

October 15, 2014

MEMORANDUM TO THE TRUSTEES

FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER

SUBJECT: Lease of Office Space – Electric Tower, Buffalo, New York

SUMMARY

The Trustees are requested to authorize the execution of a lease with Iskalo Electric Tower Master Tenant LLC (Landlord) for office space located at 535 Washington Street, Buffalo New York, commonly known as the Electric Tower. The proposed lease would be for a term of five years and two months commencing within ninety days of lease execution for a leased space of 3,614 square feet. It is anticipated that the lease will commence prior to the end of 2014. The average base rental per square foot is approximately \$22.00 (\$79,785.00 per annum) and on terms more particularly set out in Exhibit “A,” attached hereto.

BACKGROUND

The Authority currently sublets approximately 1,054 square feet of office space from the New York State Urban Development Corporation d/b/a Empire State Development Corporation (“ESDC”) at 95 Perry Street, Buffalo New York. However, this space has become inadequate for the Authority’s current staffing needs. Staff explored several options for obtaining additional space within the 95 Perry Street building, but no suitable space was available.

DISCUSSION

The Authority has determined that it is desirable to maintain its business presence within the City of Buffalo. Authority real estate staff researched various alternatives for the relocation of the required office space and the Electric Tower location was chosen as the preferable site. The Electric Tower is an historic structure, constructed in 1912 to serve as a showcase for the public benefit of electricity, then a relatively new technology. It has recently been extensively renovated.

The rental rates and other charges set out above are competitive with similar space in the City of Buffalo’s Central Business District.

The current lease at 95 Perry Street expires on June 30, 2015. However, ESDC has expressed its willingness to release the Authority from the lease prior to the expiration date.

FISCAL INFORMATION

Payment associated with this lease will be made from the Authority's capital fund.

RECOMMENDATION

The Acting Vice President – Procurement and the Director – Site Purchasing, Materials Management and Real Estate recommend that the Trustees approve the execution of a lease agreement with Iskalo Electric Tower Master Tenant LLC for office space in the Electric Tower, 535 Washington Street, Buffalo, New York on terms substantially in accordance with the foregoing and with Exhibit “A” attached hereto.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Gil C. Quiniones
President and Chief Executive Officer

RESOLUTION

RESOLVED, that the President and Chief Executive Officer, the Acting Vice President – Procurement and the Director of Site Purchasing, Materials Management and Real Estate be, and hereby are, authorized to enter into a Lease Agreement between the Authority and Iskalo Electric Tower Master Tenant LLC, on substantially the terms set forth in the foregoing memorandum of the President and Chief Executive Officer and subject to the approval of the documents by the Executive Vice President and General Counsel or his designee; and be it further

RESOLVED, that the Acting Vice President – Procurement or the Director of Site Purchasing, Materials Management and Real Estate is hereby authorized to execute any and all other agreements, papers or instruments on behalf of the Authority that may be deemed necessary or desirable to carry out the foregoing, subject to the approval by the Executive Vice President and General Counsel; and be it further

RESOLVED, that the Chairman, the Vice Chair, the President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and Chief Financial Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution subject to the approval of the form thereof by the Executive Vice President and General Counsel.

Exhibit "A"

**BASIC LEASE TERMS
ISKALO TO AUTHORITY**

- 1) **Premises:** 3,614 leasable square feet located on the 2nd floor at the Electric Tower, 535 Washington Street, Buffalo, New York 14203
- 2) **Term:** One, five (5) year and two (2) month lease term. Base rent for the first two months of the lease term shall be abated. No extension terms or options.
- 3) **Commencement Date:** Within ninety (90) days following Landlord's receipt of a fully executed lease document and building permit. Anticipated commencement before year end 2015.
- 4) **Base Rent:** \$75,894.00 annually with a two and a half percent (2.5%) annual escalator.
- 5) **Escalations:** Proportionate share of increases in real estate taxes over a base year of 2015. Proportionate share of increases in operating expenses over a base year of 2015.
- 6) **Utilities:** Landlord to provide utility service to the Premises. Base Rent to include all charges for water, sewer, natural gas and building common area electric during the Base Year. Tenant responsible for its pro rata share of any increase over the Base Year cost for said utility charges for the balance of the term. Premises Electric shall be sub-metered by Landlord.
- 7) **Landlord's Work:** None
- 8) **Broker:** None