

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

95 Perry Street  
Buffalo, New York  
February 24, 2017  
12:00 p.m.

Committee Members Present:

Michael S. Anthony  
Joseph W. Burden  
Dottie Gallagher-Cohen  
Brendan R. Mehaffy, Committee Chair  
Adam W. Perry  
James L. Rykowski

Committee Members Absent:

Maria Barth

Officers Present:

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

Guests Present: 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. Mr. Burden joined the meeting during the discussion of item 3.0.

- 1.0 Approval of December 16, 2016 Meeting Minutes** – The minutes of the December 16, 2016 meeting of the Loan Committee were presented. Mr. Rykowski made a motion to approve the minutes. The motion was seconded by Ms. Gallagher-Cohen and carried with four affirmative votes. Mr. Perry abstained from the vote.
- 2.0 BUDC Loan Committee Conflict of Interest Disclosure** – Ms. Merriweather reviewed with the Committee the Conflict of Interest Disclosure Form, copies of which were included in the meeting agenda materials. Committee members were asked to complete and return the forms to Mr. Stebbins.
- 3.0 BBRP Loan Modification – Alexandre Apartments** – Mr. Taylor reviewed with the Committee the proposed modification to the Alexandre Apartments loan as set forth in the Memorandum of Modification dated January 23, 2017, copies of which were included in the meeting agenda materials. Mr. Taylor noted that the original loan approval required that the “as completed” real estate appraisal reflect a minimum fair market value of \$3,979,231 with an LTV of 89.2%. The appraisal that was received reflects a fair market value of \$2,650,000. However, when the value of the historic tax credits is included in the appraised value, the LTV is 90.3%, which is only a slight deviation from the 90% required by the loan program guidelines. Mr. Taylor noted that CPC, the primary lender for this project, included the value of the historic tax credits in its appraisal. The other modifications to the loan include

extending the loan maturity date from 18 months to the earlier of three years or the closing of the ESD Better Buffalo loan. The borrower is also seeking a waiver of the requirement that the principals of the borrower provide assignments of life insurance policies in the amount of \$750,000. The Committee discussed the proposed loan modification. Concerns were expressed by Committee members regarding the proposed waiver of the life insurance policy assignment with respect to principal Mark Judd. The Committee declined to approve a waiver of this requirement. The Committee also discussed the inclusion of the value of the historic tax credits as part of the LTV calculation and agreed that inclusion of the historic tax credits as part of the LTV calculation was appropriate.

There being no further discussion, Ms. Gallagher-Cohen made a motion to approve the following resolution, which motion was seconded by Mr. Anthony and unanimously carried:

**RESOLUTION OF THE LOAN COMMITTEE OF BUFFALO URBAN DEVELOPMENT CORPORATION ("BUDC") RECOMMENDING MODIFICATIONS TO CERTAIN TERMS OF A LOAN IN AN AMOUNT NOT TO EXCEED \$750,000 THROUGH THE BUFFALO BUILDING REUSE LOAN PROGRAM TO THE ALEXANDRE APARTMENTS, LLC**

**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 partially fund the BUDC's Buffalo Building Reuse Loan Program (the "Loan Program"); and

**WHEREAS**, pursuant to a Loan Agreement dated December 1, 2015 by and among NYBDC Local Development Corporation ("NYBDC LDC"), various lending institutions (the "Funding Partners") and BUDC, the Funding Partners have agreed to provide additional funding to support the Loan Program, and NYBDC LDC, the Funding Partners and BUDC have entered into a Funds Custodian and Administration Agreement dated December 1, 2015 pursuant to which BUDC and the Funding Partners will provide funds to NYBDC LDC, which will be administered by NYBDC LDC and used to make loans through the Loan Program; and

**WHEREAS**, the BUDC Board of Directors has adopted its Buffalo Building Reuse Loan Program Policy Guidelines and Operating Plan (the "Program Guidelines") and by resolution dated May 26, 2015 formed the Loan Committee of BUDC to make recommendations to the BUDC Board of Directors regarding loans to be made through the Loan Program, with final approval of all loans reserved to the BUDC Board, and by a resolution adopted on January 26, 2016 the BUDC Board of Directors modified the composition of such Loan Committee (as reconstituted, the "Loan Committee"); and

