

FOR CONSIDERATION

November 19, 2009

TO: The Directors

FROM: Dennis M. Mullen

SUBJECT: Buffalo (Erie County) – H.H. Richardson Working Capital – Urban and Community Development Program (Working Capital Grant)

REQUEST FOR: Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Make a Grant and to Take Related Actions

I. Project Summary

Grantee: Richardson Center Corporation (“RCC” or the “Grantee”)

ESD* Investment: A grant of up to \$150,000 to be used for a portion of the cost of working capital expenses such as salaries, rent, utilities, insurance and site-security in support of the stabilization and rehabilitation of the H.H. Richardson Complex (the “Complex”).

* The New York State Urban Development Corporation doing business as the Empire State Development Corporation (“ESD” or the “Corporation”)

Project Location: 400 Forest Avenue, Buffalo, Erie County

NYS Empire Zone
(or equivalent): N/A

Proposed Project: Operating expenses in support of the stabilization and rehabilitation of the Complex.

ESD Incentive Offer Accepted: October 9, 2009

Project Completion: September 30, 2011

Grantee Contact: Mr. Christopher T. Green, Secretary
c/o Damon & Morey LLP
200 Delaware Avenue, Suite 1200
Buffalo, NY 14202
Phone: 716-858-3730 Fax: 716-856-5521

Anticipated
Appropriation
Source: Urban and Community Development Program

ESD Project No.: W888

Project Team: Origination/Project Management Jean Bly
Affirmative Action Helen Daniels
Environmental Paul Tronolone

II. Project Cost and Financing Sources

<u>Financing Uses</u>	<u>Amount</u>
Operating Expenditures	<u>\$300,000</u>
Total Project Costs	<u>\$300,000</u>

<u>Financing Sources</u>	<u>Amount</u>	<u>Percent</u>
ESD-Grant	\$150,000	50%
The Margaret L. Wendt Foundation Grant	50,000	17%
Philanthropic Donations*	<u>100,000</u>	<u>33%</u>
Total Project Financing	<u>\$300,000</u>	<u>100%</u>

**Donations are from yet to be determined sources. RCC is actively fundraising to meet this amount.*

III. Project Description

RCC is a not-for-profit corporation that was formed in June 2006 for the purposes of rehabilitating the Complex and sponsoring the yet-to-be-formed Richardson Buffalo Architectural Center that will exhibit and interpret the significance of the City of Buffalo's (the "City") more than 200 years of world-class architecture and urban design for the public. The Complex will also include a visitor center, a boutique hotel and an events/conference facility, which will showcase the City's Museum District and the Western New York region (the "Region").

In 1864, Dr. James White, a leading physician in the City, proposed to the New York State legislature that an asylum be established in the Region. Largely through White's efforts, the Buffalo State Hospital came into existence in 1869. In 1870, Henry Hobson Richardson was chosen as

architect for the new mental hospital. Groundbreaking ceremonies took place in June 1871 and the entire complex was completed in 1895. The facility functioned as a hospital until it was closed in 1974. The Complex is historically and architecturally significant, and it is listed in the State and National Registers of Historic Places and has been designated by the National Park Service a National Historic Landmark.

H. H. Richardson is regarded as one of America's greatest architects. Richardson's design for the Complex, executed in five-foot thick Medina sandstone, is the first major example of his personal revival of the Romanesque style, with which his name is popularly identified. The original Complex consisted of ten connected pavilions stretching from either side of an administration building in the center. The administration building has two 185-foot-tall medieval towers, each with four corner turrets, dramatically steep copper roofs and dormered windows. The towers make the Complex one of the most striking public buildings in the United States.

Frederick Law Olmsted designed the hospital grounds, which originally covered more than 200 acres. Landscaped parkland surrounded the main buildings and a large tract of farmland extended behind the buildings, where the hospital grew much of its own food. The present State University of New York's Buffalo State College campus occupies most of the original farm.

Several of the outer pavilions were demolished in 1969, and the Complex fell into a state of disrepair and deterioration after it closed. The Complex has no identifiable use by New York State. In recognition of this dilemma, Governor Pataki sought, and the Legislature adopted, a budget of \$76.5 million for the rehabilitation of the Complex into a mixed-use, multi-purpose civic campus for both public and private activities. The Governor also designated a diverse group of the Region's civic leaders to oversee the rehabilitation effort and to create an architecture center at the Complex. This initiative is supported by the local community and state and local elected officials. The project will return the vacant and surplus Complex to beneficial public use and leverage the Region's world-class period architecture and cultural facilities.

Of the \$76.5 million appropriation, ESD Directors have approved a \$10 million grant for pre-construction activities on December 18, 2006; a \$2.1 million grant for stabilization activities on August 30, 2007; and a \$7,840,800 grant for stabilization activities on January 15, 2009. The Grantee is in compliance with the terms of the aforementioned grants. Since 2006, RCC has progressed with site plan development including the completion of an Urban Land Institute Advisory Panel study (May, 2007); a Historic Structures Report (July, 2008); a Cultural Landscape Report (October 2008); a Concept Study for the Buffalo Richardson Architecture Center (February, 2009); and in August 2009, RCC completed a draft master plan for the Complex, which involved 18 months of community/stakeholder participation, and to date has been well-received by the community. It is now moving forward on the SEQRA review of the plan; ESD is the lead agency for an anticipated Generic Environmental Impact Statement. Additionally, RCC is in the process of completing various stabilization activities including assessment and repair of roof leaks; structural shoring of vulnerable areas; installation of a more extensive security and fire alarm system; asbestos abatement and clean up; ventilation; prevention of water infiltration; temporarily sealing open areas in perimeter walls; and emergency landscape work on the dead and dying trees.

