

Application Title

Richardson Center Corporation - Redevelopment of the Richardson-Olmsted Complex

Section I: Applicant Background Information

Applicant Information - Company Receiving Benefit

Total Project Cost 55153782
Applicant Name Richardson Center Corporation, Richardson Center Development Corporation
Applicant Address One News Plaza, P.O. Box 100
Phone 716.849.6070
Fax 716.849.4554
E-mail monica@richardson-olmsted.com
Website www.richardson-olmsted.com
Fed ID# -----

Individual Completing Application

Name Monica Pellegrino-Faix
Title Executive Director
Address One News Plaza, P.O. Box 100, Buffalo, New York 14240
Phone 716.849.6070
Fax 716.849.4554
E-Mail monica@richardson-olmsted.com

Company Contact (if different from individual completing application)

Name None
Title None
Address None
Phone None
Fax None
E-Mail None

Company Counsel

Name of Attorney Gary R. Maas
Firm Name Damon Morey LLP
Address 200 Delaware Avenue, Suite 1200, Buffalo, New York 14202
Phone 716.858.3711
 716.856.5510

Identify the assistance being requested of the Agency

Exemption from Sales Tax	Yes
Tax Exempt Financing	No
Exemption from Mortgage Tax	Yes
Exemption from Real Property Tax	Yes
Assignment/Assumption of existing PILOT benefits	No

Business Organization

Type of Business	Not-for-Profit Corporation
Year Established	2006
State of Organization	New York

List all stockholders, members, or partners with % of ownership greater than 20%

Please include name and % of ownership.

RCC has no shareholders, partners or members. It is a not-for profit corporation with a self perpetuating board. RCC is the holder of 100% of the issued and outstanding stock of RCDC.

Business Description

Describe in detail company background, products, customers, goods and services

Richardson Center Corporation (RCC) is a not-for-profit corporation established for the purpose of owning and redeveloping the Richardson Olmsted Complex located at 400 Forest Avenue, Buffalo, New York. Richardson Center Development Corporation (RCDC) is a wholly-owned for profit subsidiary of RCC which will be responsible for the development of the Richardson Complex. Current plans call for a portion of the Richardson Complex (the Administration Building and two adjacent buildings and their connectors) be developed into an upscale hotel containing 90+/- rooms (with a potential expansion in the future of 30 additional rooms), a conference center and a restaurant and catering service. The hospitality center will be leased to a private operator, who will be responsible for all aspects of the operation. Richardson Center Corporation was formed in 2006 for the express purpose of owning and redeveloping the Richardson Complex. RCDC was formed to develop the Richardson Complex on behalf of RCC and to act as a conduit for partially financing the cost of the project through historic and new market tax credits. The anticipated lessee and operator of the hotel has many years of experience in the hotel and hospitality industry.

Estimated % of sales within Erie County	100
Estimated % of sales outside Erie County but within New York State	-0-
Estimated % of sales outside New York State	-0-
Estimated % of sales outside the U.S.	-0-

What percentage of your total annual supplies, raw materials and vendor services are purchased from firms in Erie County? (You may be asked to provide supporting documentation of the estimated percentage of local purchases)

Once operational: Annual supplies 80 + percent

Section II: Project Description & Details

Location of proposed project facility

Address	400 Forest Avenue, the historic Richardson Olmsted Complex and 42 acres, on the 91 acre parcel shared with Buffalo Psychiatric Center and Buffalo State College, bounded by Rees street to Elmwood and Rockwell Road to Forest Avenue
City	Buffalo
State	New York
Zip Code	14213
SBL Number	89.13-1-1 (a portion of)
Town/City/Village	Not Applicable
School District	Buffalo
Present Project Site Owner	The State of New York

Please provide a brief narrative of the project

The Richardson Olmsted Complex is the site of the former Buffalo Psychiatric Center, also known as Buffalo State Hospital. The Richardson Olmsted Complex project consists of 42 acres of vacant, substandard, and underutilized land and 14 historic buildings that, in most instances, have been vacant and unattended for approximately 40 years. Constructed in the late 1800's, the facility was designed by the great American architect Henry Hobson Richardson and the grounds were designed by noted landscape architect, Frederick Law Olmsted. It is registered with the National Park Service as a National Historic Landmark and is listed on the National Register of Historic Sites. In 2006 the Richardson Center Corporation was established to rehabilitate and realize new uses for the site. A sound planning process took place and a Master Plan and GEIS were completed, all with an active public process. The proposed project involves the total rehabilitation of the Towers Administrative Building and the two adjacent former ward buildings to the east and west, for use as a upscale boutique hotel, conference and event space and an architecture center for Buffalo. This redevelopment is one third of the total historic buildings. The remaining buildings have been stabilized pending future opportunities.

