

TOWN OF AMHERST
INDUSTRIAL DEVELOPMENT AGENCY
And
TOWN OF AMHERST
DEVELOPMENT CORPORATION

2013 ANNUAL REPORT
(For purposes of Section 2800(2) of the Public Authorities Law)

Description of the Agency and Purposes of the Annual Report

The Town of Amherst Industrial Development Agency (AIDA) is a not-for-profit, public benefit corporation that provides tax abatement, grant administration and other economic development services to the Town of Amherst. In accomplishing its mission, the AIDA does not receive any operational funding from Federal, State, County or local sources. Instead, the AIDA relies primarily upon administrative fees charged to those companies that utilize its products and services.

The Town of Amherst Industrial Development Agency has one other affiliated not-for-profit organization as follows:

- 1) **Town of Amherst Development Corporation (ADC)**-This is a lending corporation serving as a conduit for Federal, State, County or local grant funding.

Both the AIDA and ADC are related since they are managed by the same personnel. They share the same Board of Directors as their oversight body.

As a Public Authority, the AIDA and ADC are required to comply with New York State's Public Authorities Law. Under this Law, the AIDA and ADC are required to submit a comprehensive annual report that includes information on:

- Operations and accomplishments
- Revenues and expenses
- Assets and liabilities
- Bond and notes outstanding
- Compensation (for those earning \$100,000 +)
- Projects undertaken during the year
- Property held and property dispositions
- Code of Ethics
- An assessment of internal control structure and effectiveness

In compliance with the Public Authorities Law, the following required information is presented for the fiscal year ended December 31, 2013.

Operations and Accomplishments

Operations:

The Amherst IDA and the Amherst Development Corporation are managed by a 7 member Board of Directors appointed by the Amherst Town Board.

The mission of the Amherst Industrial Development Agency is to promote economic diversity and to broaden the tax base of the Town of Amherst in order to reduce the tax burden on homeowners, while helping to maintain and enhance a high quality living environment.

2013 Accomplishments:

The AIDA approved 8 projects in 2013 totaling \$117,751,866 in private sector investment in the construction, renovation and equipping of 174,937 square feet. Upon completion of these projects, 681 new jobs will be created, 2,179 jobs retained and \$2,460,886 in new property taxes will be generated.

- Utilizing IMPLAN economic impact software to determine multiplier effects in the region, 446 construction and supply jobs are supported, and \$27,913,915 in additional spending occurs due to construction and equipment investments. Expanded firms also contribute an additional \$68,024,883 in annual output to the regional economy.
- One redevelopment project was approved in 2013 in Town of Amherst designated Enhancement Area. The AIDA has approved 54 redevelopment projects totaling over \$215 million in new investment since 2000. These renovated, reused and expanded facilities will pay \$18 million in additional property taxes over the course of their PILOT periods.

As Amherst continues to mature, redeveloping its older commercial areas is vital to maintaining its high quality of life. This forms the basis for Amherst's Bicentennial Comprehensive Plan and the AIDA's redevelopment strategy. Redeveloping existing properties leverages greater use of public infrastructure and reduces pressures on further "Greenfield" development while increasing taxable assessment.

- Economic Development Update Town of Amherst Bicentennial Comprehensive Plan – The AIDA reviewed and provided input to the Comprehensive Plan. 2010 employment data reinforces the Town's role as a regional employment center with 104,149 jobs, roughly 83% of which commute into Amherst from other areas of the region. Furthermore, 80% of all new jobs in the region since 1980 were created in the Town of Amherst.

- Picture Main Street Plan – The AIDA has been an active part of a planning effort to improve the Main Street corridor through infrastructure and other aesthetic improvements. Infrastructure funding was secured in 2013 to implement many of the improvements identified. Looking ahead, the AIDA was asked to participate in a branding committee that the Village is forming.
- Main Street Corridor Market Study – The AIDA, the Town of Amherst, and Village of Williamsville, hired David Versel, an economic consultant, to conduct a market study of the Main Street retail corridor from the I-290 to Youngs Road. The market study will help guide comprehensive planning updates and the development of zoning/design regulations by analyzing future retail, housing, and office markets for the project area based on 5, 10 and 20 year planning horizons. The study is complete and will be presented to the public in March 2014.
- Countywide Eligibility Policy – The AIDA worked with the IDAs of Erie County on drafting and approving a Local Labor policy that requires 90% of the construction workers reside in the eight counties of Western New York.

