

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY
Minutes of the 437th Meeting
July 29, 2011 – 8:30 am
Agency Offices, 4287 Main Street

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

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

GUESTS: AIDA Staff
Dave Tytka, Uniland Development
David Robinson, Buffalo News
Terrance Gilbride, Hodgson Russ
Robert Williams, M & T Bank
Fred Krajacic, M & T Bank
Debbie Sarkees, SHCSD
Burt Notarius, Prime Wines Corp.
Sam Shapiro, Kavinoky & Cook
Matt Roland, Iskalo Development

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

MINUTES

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

BILLS & COMMUNICATIONS

Executive Director Jim Allen informed the board that the Agency received a letter from NYS Senator Magnarelli thanking Mr. Allen for meeting with him to discuss upcoming IDA legislation as it relates to Section 862 of GML.

Mr. Allen also noted that the Agency received letters of support for the Prime Wines Corp project from NYS Senator Ranzenhoffer, NYS Assemblyman Jim Hayes, EC Leg Thomas Loughran and Amherst Town Board member Steven Sanders.

TREASURER'S REPORT

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

PUBLIC COMMENT

There was no Public Comment at this meeting.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Allen reported that he had met with NYS Senator Magnarelli, Chairman of the Local Governments Committee, to discuss the ability of IDAs to offer incentives for mixed use development, especially in designated redevelopment areas.

Mr. Allen also reported that John Richardson, head of the NYS DEC will be in WNY in September to continue discussions on wetland delineation, especially in Western New York

Mr. Allen also congratulated Amherst Chamber of Commerce President, Colleen DiPirro on her appointment to Governor Cuomo's economic development council. Mr. Allen said that Mrs. DiPirro is an excellent choice for the seat.

NEW BUSINESS

MORTGAGE RESOLUTION – Refinancing Transaction

Isaklo Asset Fund II, LLC is requesting Agency consent for the refinancing of their 2002 mortgage transaction. The original project involved the acquisition and renovation of an existing 6,300 square foot office facility located at 5839 Main Street. The original mortgage amount was \$1,080,000. Company is requesting a new mortgage amount of \$1,350,000. The additional proceeds will be used as a return of project equity to the owners and minor renovations to the facility.

The PILOT on the project will not be affected by this transaction. Property begins to pay full taxes in 2014.

Five Star Bank will provide the financing for this transaction.

Upon a motion by Randall Clark, seconded by Edward Stachura and a vote of no by Ayesha Nariman, it was

RESOLVED, THAT THE TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZE THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED LEASE AGREEMENT, A MORTGAGE AND THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS AND AGREEMENTS REQUIRED IN CONNECTION THEREWITH IN CONNECTION WITH THE REFINANCING OF THE 2002 5839 MAIN STREET PROJECT

AUTHORIZATION RESOLUTIONS

I. APPLICANT

M & T Bank
One M & T Plaza
18th Floor
Buffalo, New York 14203
Robert J. Williams, Vice President

PROJECT LOCATION

191 Park Club Lane
626 Commerce Drive

REQUEST

The applicant is requesting authorization for a \$105 million Installment Sale Transaction that consists of the renovation and equipping of two existing facilities located within the Town of Amherst. The first facility is located at 191 Park Club Lane and is within the Williamsville Central School District. M & T Bank is in negotiations with HSBC Bank to assume the lease rights to the property currently held in Amherst IDA title. The second facility is located at 626 Commerce Drive and is within the Sweet Home Central School District and is currently in Amherst IDA title. The project also involves the purchase of technology and equipment over a ten year period.

The applicant states that M & T Bank plans to convert the 59,280 square foot Park Club Lane facility into its primary data center, and then retrofit its current data center located on Commerce Drive into additional office space. The investment of \$105 million to improve and equip the two facilities will encompass a span of approximately 10 years.

The application also states that M & T Bank employs 1,314 at two major operations centers and nine branch locations in the Town of Amherst. Across Western New York M & T employs approximately 5,000.

M & T Bank operates bank branches in New York, Pennsylvania, Maryland, Virginia, West Virginia, New Jersey, Delaware, Florida, the District of Columbia and Ontario, Canada. The application says that this new investment will allow them to expand their technology infrastructure and provide the space they need to add new jobs.

The application states that Agency participation is necessary to expand its data processing capability in support of the recent acquisition of Wilmington Trust and future acquisitions for the next 10-15 years. Applicant goes on to state that when the HSBC facility is compared against options in other states, M & T has a difficult financial decision. However, IDA participation can help M & T make this Western New York project a more viable choice and a more competitive option versus options in other states.

EMPLOYMENT

The project will retain 45 existing jobs and create 75 full-time employment opportunities upon completion.

PILOT SCHEDULE

The current PILOT agreements for the Park Club Lane facility will not be affected by this transaction. They expire in 2016 and 2023.

The Amherst IDA currently holds title to the Commerce Drive facility and the property pays the full equivalent of taxes. No additional PILOT is being requested at either facility.

Project Tax Savings

As a result of the Agency's participation in this transaction, the project applicant would realize an estimated \$8,488,000 in sales tax savings over the ten year project term.

Vice Chairman Stachura informed the board that his son is a VP for M & T Bank. Mr. Stachura also noted he owns less than 5% of stock in M & T Bank.

Board member Randall Clark recused himself from voting on the project because he is member of the board of directors for HSBC bank.

The board then entered into a discussion centering on the length of the sales tax exemption for the project and its return on investment.