Site Characteristics

Is the proposed Project located on a site where the known or potential presence of contaminants is complicating the development/use of the property?

No

If yes, please explain

Has a Phase I Environmental Assessment been prepared, or will one be prepared with respect to the proposed Project Site? (If yes, please provide copy)

Yes

If yes, please provide a copy.

Have any other studies, or assessments been undertaken with respect to the proposed Project Site that indicate the known or suspected presence of contamination that would complicate the site's development?

Yes

If yes, please provide copies of the study.

If you are purchasing new machinery and equipment, does it provide demonstrable energy efficiency benefits?

No
If yes, please attach additional documentation describing the efficiencies achieved.

Does or will company perform substantial research and development activities on new products/services at the project location?

No
If yes, please explain

What percentage of annual operating expenses are attributed to the above referenced research and development activities?

Not Applicable

Explain why IDA participation is necessary for this project to proceed. Focus on competitiveness issues, project shortfalls, etc.

The Richardson Olmsted Complex has been mostly vacant for nearly forty (40) years and has not been utilized for patients since the 1970s. There have been various plans for adoptive reuse of this historic facility for many years. Because of its unique architecture and the historic nature of the building however, redevelopment and operation of the facility has been considered cost prohibitive. The project will only be feasible with significant public monies. Even with the public money and the historic tax and new markets tax credits which will be utilized to pay for the project, the project budget is extremely tight. The layout of the building for a psychiatric hospital presents unusual challenges for its adaptive reuse into an efficient and competitive hotel property, (e.g. the hotel will have multiple single loaded corridors spread out over three wings of the project). If attempting to utilize conventional financing and without assistance from the ECIDA, this important community project would be unable to attract financing, investors, and a hotel operator. Through the sales tax benefit which the ECIDA can provide, a saving of approximately \$1.8 million can be achieved which will free up additional monies for historic preservation and enable the project to attract its necessary financing support and tax-credit investors. Likewise, due to the nature of the project, costs of operation are anticipated to be higher than would ordinarily be encountered in a upscale hotel operation. Given the start-up nature of the proposed hotel facility and the anticipated high cost of operation, it will be necessary to receive real property tax relief for a period of ten years until the hotel becomes established. Applicant would note that this property has been owned by the State of New York and has been off the tax rolls for well over one hundred years. Only through the granting of a payment in lieu of taxes for a period of time in order to get the hotel established will it be possible to get this property back on the tax rolls in the future.

Project Information

Estimated costs in connection with project

Land and/or Building Acquisition	\$ 0
0.00 acres 0.00 square feet	
New Building Construction	\$ 0
0.00 square feet	
New Building addition(s)	\$ 1150243
1500.00 square feet	
Renovation	\$ 41160539
146047.00 square feet	
Manufacturing Equipment	\$ 0
Non-Manufacturing Equipment: (furniture, fixtures, etc.)	\$ 2000000
Soft Costs: (professional services, etc.)	\$ 6750000
Other Cost	\$ 4093000

Explain Other Costs site improvements and FF&E

Total Cost 55153782

Project Refinancing (est. amount) 0

Select Project Type (check all that apply)

No Industrial	No Multi-Tenant	No Mixed Use
No Acquisition of Existing Facility	No Commercial	No Facility for the Aging
No Housing	No Back Office	No Civic Facility (not for profit)
No Equipment Purchase	No Retail	Yes Other Hotel/ Conference and Events Center and Restaurant

SIC Code 7011
NAICS Code 7011

For proposed facility please include # of sq ft for each of the uses outlined below

Manufacturing/Processing	0.00 square feet
Warehouse	0.00 square feet
Research & Development	0.00 square feet
Commercial	0.00 square feet
Retail	0.00 square feet
Office	0.00 square feet
Other	147547.00 square feet
Specify Other	Hotel and conference/events center

Utilities and services presently serving site. Provide name of utility provider

Gas	National Fuel	
Electric	National Grid	Size
Water	City of Buffalo	Size
Sewer	City of Buffalo	Size

Other (Specify)

If you are undertaking new construction or renovations, are you seeking LEED certification from the US Green Building Council?