Work also began on revisions to the Senior Housing eligibility criteria. The AIDA Board passed a 6-month moratorium which led to a resolution passed in January 2014 that places additional criteria on potential Senior Housing projects seeking AIDA assistance. A county-wide Senior Housing policy is a topic of discussion in 2014 as each IDA currently treats this sector differently.

- Coalition For Community Building – The AIDA continues to work with a diverse set of groups on pending IDA and wetlands legislation. At the forefront of the IDA focus, is the issue of redevelopment and its importance in smart growth development. Community Choice legislation was introduced in 2013 that would allow Towns and Villages in Erie County to select a local IDA other than ECIDA to undertake redevelopment.

A Wetlands bill is also drafted that would implement a pilot program of sane wetlands delineation in sewer districts in Erie County. Current state practice encourages sprawl and under-utilization of existing infrastructure and sites currently served by sewers.

- Amherst-Buffalo Transit Study - The AIDA sits on the advisory committee for the study of improved transit options linking population and employment centers along the Amherst-Buffalo corridor. Options could include an extension of Metro Rail, improvements to current bus service or something else altogether, like bus rapid transit. This is a long term study with possible recommendations in 2015.

Financial Information regarding the AIDA and the ADC

The balance sheets and income statement of the AIDA and the ADC as of and for the fiscal years ended December 31, 2013 and 2012 are included as Appendix A.

The financial statements are audited on an annual basis, by AIDA's and ADC's external auditors, The Bonadio Group. In their opinion, the financial statements present fairly, in all material aspects, the financial position of the AIDA and the ADC as of December 2013 and 2012, and changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Projects Undertaken by the AIDA during fiscal year 2013

Appendix B lists the projects undertaken by the AIDA in fiscal year 2013.

Schedule of Bonds and Notes Outstanding

Appendix B1 summarizes the AIDA's bonds and notes outstanding at December 31, 2013. The indebtedness shown on this schedule is conduit debt and is *not* an obligation of the AIDA, Town of Amherst or New York State. The AIDA does not record assets or liabilities resulting from completed bond and note issues since its primary function is to facilitate the financing between the borrowing companies and the bond and note holders.

Projects Undertaken by the ADC during fiscal year 2013

Appendix C lists the projects undertaken by the Amherst Development Corporation in fiscal year 2013.

Schedule of Bonds and Notes Outstanding

Appendix C1 summarizes the ADC's bonds and notes outstanding at December 31, 2013. The indebtedness shown on this schedule is conduit debt and is *not* an obligation of the ADC, Town of Amherst or New York State. The ADC does not record assets or liabilities resulting from completed bond and note issues since its primary function is to facilitate the financing between the borrowing companies and the bond and note holders.

Compensation Schedule

The following individuals had a salary exceeding \$100,000 during 2012:

<u>Name</u>	<u>Title</u>	<u>Salary</u>	<u>Benefits</u>	<u>Total</u>
James J. Allen	Executive Director/ CEO/CFO	\$172,008	\$36,022	\$208,030

Listing of certain Property of the Agency

The following is a listing of all real property owned by the AIDA having an estimated fair market value ("FMV") in excess of \$15,000 at the end of fiscal year 2012:

AIDA offices 4287 Main Street, Amherst New York estimated FMV \$590,000

The AIDA and ADC do not intend to dispose of any real property with a FMV in excess of \$15,000 in 2013.

The AIDA and ADC did not dispose of any real property with a FMV in excess of \$15,000 during 2012.

It should be noted that the above listing excludes the approximate 147 properties in which the AIDA has technical title in order to convey certain tax or other benefits. The property presented is that which AIDA has "real" beneficial ownership.

Code of Ethics

The AIDA and ADC Code of Ethics policy is included as Appendix D.

Assessment of the Effectiveness of Internal Control Structure and Procedures:


The Town of Amherst Industrial Development Agency and the Town of Amherst Development Corporation are audited by an external CPA firm on an annual basis. As part of their audit, the external auditors may review and test certain internal controls to provide evidence to support their opinion on the financial statements. Although no audit of Amherst IDA's internal controls has been performed, management has not been notified of any material internal control weaknesses resulting from the financial statement audit.

