

BROOKS-TLC HOSPITAL SYSTEM, INC.



Expression of Interest

REGARDING

**Redevelopment of
Brooks Memorial Hospital Campus
Dunkirk, New York**



**Brooks-TLC Hospital System, Inc.
May 2019**

EXECUTIVE SUMMARY

Brooks-TLC Hospital System, Inc. is seeking interested parties for the redevelopment of their acute care hospital, formerly known as Brooks Memorial Hospital, which is a 152,900 square foot (SF) complex with approximately 127,363 SF of useable space located on 4.95 acres in Dunkirk, New York (Tax map #79.18-4-1).

Inpatient and acute care services provided today at this site will move to new facilities to be constructed at a new location and in accordance with modern building codes and New York State Department of Health Article 28 guidelines.

The existing Brooks facility will remain open and fully function as a hospital through 2020; however, the scheduled move is anticipated in early 2021.

Brooks Hospital, located at 529 Central Avenue, sits on an entire city block in Downtown Dunkirk (See Attachment I). The City of Dunkirk's downtown is of a size sufficient to support a vibrant, year-round downtown based on its current population and projected future population growth that will result from companies expanding and locating within the City and its bordering municipalities. Dunkirk is the second largest city in Chautauqua County behind Jamestown, New York. Chautauqua County, as a whole, contains a population of 130,779. Dunkirk is the primary urban area for Northern Chautauqua County, while Jamestown serves as the urban area for the south end of the County. Based on 2010 Census Data, the City of Dunkirk's population size is approximately 12,563 people with 58.8% between 20 – 65 years old with a population density of 2,774 per square mile. Northern Chautauqua County has many small rural municipalities that treat downtown Dunkirk as their primary downtown destination.

The City of Dunkirk is located in an optimal location between the City of Buffalo (50 miles northeast), the City of Jamestown (29 miles southeast), and the City of Erie, PA (52 miles southwest). This includes a total of 385,270 people living less than one hour away from the City of Dunkirk. Another important catchment includes Dunkirk's proximity to Canada. Every summer, large numbers of boaters from Canada come to Dunkirk's Harbor to enjoy the safe harbor, shops, restaurants, festivals, events, and lodging.

Downtown Dunkirk is going through a revitalization period (See Attachment II). The City of Dunkirk is in the process of finalizing its Comprehensive Plan and the Northern Chautauqua County Local Waterfront Revitalization Plan. In addition, the City just completed a Housing Study titled *Choosing Dunkirk*, and has completed a Brownfield Opportunity Area (BOA) Phase II Study with the designation as a BOA community. The Brooks Hospital site is located in the opportunity zone and it is an integral part of Dunkirk's Downtown (see Appendix III). The reuse of the site should fit with the community's vision and should help drive a new *Innovation Neighborhood* along Central Avenue.

PROJECT DESCRIPTION

The Brooks facility currently consists of one (1) distinguishable building originating in 1940, with multiple expansions. Two (2) of the most significant expansions were completed in 1962 and 1990. In 1962, Brooks Memorial Hospital added approximately 48,922 square feet extended from the original hospital and included the current entrance that faces Central Avenue. The second significant expansion occurred in 1990, and added approximately 26,785 square feet. This second expansion included the current Operating Rooms, Critical Care Unit, and laboratory expansion.

The hospital has grown since 1940; all major and non-major additions total 127,363 square feet of usable square footage to reach its current configuration:

- Ground Floor (54,086 SF): Includes Emergency, Administrative, Cafeteria and Support space;
- First Floor (24,853 SF): Administrative, Maternity, Therapy and Information Technology;
- Second Floor (26,124 SF): Surgical, Critical Care and Hospital Support;
- Third Floor (18,510 SF): Inpatient rooms and a former dialysis center; and
- Fourth Floor (3,790 SF): Lab.

The Brooks facility is located on approximately 4.95 acres of land and includes a full city block. The hospital occupies a strategically important site, sitting at the physical and social crossroads of many diverse neighborhoods (See Appendix I).

It straddles a desirable, stable, and established neighborhood to its west and a neighborhood in transition and staging a comeback just to its east, where change, reinvestment, and revitalization has already begun to occur. Toward and past Main Street to the east, many neighborhoods could benefit from the conversion and the reuse of this site, as stability spreads from west to east.

