail program closed on December 24th. This version of the program was particularly successful, as three of the four retailers decided to establish permanent locations on Main Street. The fourth retailer chose to open a new location on the west side. Ms. Merriweather noted that since the program’s inception, eight of the fourteen participating retailers have established permanent locations following program completion.
- 7.0 Downtown Development Guide** – Ms. Merriweather reported that BUDC has already received approximately 45 development-related inquiries since the release of the Downtown Development Guide. She noted that the Guide is proving to be a valuable tool to promote downtown development. Final print versions will be available at the next meeting of the BUDC Board of Directors.
- 8.0 Buffalo Place Updates** – Mr. Schmand reported that Buffalo Place has been awarded a \$300,000 grant under the New York State Main Street grant program. He also updated the Committee regarding the Buffalo Place Ranger program. Buffalo Place recently increased the number of rangers from 3 to 7, and coverage hours have been expanded to 8:00 a.m. to 11:00 p.m., six days a week.
- 9.0 Buffalo Niagara Medical Campus Updates** – Mr. Hamann-Burney presented an update regarding Buffalo Niagara Medical Campus matters. He reviewed the status of multiple construction projects underway at the medical campus, including Conventus, Children’s Hospital and the UB School of Medicine. Mr. Hamann-Burney also reported on the request for proposals for the Ellicott-Goodrich parking ramp project, noting that the firm selected by BNMC will perform the work on a design/build basis. It is anticipated that the current ramp will be demolished sometime this spring. He closed his report with an update regarding the Fruit Belt neighborhood parking study.
- 10.0 Buffalo Green Code & Brownfield Opportunity Areas** – There was no update presented for this matter.

Adjournment – There being no further business to come before the Downtown Committee, upon motion made by Mr. Stepniak, seconded by Mr. Obletz and unanimously carried, the Downtown Committee meeting of January 12, 2016 was adjourned at 12:55 p.m.

Respectfully submitted,


Kevin J. Zanner, Secretary