In addition, the Town of Amherst Industrial Development Agency and the Town of Amherst Development Corporation engage external law firms to ensure compliance with applicable laws, regulations, contracts, grants and policies.

Certification Pursuant to Section 2800(3) of the Public Authorities Law

Pursuant to Section 2800 (3) of the Public Authorities Law, the undersigned officer of the Town of Amherst Industrial Development Agency (AIDA) and the Town of Amherst Development Corporation (ADC) does hereby certify with respect to the attached annual financial report(s) that based on the officer's knowledge:

- 1) The information provided in the Annual Financial Report is accurate, correct and does not contain any untrue statement of material fact;
- 2) Does not omit any material fact which, if omitted, would cause the financial statements contained in the Annual Financial Report to be misleading in light of the circumstances under which such statements are made; and
- 3) Fairly presents in all material respects the financial condition and results of operations of the AIDA and ADC as of, and for the periods presented in such financial statements.



James J. Allen
Executive Director/CEO/CFO

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY
AND
TOWN OF AMHERST DEVELOPMENT CORPORATION**

**Communications of Matters Related to Internal Control
Over Financial Reporting and Other Matters
March 21, 2014**

March 21, 2014

To the Board of Directors of
The Town of Amherst Industrial Development Agency
and Town of Amherst Development Corporation:

In planning and performing our audits of the financial statements of Town of Amherst Industrial Development Agency (the Agency) and the Town of Amherst Development Corporation (the Corporation), collectively the Organizations, for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States, we considered the Organizations' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

This communication is intended solely for the information and use of management, the Board of Directors and others within the Organizations, and is not intended to be and should not be used by anyone other than these specified parties.

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY AND TOWN OF AMHERST DEVELOPMENT CORPORATION

COMMUNICATION OF MATTERS RELATED TO INTERNAL CONTROL OVER FINANCIAL REPORTING AND OTHER MATTERS MARCH 21, 2014

INTERNAL CONTROL RELATED MATTERS

We consider the following internal control deficiencies to be neither significant deficiencies nor material weaknesses:

1. SEGREGATION OF DUTIES

Observation

Establishing effective controls with limited resources is a continual challenge. Due to the Organizations' size and limited resources for administrative functions, it is difficult to avoid operating under less than ideal internal controls while supporting day-to-day operations.

The Bookkeeper completes essentially all accounting and human resource functions for the Organizations. These duties include maintenance and control of the general ledger, processing and reconciliation of cash receipts and cash disbursements, and processing of payroll.

The Organizations' have implemented procedures to mitigate the risks posed by the limited staffing primarily by having a board member review and sign all checks. Also, the board performs a monthly review of the Organizations' financial reports. In addition to the steps already being taken, we believe that there are opportunities to further improve the Organizations' internal control environment.

Recommendation

We recommend that the Organizations consider whether regular, detailed reviews of the bank statements and reconciliations and payroll reports should be conducted by someone outside of the Business Office. A review of bank statements and reconciliations by someone outside the Business Office serves as an additional level of internal control over the Organizations' most significant asset – cash. The payroll review ensures all individuals are being paid at the correct rate, that hours reported are accurate, and changes in various benefits are adequately documented. These reviews could be done by the Executive Director or a member of the Board of Directors.

2. CREDIT CARD POLICY AND REVIEW

Observation

We noted that the Organizations maintain credit cards for use by the Executive Director, Deputy Director, Director of Administrative Services, and Bookkeeper. While there is a process in place to ensure that the credit card purchases are matched to supporting documentation, there is not a formal credit card policy in place for the Organizations. Unlike other purchases, the approvals occur after the purchase has been made, therefore the authorization process is critical.

Recommendation

We recommend that the Organizations adopt a formal credit card policy. Emphasis should be placed on the requirement that supporting receipts be submitted for all charges, documentation of the business purpose of the expense and that personal purchases on the Organizations credit card are prohibited. In addition, while we did not note any inappropriate or unsupported purchases, we recommend that the Board President or Treasurer review and document approval of individual transactions on the Organizations credit card statements.