Yes

If you answered yes to question above, what level of LEED certification do you anticipate receiving? (Check applicable box)

Silver

What is your project timetable (Provide dates)

Start date : acquisition of equipment

2013-09-01

End date : Estimated completion of project

2015-09-01

Project occupancy : estimated starting date of operations

2015-09-01

Have site plans been submitted to the appropriate planning department for approval?

No

Have any expenditures already been made by the company?

Yes

If yes, indicate particulars (ECIDA benefits do not apply to expenses incurred prior to Board approval)

Expenses have been incurred for reuse studies, architect's fees, consultants, legal and accounting fees and some preliminary construction and development of roadways, development of green space, building stabilization, and environmental remediation.

Is project necessary to expand project employment?

Yes

Is project necessary to retain existing employment?

No

Employment Plan (project location)

	Current Jobs	If project is to retain jobs, number of jobs to be retained	Total # of jobs 2 years after project completion
Full time	0	0	45
Part time	0	0	22
Current Full Time Jobs in other Erie county locations	0		
Current Part Time Jobs in other Erie county locations	0		

Payroll Information

Annual payroll

3250000

Estimated average annual salary of jobs to be retained

0

Average estimated annual salary of jobs to be created

41000

Estimated salary range of jobs to be created

From 29500 **To** 100000

Is the project reasonably necessary to prevent the project occupant from moving out of New York State?

No

If yes, please explain and identify out-of-state locations investigated

Were you offered financial assistance to locate outside of New York State?

No

If yes, from whom and what type of assistance was offered

What competitive factors led you to inquire about sites outside of New York State?

Not applicable

Have you contacted or been contacted by other economic or governmental agencies regarding this project?

No

If yes, please indicate the Agency and nature of inquiry below

Section III: Adaptive Reuse Projects

Are you applying for a tax incentive under the Adaptive Reuse Program?

Yes

What is the age of the structure (in years)?

140.00

If yes, number of years vacant?

39

Has the structure been vacant or underutilized for a minimum of 3 years? (Underutilized is defined as a minimum of 50% of the rentable square footage of the structure being utilized for a use for which the structure was not designed or intended)

Yes

Is the structure currently generating insignificant income? (Insignificant income is defined as income that is 50% or less than the market rate income average for that property class)

Yes

Does the site have historical significance?

Yes

Briefly summarize the financial obstacles to development that this project faces without ECIDA or other public assistance. Please provide the ECIDA with documentation to support the financial obstacles to development (cash flow projections documenting costs, expenses and revenues indicating below average return on investment rates compared to regional industrial averages)

Without public assistance, including the granting of ECIDA tax benefits, the redevelopment of the Richardson Olmsted Complex is simply not feasible. The cost per square foot for renovation and operational inefficiencies of the facility due to the uniqueness and historic significance of the property are far in excess of those costs for other hotel facilities that serve similar markets. The operation of the hotel will not break even for a number of years without an initial deferral of all occupancy costs, and the return projected after stabilization is well below that which would constitute a reasonable return on investment. Nonetheless, the RCC and the hotel operator are committed to placing this property back into service and reactivating it as a viable hotel and conference and event center. This is a unique opportunity to redevelop a nationally historic site in the core of the City of Buffalo which has been vacant for many years and has not been on the tax rolls for over 100 years into a productive use which will make PILOT payments during the term of the PILOT and will pay taxes to the City of Buffalo following expiration of the PILOT.

Briefly summarize the demonstrated support that you intend to receive from local government entities. Please provide the ECIDA with documentation of this support in the form of signed letters from these entities

The project is being funded through a combination of grants from Empire State Development of at least \$37,382,039 and historic tax credits and possibly new market tax credits totaling between \$14,000,000 and \$18,000,000. Attached is documentation from Empire State Development with respect to grants it will be providing.

