

Midtown Tower

City Council Work Session

Thursday, June 27, 2013



MIDTOWN TOWER
CHAINTREUIL | JENSEN | STARK ARCHITECTS, LLP

A PARTNERSHIP BETWEEN:



BUCKINGHAM PROPERTIES

Morgan
MANAGEMENT

Agenda



- Development Team
- Project Description
- Sources/Uses
- Approvals
- Sale/Lease of Real Estate
- City Financing
- Property Taxes
- Parking
- Community Benefits
- Return on Investment
- Timeline
- Discussion

Development Team



- Midtown Tower, LLC, which is controlled by:
 - Larry Glazer, Buckingham Properties
 - Robert Morgan, Morgan Management



Project Description



- 179 residential rental units:
 - Studio—10 units
 - 1 bedroom—107 units
 - 2 bedroom—62 units
 - Mixed income project with 15% of units affordable.
 - Between 250 and 350 residents.
- Commercial space:
 - Approximately 160,000 sq ft (first 3-5 floors of Tower and Plaza).
 - At least 500 employees.
- Short term public parking on Parcel 7 with 34 parking spaces.
- Public access to the garage off of the pedestrian corridor.
- Sale of Pavilion for redevelopment.



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Sources and Uses

Sources

Bank Loan	\$36,830,397
RG&E	500,000
ESDC Grant	5,200,000
City Cash Capital Loan	2,700,000
City CDBG Loan	1,000,000
City Capital Loan	3,000,000
Equity	5,000,000
TOTAL	\$54,230,397

Uses

Acquisition	\$2
Construction	47,781,102
Soft Costs	4,449,293
Construction Interest	2,000,000
TOTAL	\$54,230,397

Approvals



- SHPO completed in February.
- NEPA completed in May.
- Site Plan approval and SEQR in June.
- Administrative Resubdivision
- City Council consideration in July:
 - Sale of Real Estate—Midtown Tower
 - Sale of Real Estate—Pavilion (August?)
 - Lease for Parcel 7
 - Parking Agreement
 - City Loans and Grants
 - Easements
- COMIDA consideration in August:
 - Special Tax Abatement
 - Sales Tax Exemption
 - Mortgage Tax Exemption

Sale/Lease of Real Estate



- Sale of Parcel 3 for \$2.00.
- Lease agreement for Parcel 7:
 - Non-exclusive short term public parking lot for 25 years with two options to renew for five years each, contingent upon City Council approval.
 - Lease the land for \$1, but developer responsible for improvements and operating/maintenance costs.
 - Developer to retain revenue to offset cost of operations, maintenance and improvements.
 - Remaining revenue split equally.
- Sale of the City-owned Pavilion.
- Granting any necessary easements.

City Financing



- \$2,700,000 loan from prior year Cash Capital for 20 years with annual interest-only payments of 1%.
- \$1,000,000 loan in CDBG funds from Economic Development (ED) Financial Assistance Loan for 20 years with annual interest-only payments of 1%..
- \$3,000,000 loan from the Development Revolving Loan Fund for 8 years with annual interest payments of 1% and principal payments as follows: \$150,000 in year 1, \$300,000 in year 2, \$450,000 in years 3-7 and \$300,000 in year 8.
- Up to \$280,000 grant will be provided to the developer as reimbursement for work performed on behalf of the City.

Property Taxes



- 20-year PILOT through COMIDA:
 - Residential: Developer will pay ten percent (10%) of shelter rent (defined as gross rent less utility costs).
 - Commercial: Developer will pay \$1.00 per leased square foot during years 1 to 5, \$2.00 per leased square foot during years 6 to 15, and \$2.50 per leased square foot during years 16 to 20.
- Annual payments to COMIDA increase from approximately \$199,000 Year 1 to \$682,000 in Year 20.
- More than \$10 million in payments during the PILOT.

Parking



- Up to 423 exclusive parking spaces in the Midtown Garage:
 - \$50,000 per year to offset the operating costs that are retained by the City.
 - Developer responsible for maintenance and security costs.
 - 25 years with 2 options to renew for 5 years each, which are contingent upon City Council approval at that time.
- Purchase option for the portion of the garage at the appraised value at the time of transfer. Developer responsible for any future capital improvements after its purchase.
- Up to 250 additional parking passes.
- Short term public parking on Parcel 7 (See above).

Community Benefits



- Investment: \$55 million total investment.
- \$37 million financing and \$5 million equity a significant expression of confidence.
- Solidify success of Midtown Project, bring vibrancy to the site, and add value to remaining development parcels.
- Remove risk that City will become responsible for the partially demolished tower.
- 20% of contracts MBE, WBE, DBE and/or SBE.
- 20% for minority and 6.9% for women workforce.
- Affordable Housing: 15% of units.
- Construction Jobs: At least 300.
- Permanent Jobs: Approximately 500 employees located at Tower and at least 29 net new jobs.
- Residents: Between 250 and 350 people.

Return on Investment

	Construction (18 Months)	Year 1	Year 2	Year 3	Year 4
Capital Loan:	\$ (2,700,000)	\$ -	\$ -	\$ -	\$ -
Origination Fee	\$ 27,000	\$ -	\$ -	\$ -	\$ -
Interest Payment	\$ 40,500	\$ 27,000	\$ 27,000	\$ 27,000	\$ 27,000
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -
CDBG Loan:	\$ (1,000,000)	\$ -	\$ -	\$ -	\$ -
Origination Fee	\$ 10,000	\$ -	\$ -	\$ -	\$ -
Interest Payment	\$ 15,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -
City Short-term Financing:	\$ (3,000,000)	\$ -	\$ -	\$ -	\$ -
Origination Fee	\$ 30,000	\$ -	\$ -	\$ -	\$ -
Interest Payment	\$ 45,000	\$ 30,000	\$ 28,500	\$ 25,500	\$ 21,000
Principal Payment	\$ -	\$ 150,000	\$ 300,000	\$ 450,000	\$ 450,000
City Portion of COMIDA	\$ -	\$ 155,054	\$ 242,995	\$ 280,041	\$ 300,121
TOTAL	\$ (6,532,500)	\$ 372,054	\$ 608,495	\$ 792,541	\$ 808,121
Running Total	\$ (6,532,500)	\$ (6,160,446)	\$ (5,551,951)	\$ (4,759,410)	\$ (3,951,289)

Timeline

- Construction is anticipated to start in the fall of 2013 and be complete by fall of 2015.



QUESTIONS AND DISCUSSION



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