THE OPPORTUNITY

The hospital site presents a unique opportunity for creative, qualified developers to submit expressions of interest, along with qualifications, for redevelopment. The hospital's board of directors is interested in selecting a developer or development team with whom to exclusively negotiate the redevelopment of this complex.

Brooks-TLC Hospital System, Inc. recently assembled a community advisory panel to review the project and identify strategies for the redevelopment of the Brooks complex. The recommendations from the panel will be utilized to assist the hospital in identifying a development management entity to create and implement a master plan for the redevelopment of the site encompassing the interests of the community.

Taking into consideration the Brooks complex, the surrounding area and the economic realities of the markets, the panel felt that by utilizing incentives such as the Qualified Opportunity Zone Designation, Brownfield Opportunity Area Designation, and associated tax credits, the complex has the potential to be redeveloped in a mixed-use concept possibly including elements of residential, retail, a boutique hotel, medical and professional office, parking, and open space.

Brooks-TLC Hospital System is currently not in a position to fund community recommendations, but believes that the Brooks complex affords a unique adaptive reuse opportunity, and is open to various scenarios to participate with the selected development opportunity.

BROOKS-TLC HOSPITAL SYSTEM GOALS

Brooks-TLC Hospital System's goal is to identify a developer or development team that has the creativity, willingness, expertise, and financial capability to prepare and implement a redevelopment strategy for the Brooks campus. The developer must be willing to take into consideration the economic importance of the area and work with Brooks-TLC and the surrounding communities to create and implement a comprehensive redevelopment of the Brooks complex.

The developer must demonstrate the experience and resources needed to design and develop a successful, high quality, sustainable project. Prior experience in adaptive reuse of existing structures, finance, construction, and knowledge of and experience with incentive programs and resources, will be critical elements in evaluating qualifications and proposals.

PROCESS AND SUBMITTAL INSTRUCTIONS

Respondents are requested to submit two hard copies of your Expression of Interest (proposal) by June 3 by 3:00 PM EST to the below address:

Contact Information

Mary E. LaRowe, President and CEO
Brooks-TLC Hospital System, Inc.
Office: (716) 363-7207
Fax: (716) 363-7254
Email: mlarowe@brookshospital.org

Please note: Brooks-TLC Hospital System reserves the right, in its sole judgment, to reject late or incomplete submissions at any point in this process.

An open house and tour of the campus will be made available on Friday, May 17 and Saturday, May 18 from 3-5 pm EST.

DEVELOPER RESPONSES

To properly assess your interest and your qualifications for the redevelopment of the Brooks complex, Brooks-TLC Hospital System requests that applicants respond with the following information in the order it is presented below.

SECTION 1: COMPANY OVERVIEW

1. Brief overview of your company (company history/background narrative, corporate structure, and number of employees).

SECTION 2: DEVELOPMENT PROJECT EXPERIENCE

1. Provide a list of similar-size redevelopment projects your firm has been involved with or is currently involved in.
2. Provide two (2) or more comparative case studies - include references.

