

Minutes of the Real Estate Committee Meeting
Buffalo Urban Development Corporation
143 Genesee Street
Buffalo, New York
August 23, 2011
12:00 p.m.

Call to Order

Committee Members Present:

Thomas A. Kucharski
Brendan R. Mehaffy
Kimberley Minkel
Benjamin N. Obletz
Christina P. Orsi
Dennis M. Penman

Committee Members Absent:

Darren E. Kempner
Sundra L. Ryce
Craig A. Slater (Committee Chair)

Officers Present:

Peter M. Cammarata, President
David A. Stebbins, Vice President
Andrew Schoeppich, Treasurer
Kevin J. Zanner, Secretary

Roll Call: The roll of Committee members was called at 12:10 p.m. and a quorum of the Committee was determined to be present.

- 1.0 **Approval of Meeting Minutes** – The minutes of the July 19, 2011 meeting of the BUDC Real Estate Committee were presented. Upon motion made by Mr. Penman, seconded by Ms. Minkel and unanimously carried, it was resolved, that the minutes of the July 19, 2011 meeting of the BUDC Real Estate Committee are hereby approved.
- 2.0 **RiverBend Solar Project** – Mr. Stebbins reviewed with the Committee a handout prepared by TM Montante Development that responded to questions posed by Board member Kathy Konst regarding a proposal submitted by TM Montante to install a 17.8 KW solar project at RiverBend. He then reviewed with the Committee the purchase, lease and power purchase agreement alternatives for the installation of the solar project. The Committee then discussed the proposed project. Mr. Obletz expressed some concern that the project would create additional long term financial obligations for BUDC. Mr. Cammarata responded that the purchase option is probably not viable because of the out-of-pocket cost to BUDC. Ms. Minkel suggested that staff contact the New York Power Authority to investigate available solar programs. Mr. Penman commented that the project needs to fit the master plan for the site, and that he was not convinced that the technology has advanced far enough for the project to have economic value to BUDC. Mr. Stebbins noted that the project will also create branding value for RiverBend, and Ms. Orsi commented that the project appeared to be consistent with the master plan for the property. Mr. Cammarata noted that if BUDC were to proceed with a solar project, counsel has advised staff to solicit proposals in accordance with the BUDC procurement policy.
- 3.0 **193 Ship Canal Parkway LDA Update** – Mr. Cammarata circulated an email communication from The Krog Corp to extend its designated developer status for 193 Ship Canal Parkway for a one year period at no charge to the developer. Mr. Cammarata then outlined the terms of the initial designation, which is scheduled to expire on August

31, 2011. He also commented that Krog has marketed the property well in a difficult economic environment and is likely to focus its attention on marketing other brownfield properties in its portfolio if the relationship with BUDC is discontinued. The Committee then discussed the developer's request. Mr. Kucharski noted that some elements of the developer's justification for the cost-free extension are simply the cost of doing business, but also noted that the developer faces challenges in the current market, which is not focused on new builds at this time. Mr. Penman commented that Krog's continued marketing of the property would be helpful to BUDC. Mr. Mehaffy suggested that any extension granted to the developer should be based on the developer's commitment to continue and expand its efforts to market the property. It was suggested that staff meet with the developer to outline its plans for marketing the property. Mr. Cammarata commented that a short-term extension of the current arrangement of thirty days is needed because the current arrangement expires on August 31st. Mr. Penman made a motion to recommend that the Board authorize a thirty day extension of the current letter agreement with Krog. The motion was seconded by Mr. Kucharski and was unanimously carried.

- 4.0 BLCP Parcel 3 Open Space Project Update** – Mr. Stebbins reported that work continues on the Parcel 3 project, but that the project is presently seven to ten days behind schedule. Delivery of the bridge has been delayed and is now expected to be delivered during the first week of September.
- 5.0 BLCP Phase IV Road & Infrastructure Project Update** – Mr. Cammarata reported that the Phase IV project is complete with the exception of the installation of the electrical service. He also reported that National Grid is unwilling to accept installment payments from BUDC for the electrical service installation. Staff continues to pursue the possibility that other National Grid programs may help offset the cost of installation, but many of those programs require the existence of a private economic development project. Mr. Penman suggested that National Grid might accept a letter of credit in lieu of a lump sum payment. He also noted that the federal stimulus legislation includes tax credits for utilities that pursue certain capital projects. Mr. Stebbins indicated that National Grid has not mentioned the letter of credit option in discussions, but that staff would explore that option with National Grid.
- 6.0 Buffalo Brownfield Redevelopment Fund Update** – Mr. Schoeplich provided a detailed update on the recent cash flow activity of BUDC. He commented on the recent note pre-payment received from Sonwil, the payment made to Sasaki Associates for the RiverBend master plan work and the reimbursement received from the Buffalo Brownfields Redevelopment Fund (BBRF) for certain third party costs incurred by BUDC in connection with Buffalo Lakeside Commerce Park. He then outlined future anticipated cash inflows and outflows for BUDC, noting that the projected cash balance for the operating fund as of the end of the 2011 calendar year is expected to be \$400,000 and the cash balance of the BBRF is expected to be approximately \$2,000,000.
- 7.0 Ship Canal Commons Maintenance Agreements Update** – Mr. Stebbins reported that the Common Council has approved the Ship Canal Commons maintenance agreements. The agreements will be submitted to the Buffalo Fiscal Stability Authority for approval and then presented to Mayor Brown for signature. It is expected that the agreements will be signed within the next few weeks.
- 8.0 RiverBend Master Plan Implementation Update** – Mr. Cammarata reported that staff is working on two grant applications in connection with the implementation of the RiverBend master plan. The TIGER grant application involves a grant request of 1.5M for the reconstruction of South Park Avenue. Staff has retained former intern David Hall to work on the application. The application is due in November. The second application involve state parks funding and relates to the design of the proposed Republic Park. Mr.

Cammarata also reported on the presentation at the ULI Fall meeting regarding the RiverBend master plan and on the submission of the RiverBend plan as a proposed topic for the APA National Planning Conference. Mr. Stebbins remarked that the ULI and APA conferences are opportunities for positive national exposure for the RiverBend project.

- 9.0 South Buffalo BOA Grant Agreement Update** – Mr. Stebbins informed the Committee that the BOA grant agreement has been signed by Mayor Brown and submitted to New York State for signature on August 1st. It may take two to three months for all State approvals and signatures to be obtained. BUDC has requested an advance of the grant proceeds in the amount of \$364,500.
- 10.0 Buffalo Building Re-Use Project Update** – Mr. Obletz updated the Committee regarding the Buffalo Building Reuse project. The BBR committee has identified BUDC as a prime vehicle to provide enhanced economic development services. This recommendation was shared with Mayor Brown last week, who expressed support for the concept. Discussions are ongoing regarding an appropriate budget and the addition of staff to support the expanded services. Common Council approval is expected to be required for the concept to move forward.
- 11.0 BERC Merger Update** – Mr. Penman reported that it has been determined that the cash assets that relate to BERC's real estate assets do not constitute program income. Mr. Penman commented that these cash assets may therefore be used to make capital repairs and to pay for the management of the BERC properties without HUD program income restrictions. He also noted there is a five year holding period applicable to the BERC properties, after which the properties may be sold without restrictions.

Adjournment: There being no further business to come before the Committee, upon motion made by Mr. Penman, and seconded by Ms. Minkel and unanimously carried, the August 23, 2011 meeting of the Real Estate Committee was adjourned at 1:30 p.m.

Respectfully submitted,



Kevin J. Zanner, Secretary