Please indicate other factors that you would like the ECIDA to consider such as: structure or site presents significant public safety hazard and or environmental remediation costs, site or structure is located in a distressed census tract, structure presents significant costs associated with building code compliance, site or structure is presently delinquent in property tax payments

The complex of buildings on the site, while strikingly handsome and important as a major project of both H.H. Richardson and Frederick Law Olmsted, have nevertheless deteriorated significantly since the building as fully occupied in the early 1970s. It is a drain on the resources of public sector as owner, and its deteriorated state weakens the physical and economic vitality of this portion of Erie County notwithstanding the other improvements that have recently been invested in the immediate area. While the applicant has made significant strides towards the stabilization of the property since it has taken over responsibility for the project, the future of the property depends on the ability to create an economically viable reuse and reactivation program that will begin to repopulate the site and begin to generate market economic activity that will serve as a strong initial component of its long term redevelopment. Through a very detailed and carefully crafted redevelopment analysis, the program now proposed will do just that. In addition, the interest in the property, its location adjacent to and near a myriad of Erie County's most impressive arts and cultural facilities, and the County's focus on cultural tourism related to its architectural heritage, present an opportunity for this hotel and conference and event center to draw significant business -and spending - from outside the County. The conference center will be designed with state-of-the-art conference center amenities, including computer, video conferencing and audio visual facilities which will make it a regional center for professional and business gatherings. This the project will have the dual goals of restoring and reusing one of the County's architectural treasures - which itself will draw regional and national interest to Erie County - and also provide services to that business which is currently lacking in the County. However, due to the age, design, condition, environmental remediation and historic preservation aspect of the buildings to be renovated, bringing the building into compliance with current building codes will be challenging and costly, especially as the construction techniques and materials will be done in accordance with the Secretary of Interior Standards for Historic Preservation.

Section IV: Retail Determination

Will project involve the sales of goods or services to customers who personally visit the facility?

Yes
If yes, complete the Retail Questionnaire Supplement below.

Will any portion of the project consist of facilities or property that is primarily used in making sales of goods or services to customers who personally visit the project site?

Yes
If the answer is yes, please continue.

What percentage of the cost of the project will be expended on such facilities or property primarily used in making sales of goods or services to customers who personally visit the project?

100.00
%
If the answer to this is less than 33% do not complete the remainder of the page and proceed to the next section (Section V: Inter-Municipal Move Determination).

Will the project be operated by a not-for-profit corporation?

No

Is the project likely to attract a significant number of visitors from outside the economic development region in which the project will be located?

Yes
If yes, please provide a market analysis or other documentation supporting your response.

Would the project occupant, but for the contemplated financial assistance from the industrial development agency, locate the related jobs outside the State of New York?

No
If yes, please provide documentation regarding investigation of sites outside New York State.

Is the predominant purpose of the project to make available goods or services which would not otherwise be reasonably accessible to the residents of the project municipality?

No

If yes, please provide a market analysis supporting your response.

Will the project preserve permanent, private sector jobs or increase the overall number of permanent private sector jobs in the State of New York?

Yes

Is the project located in a Neighborhood Redevelopment Area?

No

Section VI: Facility Type - Single or Multi Tenant

Is this a Single Use Facility or a Multi-Tenant Facility?

Single Use Facility

For Single Use Facility

Occupant Name INNvest Lodging Services, Inc. or a related single purpose entity
Address 300 International Drive, Buffalo, NY. 14221
Contact Person Dennis Murphy
Phone (716) 626-3622
Fax (716) 626-3619
E-Mail dmurphy@investlodging.com
Federal ID # -----
SIC/NAICS Code 7011

Multi-Tenant Facility

Please explain what market conditions support the construction of this multi-tenant facility

Have any tenant leases been entered into for this project?

<BLANK>

If yes, please list below and provide square footage (and percent of total square footage) to be leased to tenant and NAICS Code for tenant and nature of business

Section VII: Environmental Questionnaire

General Background Information

Address of Premises

400 Forest Avenue, Buffalo, New York

Name and Address of Owner of Premises

The State of New York

Describe the general features of the Premises (include terrain, location of wetlands, coastlines, rivers, streams, lakes, etc.)

The premises are located on Forest Avenue in the City of Buffalo and are improved with a variety of structures. The project consists of the rehabilitation of three (3) buildings containing approximately 170,000 square feet. The terrain is level; there are no wetlands and the property is not located near any stream, river or other body of water.