SECTION 3: DEVELOPMENT TEAM

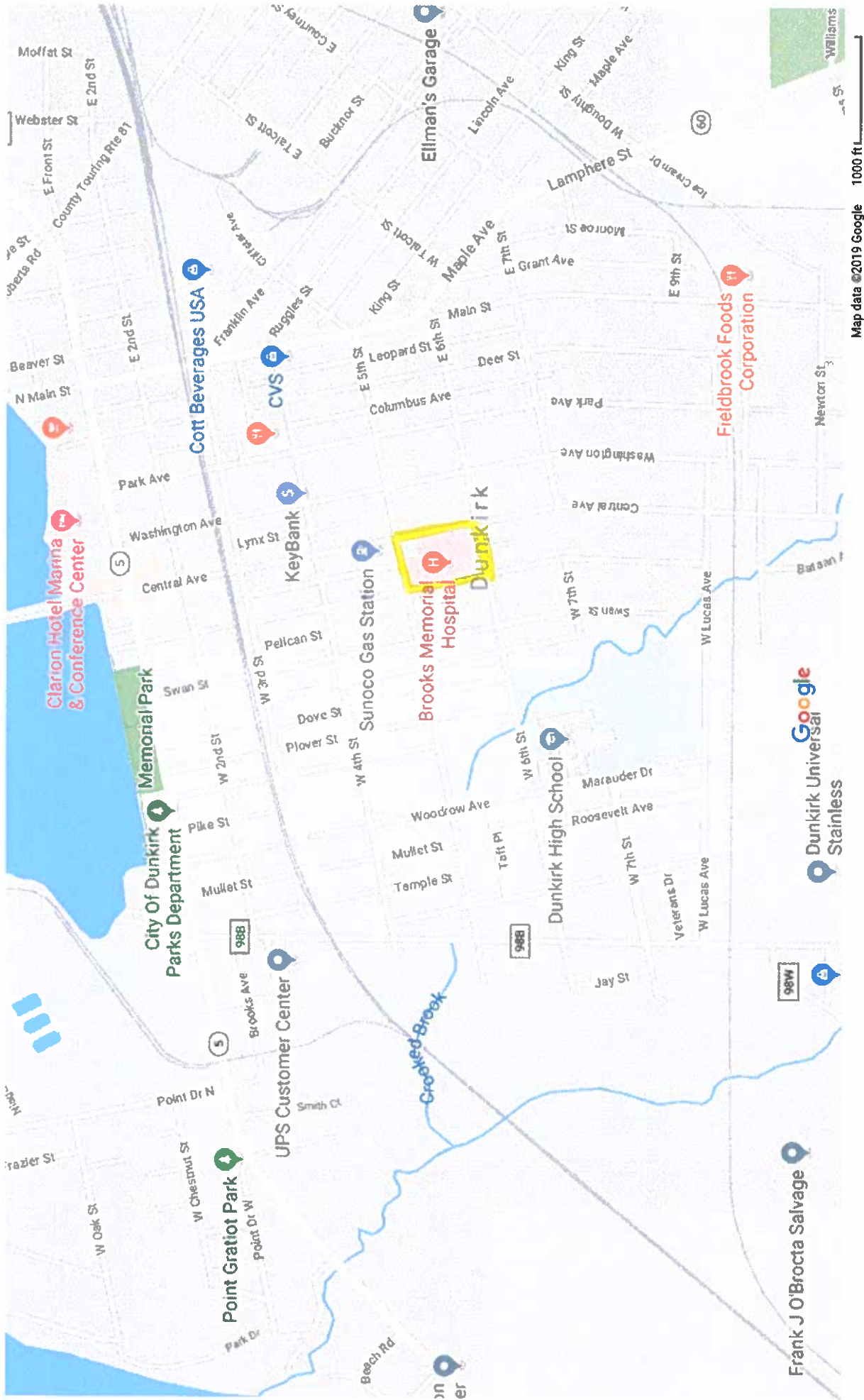
1. Names, resumes, and an organizational chart of the key employees who may be assigned to this project.
2. Describe which services your company prefers to supply in-house or outsource to a third party contractor.
3. Identify potential third party team members for key services and provide an overview of the capabilities of each firm on the development team including architects, engineers, contractors, legal, etc.
4. Please describe how this team would operate and who will be responsible with interfacing with Brooks' representative.

APPENDIX

- I. Brooks Hospital Campus location (location & neighborhood map)
- II. City of Dunkirk Recent & Planned Investments
(*Comprehensive Plan soon to be released*)
- III. Incentives Available
- IV. Brooks Hospital Campus location within the City (city map)
- V. Brooks Hospital Campus (facility photos)
- VI. Brooks Hospital Campus (aerial photos)