Upon a motion by Ayesha Nariman, seconded by Aaron Stanley and unanimously carried, it was

RESOLVED, THAT THE TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY APPROVE THE ASSIGNMENT TO AND ASSUMPTION BY MANUFACTURERS AND TRADERS TRUST COMPANY OF THE LEASEHOLD INTEREST OF HSBC BANK USA NATIONAL ASSOCIATION IN THE 2007 191 PARK CLUB LANE PROJECT, THE CONSTRUCTION OF RENOVATIONS TO THE EXISTING BUILDING LOCATED AT 191 PARK CLUB LANE, AMHERST, NEW YORK AND ITS EXISTING DATA CENTER CURRENTLY LOCATED AT 626 COMMERCE DRIVE, AMHERST, THE EXECUTION AND DELIVERY OF AND A SECOND AMENDED AND RESTATED LEASE AGREEMENT BETWEEN THE AGENCY AND MANUFACTURERS AND TRADERS COMPANY FOR 191 PARK CLUB LANE AND THE EXECUTION AND DELIVERY OF AN INSTALLMENT SALE AGREEMENT BETWEEN THE AGENCY AND MANUFACTURERS AND TRADERS COMPANY WITH RESPECT TO RENOVATIONS OF 191 PARK CLUB LANE AND 626 COMMERCE DRIVE AND THE ACQUISITION AND INSTALLATION OF MACHINERY, EQUIPMENT, FURNISHINGS, FIXTURES, COMPUTER SOFTWARE AND OTHER TECHNOLOGY IMPROVEMENTS OVER A TEN YEAR PERIOD FOR INSTALLATION IN BUILDINGS LOCATED AT 191 PARK CLUB LANE AND 626 COMMERCE DRIVE.

II. APPLICANT

Prime Wines Corp.
3445 Delaware Ave
Kenmore, NY 14217
Burton Notarius

PROJECT LOCATION

3900 Maple Rd
105 Meyer Road

REQUEST

The applicant is requesting authorization for a \$9,000,000 Lease Transaction for the construction and equipping of a 50,000 square feet headquarters and retail facility for Premier Liquors. The project would be located at a previous vacant building at 3900 Maple Road and vacant land at 105 Meyer Road, within the Sweet Home Central School District.

Prime Wines Corp is a nationally recognized Wine and Liquor retail outlet. Prime Wine markets, through data mining technology, over 11,000 products to its over 65,000 customers. Ever increasing interest from outside NYS has resulted in Prime Wines to sell to 20 other states using advanced technology developed with a grant from SUNY Buffalo marketing department. Prime Wines is seeking a new location because their current location in Tonawanda is an older building that requires several hundred thousand dollars annually to maintain first class conditions due to temperature requirements making that property no longer financially viable. The nearly 50,000 square feet to be occupied by Premier will be constructed immediately upon the receipt of all required approvals.

The application states that the Premier Center Retail project will result in the Adaptive Reuse/ Redevelopment of the former automotive dealership property at 3900 Maple Rd and three commercially zoned parcels on Meyer Rd that has remained vacant for over three (3) years. The site previously housed a Lincoln/Mercury dealership. All structures were cleared and the site remediated at a cost of \$200,000, eliminating a blighted parcel and brownfield. Prime Wines indicates in their application materials that without their financial commitment and AIDA incentives, the site would remain vacant instead of being transformed into an active property paying additional taxes. The NYS Department of Environmental Conservation classified the site inactive, but requires additional soil testing leading to unknown remediation costs providing for additional financial risk on behalf of Prime Wines.

The application states that IDA participation is necessary due to these factors and that, “the absence of AIDA benefits will significantly increase the costs of the project to Prime Wines. The result of which will be to cause Prime Wines to determine whether it should exercise its option to terminate the purchase contract. “

EMPLOYMENT

The project will retain 31 full-time and 16 part-time employment opportunities and create and additional 5 full-time and 5 part-time upon completion.

PILOT SCHEDULE

Based on the information contained within the application, the project would be eligible for the Agency’s 485-b equivalent PILOT, which is for 10-years starting at 50% abatement and decreasing 5% each year. During the abatement period, the project would pay an estimated \$1,119,265 in property taxes; \$303,637 to the Town of Amherst, \$163,631 to Erie County and \$651,997 to the Sweet Home Central School District.

The facility had been vacant for several years. In 2010/11 the properties generated \$34,223 in annual town, county and school taxes. Over the abatement period this amount would be \$342,230. Should this project proceed, the estimated net revenue gain would be \$777,035.

Project Tax Savings

As a result of the Agency’s participation in this transaction, the project applicant would realize an estimated \$246,750 in sales tax savings, \$248,405 in property tax savings and \$89,435 in mortgage recording tax savings.

There was a motion by Edward Stachura and seconded by Ayesha Nariman to approve the project. The board then went into a lengthy discussion about the project and more specifically the adaptive re-use of a brownfield site.

Board member Robert Ciesielski noted that it was his opinion that this was not an appropriate use of IDA incentives.

Board member Aaron Stanley told the board that he had reviewed the County-wide Adaptive Re-Use policy and felt that this project met the standards set forth in the eligibility policy.

Board member Stuart Shaprio made a motion to amend the previous motion. Dr. Shapiro requested that the amended motion reflect that Agency assistance is limited to the redevelopment of a brownfield site and construction of the building shell and that no assistance will be provided for the acquisition and installation of machinery and equipment.

The motion was seconded by Aaron Stanley and a vote of aye from Fredrick Vilonen, Edward Stachura, Randall Clark and Ayesha Nariman. A vote of no was cast by Robert Ciesielski and it was

RESOLVED, THAT THE TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZE 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.

9:33 am – meeting adjourned