**WHEREAS**, The Alexandre Apartments, LLC (the "Company") submitted an application to BUDC for a loan from the Loan Program in an amount up to \$750,000 (the "Loan") to be used to finance a portion of the costs associated with the renovation of the former Loew's Theatre Warehouse building located at 510 Washington Street, Buffalo, New York (the "Premises") to convert the building into a mixed-use facility containing market-rate apartments and commercial space (the "Project"), or to fund other Project-related costs; and

**WHEREAS**, by a resolution adopted on December 16, 2016, the Loan Committee recommended that the BUDC Board approve the Loan under certain terms and conditions as set forth in the resolution and in the loan report to the Loan Committee prepared by New York Business Development Corporation ("NYBDC") (acting as underwriter) with respect to the Company's application (the "Loan Report"); and

**WHEREAS**, by a resolution adopted on December 20, 2016, the BUDC Board approved the Loan on the terms and conditions recommended by the Loan Committee; and

**WHEREAS**, subsequent to such approval, NYBDC received an appraisal of the Premises and additional information from Community Preservation Corporation (the "Senior Lender") and the Company and based on the appraisal and the additional information received, NYBDC is recommending certain modifications to the terms of the Loan as described in a modification to the Loan Report which has been presented to the Loan Committee; and

**WHEREAS**, Loan Committee has reviewed the modification to the Loan Report and an NYBDC representative has presented the proposed modifications to the Loan terms to the Loan Committee.

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

**Section 1.** The Loan Committee recommends the following modifications to terms of the Loan, as originally approved:

- (a) Approval of the appraisal, as described in the modification to the Loan Report, resulting, after inclusion of the value of the Historic Tax Credits, in a loan-to-value ratio of 90.3%.
- (b) Modification of the Loan term to mature on the earlier to occur of (i) the closing and funding of the Empire State Development (ESD) loan (which it is anticipated will be used to pay off the Loan) or (ii) three (3) years from the Loan closing.
- (c) Waiver of the requirement that the Loan be secured by the assignment of a life insurance policy on the life of Amy E. Judd.

**Section 2.** The Loan Committee further recommends that the Loan be secured by an assignment of a term life insurance policy on the life of Mark Judd in the amount of \$750,000, with delivery of such assignment to occur on the date that the Loan is funded.

**Section 3.** The Loan Committee further recommends that the Loan be secured by an assignment of certain capital contributions to be made by the members of the Company (as more particularly described in the modification to the Loan Report), to be subject and subordinate to an assignment to the Senior Lender, and that BUDC obtain confirmation that ESD has accepted the appraisal of the Premises and the environmental reports relating to the Premises.

**Section 4.** Except as modified herein, the Loan Committee recommends that the Loan be made on the terms and conditions described in the resolution of the Board of Directors dated December 20, 2016. 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 modifications to the Loan terms.

**4.0 Loan Review - Phoenix Brewery** – Mr. Stebbins informed the Committee that BUDC and Sinatra & Company have had preliminary discussions regarding a modification of the loan for the Phoenix Brewery Apartments project. The modification would involve converting the current loan to a mini-permanent loan with a term of 54 months. The Committee discussed the modification, including repayment and collateral, and whether to impose requirements relating to the borrower's redeployment of capital on other projects. Mr. Stebbins indicated that he will discuss these items with the borrower.

**5.0 Current Loan Status Updates** – Ms. Profic presented a loan report identifying the status of current loans. There are two outstanding loans for the Phoenix Brewery Apartments project and the Main & Cathedral project. Both loans are current. Ms. Merriweather noted that two more projects are close to being submitted for underwriting. These projects are for 810 Main Street and the Michigan-Broadway Development project. The Committee then discussed matters relating to the structure of the loan program. There was a question as to whether only market rate housing projects are eligible for loan funding under the program. Mr. MacKrell stated that he did not believe that the program expressly excludes affordable housing projects. Ms. Merriweather indicated that she would review the program guidelines regarding this issue. The Committee also discussed increasing the maximum amount available to borrowers beyond \$750,000 to accommodate large adaptive reuse projects such as the Statler or One Seneca. Mr. Burden noted that any increase would require consent of the participating lenders.

**6.0 Adjournment** – There being no further business to come before the Loan Committee, upon motion made by Ms. Gallagher-Cohen, seconded by Mr. Burden and unanimously carried, the February 24, 2017 meeting of the BUDC Loan Committee was adjourned.

Respectfully submitted,



Kevin J. Zanner, Secretary