Appendix I

Location and Surrounding Neighborhood



Appendix II

City of Dunkirk
Recent & Planned Investments

RECENT AND PLANNED INVESTMENT IN DUNKIRK BROOKS HOSPITAL REDEVELOPMENT



1 WRIGHT PARK IMPROVEMENTS



3 STREETSCAPE ENHANCEMENTS



5 DUNKIRK BOARDWALK MARKET



7 FREDONIA TECHNOLOGY INCUBATOR



9 COBURN BLOCK REHABILITATION



11 GREAT LAKES COLD STORAGE



13 STEEL HOUSING DEVELOPMENT



2 ATHENEX



4 PIER IMPROVEMENT PROJECT



6 POINT GRATIOT IMPROVEMENTS



8 CHADWICK BAY LOFTS



10 BATTERY POINT VILLAS



12 WINGATE HOTEL & RESTAURANT



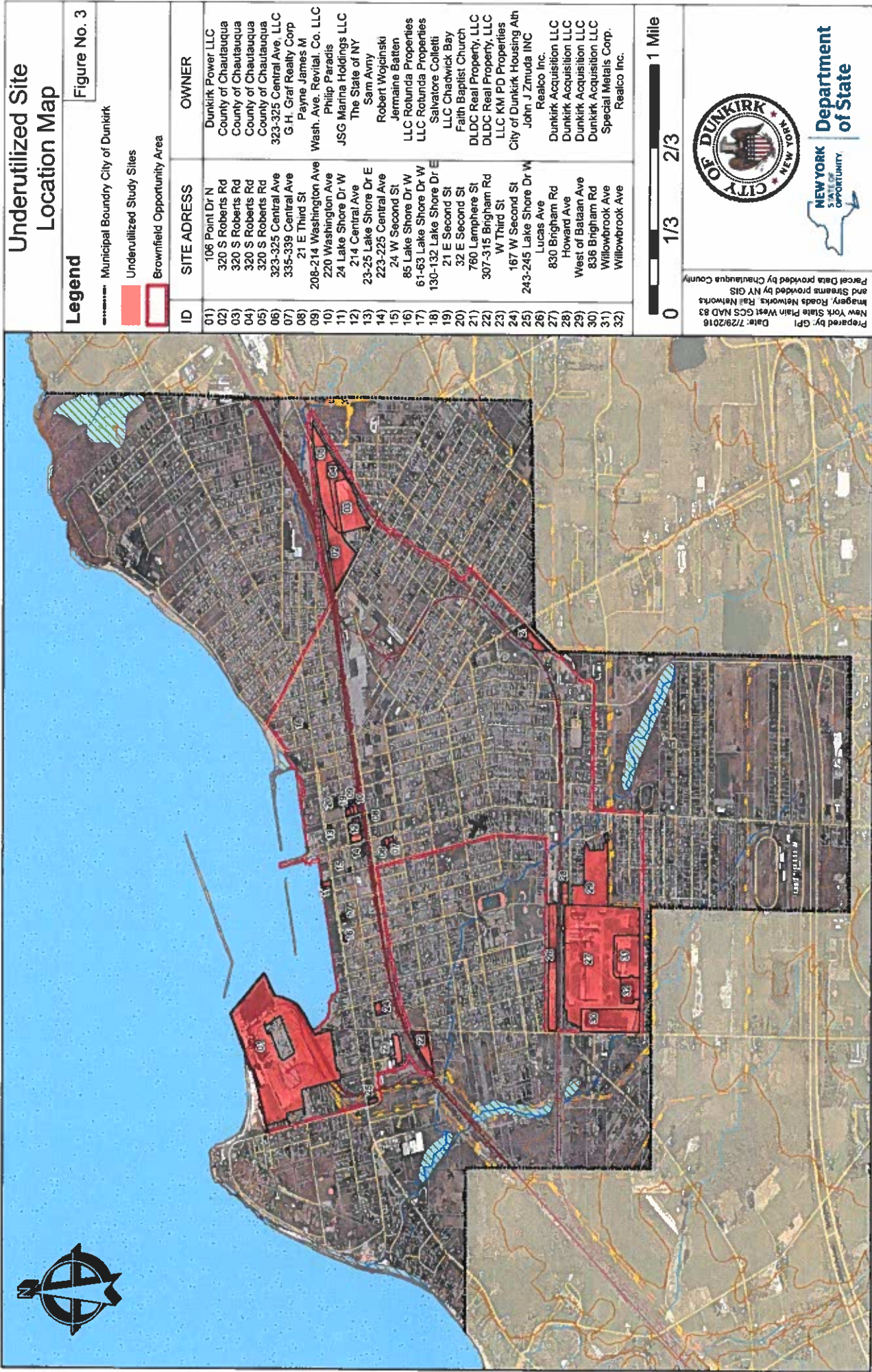
14 FIELDBROOK FOODS



Appendix III

Incentives and Opportunities

x = hospital



Dunkirk Fredonia
Designated Qualified Opportunity Zones





City of Dunkirk Incentives List

The City of Dunkirk is in the process of revitalization. Within Chautauqua County, the City continues to make strides in the expansion of its manufacturing industry, public infrastructure, parks upgrades, new housing, and small business improvements. The City is committed to helping existing businesses grow and helping new businesses locate in the City and succeed.