APPENDIX A

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF NET POSITION DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,871,301	\$ 1,722,335
Accounts receivable	69,696	174,912
Grant receivable	-	33,818
Prepaid expenses	<u>10,526</u>	<u>4,951</u>
Total current assets	<u>1,951,523</u>	<u>1,936,016</u>
CAPITAL ASSETS, NET	<u>683,848</u>	<u>708,235</u>
NOTES RECEIVABLE, RELATED PARTY	<u>50,000</u>	<u>50,000</u>
RESTRICTED ASSETS:		
Restricted for future industrial development loans	122,357	162,408
Cash restricted for mortgage escrow	<u>64,939</u>	<u>64,939</u>
Total restricted assets	<u>187,296</u>	<u>227,347</u>
Total assets	<u>\$ 2,872,667</u>	<u>\$ 2,921,598</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 38,836	\$ 10,000
Due to U.S. Treasury Department	48	100
Current portion of mortgage payable	<u>39,534</u>	<u>34,235</u>
Total current liabilities	78,418	44,335
MORTGAGE PAYABLE, less current portion	<u>560,868</u>	<u>603,625</u>
Total liabilities	<u>639,286</u>	<u>647,960</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	83,446	70,375
RESTRICTED	187,296	227,347
UNRESTRICTED	<u>1,962,639</u>	<u>1,975,916</u>
Total net position	<u>\$ 2,233,381</u>	<u>\$ 2,273,638</u>

TOWN OF AMHERST DEVELOPMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 7,196	\$ 7,246
Current portion of note receivable	<u>16,020</u>	<u>15,861</u>
Total current assets	23,216	23,107
NOTE RECEIVABLE, less current portion	44,901	60,921
INVESTMENTS	<u>25,000</u>	<u>25,000</u>
Total assets	<u>\$ 93,117</u>	<u>\$ 109,028</u>
LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT PORTION OF NOTE PAYABLE	\$ 16,020	\$ 15,861
NOTE PAYABLE - related party	50,000	50,000
NOTE PAYABLE, less current portion	<u>44,901</u>	<u>60,921</u>
Total liabilities	110,921	126,782
UNRESTRICTED NET ASSETS (DEFICIT)	<u>(17,804)</u>	<u>(17,754)</u>
Total liabilities and net assets (deficit)	<u>\$ 93,117</u>	<u>\$ 109,028</u>

APPENDIX B

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF DETAILED FINANCING ACTIVITY FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Date Issued</u>	Basis for Computing Administrative Fees
LEASE AGREEMENTS:		
Waldex Holdings	5/13	\$ 26,400,000
Ivoclar Vivadent, LLC	2/13	4,880,964
60 John Glenn, Inc.	7/13	850,000
6325 Main Street, LLC	8/13	2,643,832
1760 Wehrle Drive, LLC	8/13	<u>13,687,000</u>
		<u>48,461,796</u>
INSTALLMENT SALES:		
M&T Bank Data Center - Tech (3 of 10)	7/11	<u>8,500,000</u>
REFINANCING TRANSACTIONS:		
580 Cross Point	12/13	<u>1,495,802</u>
ASSIGNMENT OF LEASES:		
8600 Transit Road	11/13	2,070,000
Twin Lakes Prop., LLC	5/13	<u>3,935,000</u>
		<u>6,005,000</u>
Total 2013 Projects		<u>\$ 64,462,598</u>

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY

12/31/2013'

PROJECT NAME

<u>PROJECT NAME</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Outstanding at 1/1/2013</u>	<u>Issued 2013</u>	<u>Paid 2013</u>	<u>Outstanding at 12/31/2013</u>	<u>Maturity Date</u>
6363 Main Street, Inc.	November-94	8.67%	8,938,420	-	591,000	8,347,420	December-19
Beechwood Health Care Center	January-07	5.20%	12,695,000	-	540,000	12,155,000	December-36
West College Park Associates, LLC	June-97	6.93%	4,456,890	-	4,456,890	-	May-17
			<u>\$ 26,090,310</u>	<u>\$ -</u>	<u>\$ 5,587,890</u>	<u>\$ 20,502,420</u>	

APPENDIX C

TOWN OF AMHERST DEVELOPMENT CORPORATION

SCHEDULE OF DETAILED FINANCING ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Date Issued</u>	Basis for Computing Administrative <u>Fees</u>
REFINANCING TRANSACTIONS:		
Asbury Pointe, Inc.	7/13	<u>5,137,970</u>
Total 2013 Projects		<u>\$ 5,137,970</u>

