

Conventus Partners, LP \$100,000,000 INDUCEMENT RESOLUTION

HIGHLIGHTS

- Eligibility: NAICS Section - **53 - Real Estate**

COMPANY INCENTIVES

- 1% of the final mortgage amount estimated at \$740,000
- Approximately \$3,500,000 in sales tax savings
- Company is located in an Environmental (EN) Zone and is eligible for a brownfield tax credit for taxes paid.



Project Title: Conventus Partners, LP
Project Address: 1001 Main Street
Buffalo, New York 14202
(Buffalo City School District)
SIC/NAICS: 6513/5311110

Agency Request

Sales tax, mortgage tax and a real property tax exemption in connection with the construction of 287,000 sq. ft. 6-story medical office building, with 2 levels of below grade parking (additional 120,000 sq. ft.) with 332 parking spaces planned.

| | |
|---------------------------|-------------------|
| New Building Construction | \$ 82,000,000 |
| Soft Costs | <u>18,000,000</u> |
| Total Project Cost | \$100,000,000 |

* The company has spent an additional \$10,000,000 to remediate the site due to environmental issues.

Company Description

Ciminelli Real Estate has offices in Williamsville, New York; Tampa, Florida; and Pittsburgh and Philadelphia, Pennsylvania. Ciminelli was originally established in 1981 as a small development company in Buffalo, N.Y. While the company's headquarters remain in Western New York, the company has since evolved into a full service commercial real estate firm with over 120 employees in 3 states. They currently offer a comprehensive array of commercial real estate services including facilities and asset management, troubled asset management, leasing, acquisitions, dispositions, and development services in all of New York State, Pittsburgh and Philadelphia, Pennsylvania, Tampa and Orlando, Florida, and Connecticut.

Project Description

The emergence of the Buffalo Niagara Medical Center over the last nine years has resulted in several new public projects at the northern end of the campus such as Gates Vascular Institute and the recently announced relocation of the University of Buffalo School of Medicine and Biomedical Sciences to Main and High Street. With such a large public investment in the campus already occurring, private investment must support and augment overall development. This proposed development will be called Conventus (Latin for "a coming together" or union) named because of its planned physical connection to both the John R. Oishei Foundation Children's Hospital and the UB School of Medicine and Biomedical Sciences. The two major tenants, with Letters of Intent to locate are both 501 © 3 organizations: Kaleida Health (85,000 sq. ft.) and UBMD Physician's Groups (60,000 sq. ft.). Both provide services for an underserved patient base and for the indigent population in the region.

If either organization had opted to construct a building on its own, neither would be obligated to pay taxes.

Conventus Partners, LP

The physical structure will be a 287,000 sq. ft., 6-story medical office building, with levels of below grade parking (an additional 120,000 sq. ft.) with 332 parking spaces planned. The first floor (ground level) is planned to have retail space available to support the campus; i.e. banking, limited food service, a pharmacy, etc. The remainder of the floors will be devoted to clinical, practical and research office space. Support services for Children's with physical connections to at least two adjacent facilities (John R. Oishei Children's Hospital and the UB Medical School) are planned. These connectors will be available to facilitate public pedestrian travel among the buildings and for restricted tenant/medical personnel use only. This connectivity is critical among research, teaching and clinical facilities because it creates synergy, efficiencies and positive economic impact. In addition, the company will strive to construct a LEED certified building.

Based on the "coming together" of Kaleida, UBMD, the University, John R. Oishei Children's Hospital, Gates Vascular Institute, Buffalo General Hospital as well as other concentrations of medical professionals, these facilities will provide research, teaching and practice in what is emerging as a unique and concentrated mass of prestigious institutions.

Project Benefits

The increase in population density at the Downtown Campus will catalyze retail development, housing development, incubators, research parks, and recreational/rehabilitative facilities for the larger downtown campus community.

Impact on Taxes

| Estimated new Assessment based on project costs | Estimated new County taxes yearly | Estimated new City taxes yearly |
|---|-----------------------------------|---------------------------------|
| \$35,000,000 | \$191,000 | \$1,013,000 |
| Combined Tax Rate: \$34.43 | | |

*As the company is located in an environmental zone they will be eligible for a Brownfield tax credit for taxes paid. ECIDA will not be providing a PILOT.

Employment

| <u>Current:</u> | <u>2 years after project completion</u> |
|-----------------|---|
| FT-1148 | 1248 |
| PT-574 | 574 |

Project Incentives

- 1% of the final mortgage amount estimated at \$740,000
- Approximately \$3,500,000 in sales tax savings

Project History

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|------------|--|
| 01/03/2013 | Public hearing conducted. Transcript attached. |
| 01/29/2013 | City of Buffalo Planning adopts a Negative Declaration in accordance with SEQRA. |
| 02/19/2013 | Lease/Leaseback Inducement Resolution presented to Board of Directors. (Tabled) |
| 03/25/2013 | Lease/Leaseback Inducement Resolution presented to Board of Directors. |