Describe the Premises (including the age and date of construction of any improvements) and each of the operations or processes carried out on or intended to be carried on at the Premises

The Richardson Olmsted Complex encompasses forty two acres of the 91 acre parcel bounded by Rees street to Elmwood and Rockwell Road to Forest Avenue. Although the area to be initially redeveloped is much smaller, comprising approximately 42 acres and three (3) buildings being the main Towers Administration Building and adjacent former ward buildings to the east and west together with the surrounding grounds. The buildings were constructed in the late 1800's and following rehabilitation will be used as an upscale boutique, conference and event space and an architecture center for Buffalo.

Describe all known former uses of the Premises

Use as a psychiatric hospital and associated administration

Does any person, firm or corporation other than the owner occupy the Premises or any part of it?

Yes

If yes, please identify them and describe their use of the property

Buffalo State College utilizes the northwest portion of the premises at Rees Street and Rockwell Road for parking lots and ball fields.

Have there been any spills, releases or unpermitted discharges of petroleum, hazardous substances, chemicals or hazardous wastes at or near the Premises?

Yes

If yes, describe and attach any incident reports and the results of any investigations

See Phase I and Phase II reports.

Has the Premises or any part of it ever been the subject of any enforcement action by any federal, state or local government entity, or does the preparer of this questionnaire have knowledge of: a) any current federal, state or local enforcement actions; b) any areas of non-compliance with any federal, state or local laws, ordinances, rules or regulations associated with operations over the past 12 months?

No

If yes, please state the results of the enforcement action (consent order, penalties, no action, etc.) and describe the circumstances

Has there been any filing of a notice of citizen suit, or a civil complaint or other administrative or criminal procedure involving the Premises?

No

If yes, describe in full detail

Solid And Hazardous Wastes And Hazardous Substances

Does any activity conducted or contemplated to be conducted at the premises generate, treat or dispose of any petroleum, petroleum-related products, solid and hazardous wastes or hazardous substances?

No

If yes, provide the Premises' applicable EPA (or State) identification number

Have any federal, state or local permits been issued to the Premises for the use, generation and/or storage of solid and hazardous wastes?

No

If yes, please provide copies of the permits.

Identify the transporter of any hazardous and/or solid wastes to or from the Premises

Identify the solid and hazardous waste disposal or treatment facilities which have received wastes from the Premises for the past two (2) years

Does or is it contemplated that there will occur at the Premises any accumulation or storage of any hazardous wastes on-site for disposal for longer than 90 days?

No

If yes, please identify the substance, the quantity and describe how it is stored

Discharge Into Waterbodies

Briefly describe any current or contemplated industrial process discharges (including the approximate volume, source, type and number of discharge points). Please provide copies of all permits for such discharges

None

Identify all sources of discharges of water, including discharges of waste water, process water, contact or noncontact cooling water, and stormwater. Attach all permits relating to the same. Also identify any septic tanks on site

Storm water is discharged from the site.

Is any waste discharged into or near surface water or groundwaters?

No

If yes, please describe in detail the discharge including not only the receiving water's classification, but a description of the type and quantity of the waste

Air Pollution

Are there or is it contemplated that there will be any air emission sources that emit contaminants from the Premises?

No

If yes, describe each such source, including whether it is a stationary combustion installation, process source, exhaust or ventilation system, incinerator or other source

Are any of the air emission sources permitted?

No

If yes, attach a copy of each permit.

Storage Tanks

List and describe all above and under ground storage tanks at the Premises used to store petroleum or gasoline products, or other chemicals or wastes, including the contents and capacity of each tank. Please also provide copies of any registrations/permits for the tanks

There are no underground or above ground storage tanks at the Premises. All tanks have been removed.

Have there been any leaks, spills, releases or other discharges (including loss of inventory) associated with any of these tanks?

<BLANK>

If yes, please provide all details regarding the event, including the response taken, all analytical results or reports developed through investigation (whether internal or external), and the agencies which were involved

Polychlorinated Biphenyls ("PCB" or "PCBs") And Asbestos

Provide any records in your possession or known to you to exist concerning any on-site PCBs or PCB equipment, whether used or stored, and whether produced as a byproduct of the manufacturing process or otherwise.

Have there been any PCB spills, discharges or other accidents at the Premises?

Yes

If yes, relate all the circumstances

PCB's were identified on the concrete floor surfaces of three transformer rooms. Testing during the Phase II indicated that the PCB compounds were at concentrations below the regulatory value to be considered hazardous waste.

Do the Premises have any asbestos containing materials?

Yes

If yes, please identify the materials

Asbestos containing materials are located in floor tiles and pipe wrap.