Previously, ESD Directors approved a \$200,000 working capital grant on December 18,

2006 to assist with operating expenses in support of stabilization and rehabilitation of the Complex. As the grant funds were depleted July 2009, RCC notified ESD that it required additional working capital expenditures for a twenty-four month period, at which time the Grantee hopes to be self-sustaining.

B. The Project

The \$300,000 project involves general operating expenses including salaries and related expenses: rent; utilities; insurance; site-security; operating supplies; and consulting and support fees involving marketing, fundraising, legal and accounting necessary to allow further stabilization and rehabilitation of the Complex. The project, which began in October 2009, is scheduled for completion in September 2011. RCC recently secured a grant from the Margaret L. Wendt Foundation; has been advised that the County of Erie will provide operational funding; and is actively soliciting local foundations for additional working capital funds for the project's match requirement.

C. Financial Terms and Conditions

1. The Grantee will be obligated to advise ESD of a material adverse change in its financial condition prior to disbursement.
2. The Grantee will contribute at least 10% in equity to the project. Equity is defined as any non-debt source of capital, and should be auditable through Grantee financial statements or Grantee accounts, if so requested by ESD.
3. Up to \$150,000 will be disbursed to the Grantee for working capital expenditures, no more frequently than quarterly, in proportion to ESD's funding share, assuming that all project approvals have been completed and funds are available. The final 10% of the grant will be disbursed to the Grantee upon completion of the project. Payment will be made upon presentation to ESDC of an invoice and such other documentation as ESDC may reasonably require. Expenditures must be incurred on or after October 9, 2009 to be considered eligible project costs.
4. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$150,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Company and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

IV. Statutory Basis

This project is authorized under Sections 5(4) and 16-d of the New York State Urban Development Corporation Act (the "Act") and satisfies the eligibility criteria for an Urban and Community Project Development Assistance grant as set forth in the Act and the rules and regulations for the Urban and Community Development Program. No residential relocation is required as there are no families or individuals residing on the site.

V. Environmental Review

ESD staff has determined that the project, which involves expending funds for administrative activities, constitutes a Type II action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations for the New York State Department of Environmental Conservation. No further environmental review is required in connection with the project.

VI. Affirmative Action

ESD's Non-Discrimination and Affirmative Action policy will apply. Richardson Center Corporation is encouraged to include minorities and women in any job opportunities created by the Project and to solicit and utilize Minority and Women-owned Business Enterprises for any contractual opportunities generated in connection with the Project.

VII. ESD Financial Assistance Subject to Availability of Funds and Additional Approval

The provision of ESD financial assistance is contingent upon the availability of funds and the approval of the State Division of the Budget.

VIII. Additional Submissions to Directors

Resolutions
New York State Map

November 19, 2009

Buffalo (Erie County) – H.H. Richardson Working Capital – Urban and Community Development Program (Working Capital Grant) – Findings and Determinations Pursuant to Section 10 (g) of the Act; Authorization to Make a Grant and to Take Related Actions

RESOLVED, that on the basis of the materials presented to this meeting, a copy of which is hereby ordered filed with the records of the Corporation, relating to the H.H. Richardson Working Capital – Urban and Community Development Program (Working Capital Grant) Project (the “Project”), the Corporation hereby determines pursuant to Section 10 (g) of the New York State Urban Development Corporation Act of 1968, as amended (the “Act”), that there are no families or individuals to be displaced from the project area; and be it further

RESOLVED, that the Chairman and Chief Executive Officer-Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized to make to Richardson Center Corporation a grant for a total amount not to exceed One Hundred Fifty Thousand Dollars (\$150,000) from the Urban and Community Development Program, for the purposes, and substantially on the terms and conditions, set forth in the materials presented to this meeting, with such changes as the Chairman and Chief Executive Officer-Designate of the Corporation or his designee(s) may deem appropriate, subject to the availability of funds and the approval of the State Division of the Budget; and be it further

RESOLVED, that the Chairman and Chief Executive Officer-Designate of the Corporation or his designee(s) be, subsequent to the making of the grant, and each of them hereby is, authorized to take such actions and make such modifications to the terms of the grant as he or she may deem necessary or appropriate in the administration of the grant; and be it further

RESOLVED, that the provision of ESD financial assistance is expressly contingent upon: (1) the approval of the Public Authorities Control Board, if applicable, and (2) receipt of all other necessary approvals; and be it further

RESOLVED, that the Chairman and Chief Executive Officer-Designate of the Corporation or his designee(s) be, and each of them hereby is, authorized in the name and on behalf of the Corporation to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider to be necessary or proper to effectuate the foregoing resolutions.

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