Potential Financial Incentives

City Incentives

- Federal Designated Qualified Opportunity Zone
- Brownfield Cleanup Program
- New Market Tax Incentives
- Community Development Block Grant Funds

Chautauqua County IDA Incentives

- Tax-Exempt Financing
- Chautauqua County Capital Resources Corporation
- Small Issue Manufacturing Revenue Bond
- Real Property Tax Exemption/Payment in Lieu of Tax Agreement
 - Sales and Use Tax Exemption
- Mortgage and Recording Tax Exemption
- Bonds
 - Industrial Development Bond - Taxable
- Loans
 - Chautauqua Revolving Loan Fund (CRLF)
 - AI Tech Revolving Loan Fund

NYS Incentives

- Empire State Development Grant Funds
- Excelsior Jobs Program
- NYS Consolidated Funding Application



HON. MAYOR WILFRED ROSAS



Dunkirk
NEW YORK

Potential Financial Incentives

Agency Benefits

The County of Chautauqua Industrial Development Agency (CCIDA) offers a variety of types of financial assistance to project applicants including taxable and tax-exempt financing, exemptions from real estate taxes, mortgage recording taxes, and sales and use taxes.

Tax-Exempt Financing

Under the Internal Revenue Code, interest on certain revenue bonds issued by the Agency with respect to a project located in Chautauqua County is exempt from federal income taxation ("tax-exempt financing"). Tax-exempt financing provides a project beneficiary with both access to the public markets and significantly lower interest rates than those offered through traditional financing. If a project is not eligible for tax-exempt financing, the Agency can issue taxable financing for said project. Taxable revenue bonds that are sold in the public market may also result in lower interest rates and debt service payments. The three most common types of tax-exempt revenue bonds issued by the Agency are Civic Facility Revenue Bonds, Small Issue Manufacturing Revenue Bonds and Exempt Facility Revenue Bonds.

Chautauqua County Capital Resources Corporation (the Corporation)

The Corporation undertakes project either on its own behalf, or for the benefit of an applicant. The Corporation can undertake any project that promotes community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of Chautauqua County. This is accomplished by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other eligible entities to access low interest tax-exempt and not-tax-exempt financing for their eligible projects, as well as projects and activities within the County for the purpose of relieving and reducing unemployment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the County by attracting new industry or by encouraging the development of, or retention of, an industry in the County, and lessening the burdens of government and acting in the public interest. (The Chautauqua County Capital Resources Corporation is a local development corporation formed under Section 1411 of the New York State Not-for-Profit Corporation Law.)

Small Issue Manufacturing Revenue Bonds

Tax-exempt Small Issue Manufacturing Revenue Bonds may be issued to finance facilities for the manufacturing or production of tangible personal property (including the processing resulting in a change in the condition of such property).

Exempt Facility Revenue Bonds

Tax-exempt Exempt Facility Revenue Bonds may be issued to finance certain facilities enumerated in Section 142 of the Internal Revenue Code, including certain airport facilities, docks and wharves, mass commuting facilities, water and sewerage facilities, solid waste facilities, low income residential rental facilities, and certain other facilities.

Real Property Tax Exemption/Payment in Lieu of Tax Agreement.

Sales and Use Tax Exemption

The Agency is able to provide project beneficiaries with exemptions from state and local sales and use taxes. This exemption from state and local sales and use tax applies to items purchased in connection with the acquisition, construction and equipping of approved projects and generally may include construction materials, furnishings, equipment, consumables and tool rentals. Under the Agency's **Uniform Tax Exemption Policy**, this exemption from state and local sales and use taxes will terminate upon completion of the project.