TOWN OF AMHERST DEVELOPMENT CORPORATION

12/31/2013:

<u>PROJECT NAME</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Outstanding at 1/1/2013</u>	<u>Issued 2013</u>	<u>Paid 2013</u>	<u>Outstanding at 12/31/2013</u>	<u>Maturity Date</u>
UBF Faculty Student Housing Corp - Hadley/Griener	May-10	4.67%	79,915,576	-	1,880,576	78,035,000	June-30
UBF Faculty Student Housing Corp - South Lake Village	August-10	3.92%/4.67%	23,035,000	-	505,000	22,530,000	September-30
Menorah Campus, Inc.	October-10	3.16%	11,580,000	-	1,090,000	10,490,000	November-25
Asbury Pointe, Inc.	December-11	3.25%	6,410,000	-	-	6,410,000	February-35
YMCA Buffalo Niagara	December-11	Variable	15,465,975	-	-	15,465,975	June-33
Creekside Village/Flint Village East	June-12	Variable	32,165,000	-	720,000	32,165,000	May-34
Asbury Point, Inc.	July-13	3.82%	-	5,137,970	90,000	5,047,971	January-37
			<u>\$ 168,571,551</u>	<u>\$ 5,137,970</u>	<u>\$ 4,285,576</u>	<u>\$ 170,143,946</u>	

APPENDIX D

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY
CODE OF ETHICS

Statement of Purpose:

The Code of Ethics is a public statement by the Agency that sets clear expectations and principles to guide practice and inspire professional excellence. The Agency believes a commonly held set of principles can assist in the individual exercise of professional judgment. This Code speaks to the core values of public accountability and transparency. The purpose of having a code of ethics and practices is to protect the credibility of the Agency by ensuring high standards of honesty, integrity, and conduct of staff. To that end, this Code of Ethics attempts to accomplish this by articulating the ethical standards observed by the Agency in pursuing and implementing economic development initiatives, and setting rules and policies that prevent conflicts of interest.

Rule with respect to conflicts of interest:

No officer, member of the board or employee should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his or her or her duties in the public interest.

Standards:

- a. No officer, member of the board or employee should accept other employment which will impair his or her or her independence of judgment in the exercise of his or her or her official duties.
- b. No officer, member of the board or employee should accept employment or engage in any business or professional activity which will require him or her to disclose confidential information which he or she has gained by reason of his or her official position or authority.
- c. No officer, member of the board or employee should disclose confidential information acquired by him or her in the course of his or her official duties nor use such information to further his or her personal interests.
- d. No officer, member of the board or employee should use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself, herself or others.
- e. No officer, member of the board or employee should engage in any transaction as representative or agent of the Agency with any business entity in which he or she has a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of his or her official duties.

f. An officer, member of the board or employee should not by his or her conduct give reasonable basis for the impression that any person can improperly influence him or her, unduly enjoy his or her favor in the performance of his or her official duties, or that he or she is affected by the kinship, rank, position or influence of any party or person.

g. An officer or employee should abstain from making personal investments in enterprises which he or she has reason to believe may be directly involved in decisions to be made by him or her, or which will otherwise create substantial conflict between his or her duty in the public interest and his or her private interest.

h. An officer or employee should endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust.

i. No officer or employee employed on a full-time basis nor any firm or association of which such an officer or employee is a member nor corporation a substantial portion of the stock of which is owned or controlled directly or indirectly by such officer, member of the board or employee, should sell goods or services to any person, firm, corporation or association which receive financial assistance from the Agency.

j. If an officer or employee shall have a financial interest, direct or indirect, having a value of ten thousand dollars or more in any activity which is the subject of an Agency Project (as such term is defined in Article 18-A of the General Municipal Law, he or she must file with Agency a written statement that he or she has such a financial interest in such activity which statement shall be open to public inspection.

k. No officer, member of the board or employee of shall accept or arrange for any loan or extension of credit from the Agency or any affiliate of the Agency.

Violations:

In addition to any penalty contained in any other provision of law any such officer, member of the board or employee who shall knowingly and intentionally violate any of the provisions of this Code of Ethics may be fined, suspended or removed from office or employment in the manner provided by law.