

Date set for Sheehan auction

by James Fink, Buffalo Business First Reporter

A Nov. 29 auction date has been set for the closed Sheehan Memorial Hospital property in downtown Buffalo.

The auction, being conducted by New York City-based Madison Hawk Co., will be held at 11 a.m. in the courtroom for U.S. Bankruptcy Court Western District Chief Judge [Carl Bucki](#). The sale includes the five-story, 145,000-square-foot recently closed hospital, the eight acres along Michigan Avenue where it sits and all of its equipment and furnishings.

Bucki will have to review and approve any sale offer before the deal can close.

Bidding will start at \$2 million, based on a stalking-horse bid made by MCG Real Estate Holdings LLC, an affiliate of [McGuire Development Co.](#) McGuire is believed to be partnering with [Upstate New York Transplant Services](#), who will consolidate its functions into the property.

Pre-auction site inspections dates have been set by Madison Hawk for Oct. 30, Nov. 6, Nov. 13 and Nov. 28, with the inspections due to begin each day at 10 a.m.

The site includes the hospital, contents and eight-acre property.

Sheehan, on Aug. 24 filed for Chapter 11 protection under the U.S. Bankruptcy Code, citing liabilities of \$5.45 million and assets of \$6.3 million.

McGuire, thus far, has shown the most interest in buying the hospital, which closed on May 31.

Lawyers from Hodgson Russ, who represent Sheehan, are seeking Bucki's assistance to clear existing liens so the property can be sold. Proceeds from the sale will be used to pay creditors, said [Garry Graber](#), a Hodgson Russ partner.

The property, which is listed in the bankruptcy filing, as having a \$3 million book value is listed as one of the hospital's primary assets along with \$3.3 million in furnishings and equipment.

The hospital also has \$3.17 million in outstanding accounts receivables, according to the filing, prepared by Graber.

But, hindering the hospital are the liabilities including \$485,099 in a secured claim by General Electric Capital Corp., \$845,727 in four separate claims by the [Internal Revenue Service](#), and \$126,654 to [National Grid](#).

New York state is also owed \$1.914 million in Medicaid overpayments made to the hospital.

Unsecured creditors include \$93,531 owed the state Department of Labor for unemployment insurance.

Sheehan's board of directors, in late March, announced plans to close the hospital.

The hospital's financial state "was not sustainable for the long term future," the directors said. Sheehan closed in June, putting 150 people out of work. The hospital's roots in Buffalo date back to 1888.