

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY
Minutes of the 438th Meeting
August 19, 2011 – 8:30 am
Agency Offices, 4287 Main Street

The meeting of the above captioned Agency was called to order by Chairman Fredrick A. Vilonen.

PRESENT: Fredrick A. Vilonen
Edward F. Stachura
Randall Clark
Ayesha Nariman
Stuart Shapiro
Robert M. Ciesielski
James Allen, Executive Director
Nathan Neill, Esq.
Steven Sanders, Town Board Liaison

EXCUSED: Aaron Stanley

GUESTS: AIDA Staff
Dave Tytka, Uniland Development
Matt Glynn, Buffalo News
Jim Fink, Business First
Burt Notarius, Prime Wines Corp.
Sam Shapiro, Kavinoky & Cook
Matt Roland, Iskalo Development
David Chiazza, Iskalo Development

Chairman Vilonen reminded everyone that the meeting was being tape-recorded.

MINUTES

The minutes of the July 2011 meeting were approved as presented.

BILLS & COMMUNICATIONS

There were no Bills and Communications at this meeting.

TREASURER'S REPORT

The Treasurer's Reports for July 2011 was approved as presented.

PUBLIC COMMENT

Attorney Sam Shapiro spoke in regard to the Prime Wines Corp. project. Mr. Shapiro asked that a misimpression be corrected and noted that all records associated with the project indicated that there was always going to be three buildings constructed.

EXECUTIVE DIRECTOR'S REPORT

There was no Executive Director's report presented. Chairman Vilonen instead wanted to recognize board member Ayesha Nariman for the 5-Star Peer Review Award for Financial Planning. Mrs. Nariman ranked among the top 7% of her peers in financial planning.

UNFINISHED BUSINESS

I. AMENDMENT TO AUTHORIZATION RESOLUTION

Prime Wines Corp. – is requesting an amendment to a \$9,000,000 Lease Transaction approved in July 2011. The amendment would reflect an additional 12,000 square feet of retail to be constructed, along with additional property being acquired in connection with the project. The property addresses encompassing the project are 3900 Maple Road, 101 Meyer Road, 105 Meyer Road, 111 Meyer Road and 125 Meyer Road.

With the authorization of the amended application, the company would realize an additional \$62,104 in property tax exemptions over the 10 year abatement period. The estimated sales and mortgage recording tax exemptions will remain the same. The project will pay an additional \$54,977 in Town taxes, \$28,166 in County taxes and \$112,230 to the Sweet Home Central School District.

After a brief discussion and upon a motion by Randall Clark, seconded by Edward Stachura and a vote of no by Robert Ciesielski, it was

RESOLVED, THAT THE TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY AMEND A PRIOR RESOLUTION ADOPTED ON JULY 29, 2011, AUTHORIZING PRIME WINE CORP. (THE "LESSEE") TO ACQUIRE AN APPROXIMATELY 5.93 ACRE PARCEL OF LAND LOCATED AT 3900 MAPLE ROAD AND 105 MEYER ROAD, WHICH LAND WAS THE SITE OF A FORMER LINCOLN/MERCURY DEALERSHIP WHICH HAS SINCE BEEN DEMOLISHED, THE CONSTRUCTION OF A NEW APPROXIMATELY 50,000 SQUARE FOOT BUILDING, TO ALLOW THE LESSEE TO RELOCATE FROM ITS CURRENT LOCATION IN THE TOWN OF TONAWANDA, FOR LEASE TO THE AGENCY AND SUBLEASE BACK TO THE LESSEE AND TO TAKE OTHER PRELIMINARY ACTION TO AUTHORIZE THE CONSTRUCTION OF AN ADDITIONAL 12,000 SQUARE FEET OF RETAIL SPACE AND TO PROVIDE THAT THE PROJECT SHALL INCLUDE NOT ONLY PROPERTY AT 3900 MAPLE ROAD AND 105 MEYER ROAD, BUT ALSO 101 MEYER ROAD, 111 MEYER ROAD AND 125 MEYER ROAD.