Each project receiving an abatement will be subject to a **Payment In Lieu of Tax Agreement** ("PILOT Agreement") in a form acceptable to the Agency. The Agency will consider project factors when

determining the amounts to be paid under the PILOT Agreement. A copy of the PILOT Agreement will be forwarded to each of the affected tax jurisdictions within fifteen (15) days of execution. Unless otherwise agreed by the Agency, with input from the affected tax jurisdictions, such payments shall be allocated among the affected tax jurisdictions in proportion to the amount of real property tax and other taxes which would have been received by each affected tax jurisdiction had the project not been tax exempt due to the status of the Agency involved in the project.

The PILOT payment payable in the first tax year following the Completion Date of the project, and in each tax year during the Term of the PILOT shall be an amount equal to (i) the assessed value, times (ii) the tax equalization rate of the applicable taxing jurisdiction, times (iii) the current tax rate for the applicable taxing jurisdiction, times (iv) the applicable abatement percentage.

For purposes of computing the PILOT payment, the "Term of the PILOT" shall be ten (10) full fiscal years for each taxing jurisdiction following the Completion Date of the project. In the case of Adaptive Re-Use Projects or Tourism Destination Projects, the "Term of the PILOT" shall be fifteen (15) full fiscal years for each taxing jurisdiction following the Completion Date of the project. See [Uniform Tax Exemption Policy](#).

Payment under the PILOT program must be made by the applicant to the Agency or its designee at the time or times real property taxes must be paid. Neither the PILOT Agreement nor the Agency's involvement with the project will abate special assessments, special district taxes or other special levies.

Mortgage Recording Tax Exemption

The Agency is able to provide project beneficiaries with an exemption from state and local mortgage recording taxes. In Chautauqua County, the current mortgage recording tax rate is equal to \$1.25 for every \$100 secured by the mortgage. This exemption from state and local mortgage recording taxes enables the Agency to substantially lower the cost of financing a project with debt secured by a mortgage and/or an assignment of leases.

Bonds

Industrial Development Bond – Taxable

Eligibility is for primarily manufacturing and certain commercial projects for land, building acquisition/renovation/construction, new machinery and equipment. Minimum is \$400,000, with no upper limit. Can be used for 100% of the project. Must have public economic benefit and result in job creation.

Loans

Chautauqua Revolving Loan Fund (CRLF)

Eligibility is for businesses, although other projects may be eligible, for real estate, machinery, equipment, and working capital. Loan limit is usually \$75,000, maturing in 5 years. Must result in job creation/retention.

AL Tech Revolving Loan Fund "The History of AL Tech"

Eligibility is for primarily manufacturing concerns in Chautauqua County for real estate, machinery, equipment and working capital. Limit is 40% of eligible project costs with a maximum of \$1 million, with 7 – 20 year maturity. Must result in job creation.

Other Potential Incentives - Tax Credits

NYS Brownfield Cleanup Program

Depending on the project scope, and the outcome of a future Phase II Environmental Site Assessment (to be conducted by designated developer), the site could be eligible to participate in the NYS Brownfield Cleanup Program (BCP). The program offers tax credits for site cleanup and redevelopment (tangible property credit) of brownfield sites accepted into the BCP. Since the site is included in a NYS designated Brownfield Opportunity Area (BOA), redevelopment credits could potentially reach 19% of eligible costs.

Federal Designated Qualified Opportunity Zone

The site is within a Designated Qualified Opportunity Zone. Incentives relate to the tax treatment of capital gains, and all are tied to the longevity of an investor's stake in a qualified Opportunity Fund, providing the most upside to those who hold their investment for 10 years or more.

New Market Tax Credits

The site is located in an eligible (severely distressed) census tract the New Markets Tax Credit (NMTC) program. The program is a federal subsidy program designed to incentivize investments into low-income communities, providing approximately 25% of project cost in flexible, below market funding that is typically forgiven at the end of the 7 year compliance period. NMTC investors make investments in companies known as Community Development Entities (CDEs) that in turn make loans to businesses in low-income communities. The intent of the program is to spur positive economic revitalization in these areas.

Other Potential Incentives - Grants

City of Dunkirk Community Development Block Grant (CDBG)

The City of Dunkirk is a Department of Housing and Urban Development (HUD) entitlement community grantee. This grant is provided to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services.