NEW BUSINESS

I. AUTHORIZATION RESOLUTION

APPLICANT

Iskalo Development Corp. on behalf of a partnership to be formed
5166 Main St
Amherst, NY 14221

PROJECT LOCATION

5000-5010 Main St
(Lord Amherst Hotel)

REQUEST

The applicant is requesting authorization for a \$3,500,000 Lease Transaction for the purchase, renovation and equipping of an existing 56,000 square foot hotel/restaurant facility located at 5000-5010 Main Street in Snyder. The project is located within the Amherst Central School District. Renovations to existing hotels are eligible under the Countywide Eligibility Policy. In addition, the project location will be included in an Enhancement Area slated for approval by the Amherst Town Board in September.

Iskalo has entered into a purchase contract to acquire the property which consists of the Lord Amherst Hotel and accessory building leased to the Sonoma Grille restaurant. The hotel was constructed in the early 1960s and the restaurant is a result of 2003 AIDA project that renovated the former Shannon Pub. Iskalo intends to undertake an initial investment in hotel improvements (exterior and interior, including acquisition of furniture, fixtures and equipment) and upgrade the operation/management of the hotel so as to improve its performance. In deferred maintenance to the restaurant building will be undertaken as well.

Iskalo states in the application, "Without immediate capital investment, the hotel is at risk for closure (as previously did the Holiday Motel and the Williamsville Inn), leaving the Hampton Inn as the only hotel remaining along the Main Street corridor in Amherst/Williamsville. We believe that with some capital investment and improved management, the hotel can be viable and the property can continue to contribute positively to the overall character and vitality of the Main Street corridor, from Snyder through the Village of Williamsville. The caveat to this is the age of the hotel (nearly 50 years) and the inherent degree of functional obsolescence it contains that will limit its potential upside performance and consequently, the amount of capital that can be invested in it. The only way to truly evaluate this is to undertake an initial capital investment and ascertain its impact on the hotel's performance. However, in order to make this effort worthwhile, the capital investment must be sufficient to improve a minimum quantity of hotel rooms to be impactful. The IDA benefits, if approved, will serve to leverage our private capital investment over the greatest number of rooms yielding the greatest chance for the continuance of the hotel. And, to the extent that this initial investment results in improved hotel performance with further upside potential, additional investment may be warranted in the future for a more comprehensive rehabilitation of the hotel. However, absent the IDA benefits, the prudence of any investment in the property is questionable."

EMPLOYMENT

Project will retain 17 FTE employment positions and create an additional 3 FTE positions upon completion.

PILOT SCHEDULE

There would be no tax abatement associated with this transaction. The PILOT will be "as if owned" and the property will pay the full equivalent of taxes. It is expected that the property assessment will not increase due to the renovation project.

PROJECT TAX SAVINGS

As a result of the Agency's participation in this transaction, the project applicant will realize an estimated \$43,750 in sales tax savings and \$35,000 in mortgage tax savings.

The board asked David Chiazza, a representative of Iskalo Development and the project applicant several questions pertaining to the project.

After a lengthy discussion and upon a motion by Ayesha Nariman, seconded by Randall Clark and a vote of no by Robert Ciesielski and Stuart Shapiro, it was

RESOLVED, THAT THE TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZE ISKALO DEVELOPMENT CORP., ON BEHALF OF A LIMITED LIABILITY COMPANY TO BE FORMED, (THE "LESSEE") TO ACQUIRE A PARCEL OF LAND WITH AN EXISTING APPROXIMATELY 48,000 SQUARE FOOT HOTEL AND AN APPROXIMATELY 7,900 SQUARE FOOT RESTAURANT LOCATED AT 5000-5010 MAIN STREET, CURRENTLY KNOWN AS THE LORD AMHERST HOTEL AND SONOMA GRILLE, IN THE PROPOSED MAIN STREET ENHANCEMENT ZONE IN THE TOWN OF AMHERST, NEW YORK AND TO PARTIALLY RENOVATE THE EXISTING BUILDING AND TO ACQUIRE AND INSTALL MACHINERY, EQUIPMENT, FURNISHINGS AND FIXTURES REQUIRED IN CONNECTION THEREWITH, ALL FOR A HOTEL AND RESTAURANT FACILITY FOR LEASE TO THE AGENCY AND SUBSEQUENT SUBLEASE TO THE LESSEE FOR SUB-SUBLEASE IN PART TO OTHER TENANTS, AND TO TAKE OTHER PRELIMINARY ACTION.

9:07 am – Meeting adjourned.