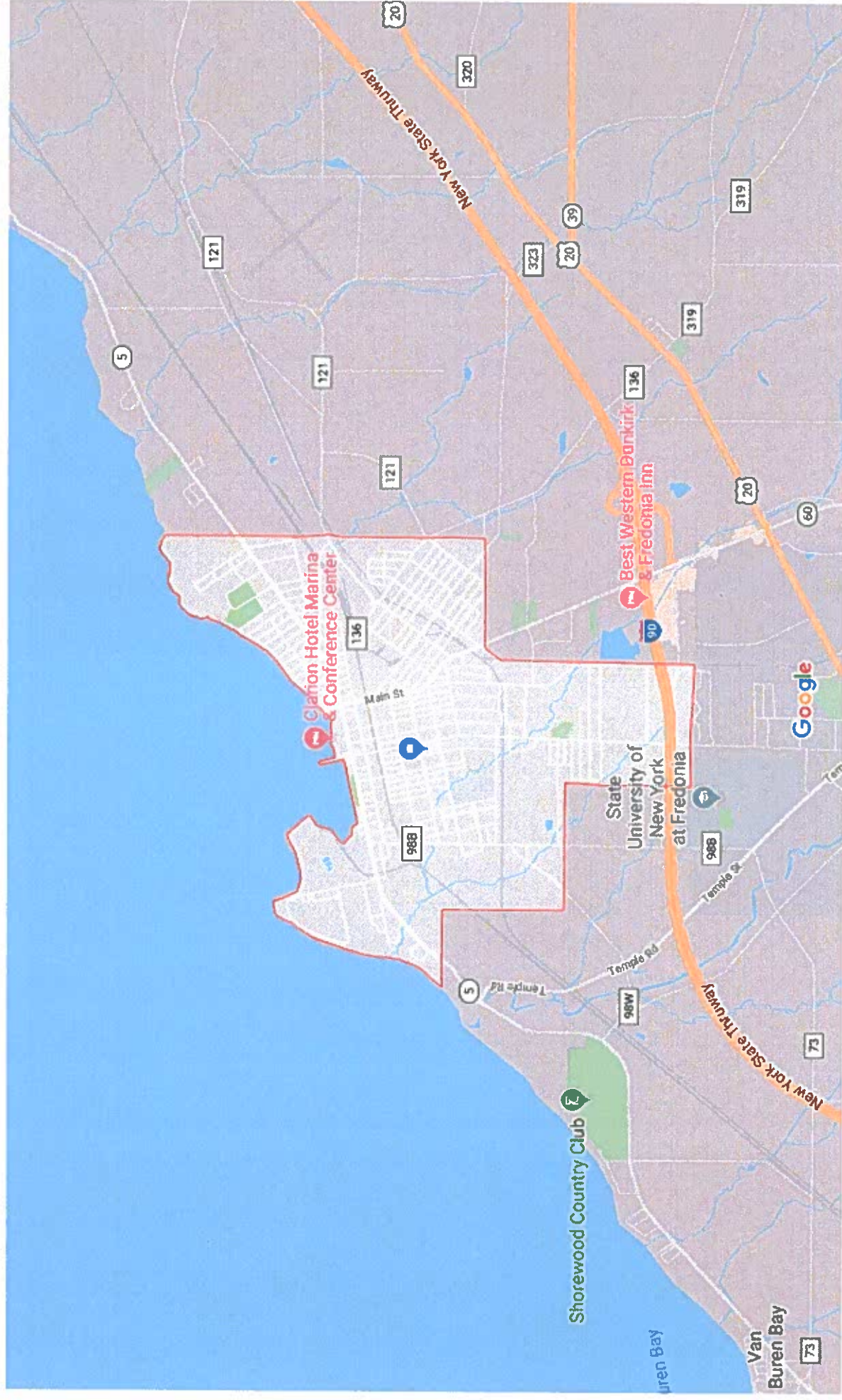
New York State Grant Funds

The City of Dunkirk Department of Planning and Development has a strong track record of obtaining NYS funding through a variety of agencies and programs. Since 2016, the City has obtained more than \$10,000,000 in grant funds for community and economic development purposes. Depending on the reuse of the site, total private investment, job creation, among other requirements, the project could be eligible for several state grants including:

- Empire State Development Grant Funds
- Excelsior Jobs Program
- Office of Community Renewal - Rural and Urban Community Investment Fund

Appendix IV

City Map





Appendix V

Facility Photos

















EMERGENCY →

Appendix VI

Aerial Photos







