

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY

Minutes of the 407th Meeting

March 14, 2008 – 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
Robert L. Miller
John P. DeLuca
Randall Clark
Ayesha Nariman
Robert Ciesielski
Stuart Shapiro
James J. Allen, Executive Director
Nathan S. Neill, Esq.

GUESTS: AIDA Staff
Hon. Shelly Schratz
David Robinson, Buffalo News
Erica Castren, Meritain Health
Kevin Conable, Meritain Health
Jacqueline Hart, Meritain Health
Jamie Phipps, Gelia Wells & Mohr
Tim Sherry, Gelia Wells & Mohr
Rocco Lucente, Gelia Wells & Mohr
Robert Travis, Chiampou Travis Besaw & Kershner LLP
Charles Chiampou, Chiampou Travis Besaw & Kershner LLP
James Cullinan

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

MINUTES

The minutes of the January 2008 meeting were approved as presented.

TREASURER'S REPORT

The Treasurer's Report for January & February 2008 were approved as presented.

BILLS & COMMUNICATIONS

There were no Bills and Communications presented at this meeting.

PUBLIC COMMENT

There was no Public Comment at this meeting.

EXECUTIVE DIRECTORS REPORT

NERC (Niagara Erie Regional Coalition)

First general meeting for 2008 was held on February 22. The Chairmen for 2008 will be Clyde Burmeister of NCL and Kathy Konst of the ECL. I was appointed the Chairman of the Coalition's Economic Development Committee (committee members include: John Cappellino, Kathy Konst, Clyde Burmeister, Sam Ferraro, Robert Gower, Christina Orsi, Laura Smith, Hector Titus, Bill Murray). The agenda of the committee for 2008 is as follows: completion of the small business resource website; development of a regional ED strategy; integration of development incentives with Regional Framework; and the finalization of the electronic permitting process which has been languishing since 2005.

ED Roundtable. Sponsored by Assemblyman Robin Schimminger

Fifty business people and economic development officials met to discuss the 2008 State Budget, in particular the \$1 Billion Upstate Revitalization proposal. The consensus was that although the region does need an infusion of capital in several areas, such as technology commercialization, seed capital, and business formation in general, unless the state and local government find ways of reducing the costs of doing business in this state a billion dollars is insignificant in terms of revitalizing our regional economy.

Small Business Workshop

Held Wednesday evening, March 12, over 100 people were in attendance and heard presentations on real estate financing, equipment financing, and workforce training. We are currently tabulating the exit surveys but discussions with various attendees indicate that the workshops was very well received and we've been encouraged to do a follow-up sessions within the next two or three months.

Town Board Resolution re: IDA Consolidation

The Town Board voted 5-2 against further discussion regarding merging the Amherst IDA with ECIDA or any other IDAs in Erie County. The actual vote was 2-5 to merge the IDAs with Dan Ward and Satish Mohan as the two board members in favor.

Williamsville Comprehensive Plan

We met with officials from the village to discuss the role of the Amherst IDA and/or the Amherst Development Corporation in helping the village implement its comprehensive plan which will likely be adopted by the Village Board of Trustees within the next month or two. We have also been asked to consider becoming involved in the Mill restoration project which is a part of the comp plan. The Corporation, which is a 501(c) 3 corporation, can be used to solicit contributions for the stabilization and maintenance of the mill prior to adaptive reuse. We will discuss this further with the Trustees.

Comptroller DiNapoli's IDA Performance Audit.

Comptroller Thomas DiNapoli recently issued a performance audit of the state's IDAs. And although the press has emphasized the concerns that the Comptroller mentioned regarding inconsistency of reporting methods and the lack of data for certain projects, in general the report acknowledges that the percentages of incomplete data is down significantly from the past and that the requirements of PARIS (Public Authorizes Reporting Information System) should improve IDA reporting in the future.

Some of the highlights of the report:

- IDA supported projects grew by 16 percent during the period 2003 and 2006, with 41 percent of this growth is in the service sector
- As of 2006, IDAs support \$41 billion in projects
- Six IDAs account for 40 percent of all IDA assistance (AIDA is one of the six along with ECIDA).
- The annual cost per jobs averaged \$4,195. The cost per job in Amherst was \$368 (\$3827 less than the state average). During this period, Amherst had a net job gain of 16,319.

IDA Leadership Council Committees

The Leadership Council has formed two committees to address IDA incentives in the future.

The two committees are as follows:

- **Committee One**- to review eligibility criteria, determine the categories of eligibility and the weighting system under a multi-tiered incentive structure.
- **Committee Two**- to review the three-tiered PILOT schedule and to evaluate the overall length of PILOTs and calculate the value of each schedule.

UNFINISHED BUSINESS

There was no unfinished business at this meeting.

Chairman Vilonen welcomed Stuart Shapiro as the new Board member.

NEW BUSINESS

Election of Officers, Audit Committee & Governance Committee were all tabled until the April 18, 2008 meeting.

AUTHORIZATION RESOLUTION

APPLICANT

45 Bryant Woods, LLC
45 Bryant Woods North
Amherst, New York 14228
Kelly Bewaw, Manager

REQUEST

Applicant is requesting authorization for a \$1,300,000 lease transaction for the construction and equipping of a 7,800 square foot addition to their single tenant facility for use as the corporate headquarters for Chiampou, Travis, Besaw & Kershner, a full service corporate accounting and tax service firm. Project is located within the Williamsville Central School District. The NAICS for this company is 541211. Pursuant to the Countywide eligibility policy the project has *“not been designated by the Countywide Policy to be generally eligible or ineligible, but may be considered for financial assistance by an IDA in its discretion.”*

In 2004, the Agency participated in the construction of the 16,500 square foot original facility. At the time applicant was relocating from 8,700 square feet on Main Street in Williamsville.

Applicant states that they are experiencing rapid growth in their business, with a substantial portion of that growth being derived from clients outside the Town of Amherst and Erie County, as well as New York State.

Applicant states that Agency participation in this project is necessary in order for the company to expand to service this new business and remain competitive within their industry.

EMPLOYMENT

Project will retain 68 jobs in Amherst and create an additional 15 upon completion of the project. Payroll is expected to increase from \$3,250,000 annually to \$4,460,000 annually.

PILOT SCHEDULE

Project would be eligible for the Agency’s 15 year PILOT policy. During the abatement period, project will pay an estimated \$356,693 in property taxes on the addition; \$109,957 to the Town of Amherst, \$53,970 to Erie County and \$192,766 to the Williamsville Central School District.

The vacant land currently generates approximately \$9,880 in annual Town, County and School taxes. Over the abatement period this amount would be \$148,199. Should this project proceed, the net revenue gain over the abatement period would be \$208,493.

Project Tax Savings

As a result of the Agency’s participation in this transaction, the project applicant would realize an estimated \$56,823 in sales tax savings, \$246,726 in property tax savings and \$10,480 in mortgage recording tax savings.

Upon a motion by Robert Miller, seconded by Randall Clark and unanimously carried, it was

RESOLVED, THAT THE TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZE 45 BRYANT WOODS LLC (THE "LESSEE") TO A CONSTRUCT AN APPROXIMATELY 7,800 SQUARE FOOT ADDITION TO THEIR EXISTING APPROXIMATELY 16,000 SQUARE FOOT SINGLE TENANT OFFICE FACILITY ON AN APPROXIMATELY 5.88 PARCEL OF LAND LOCATED AT 45 BRYANT WOODS NORTH IN THE TOWN OF AMHERST, WHICH FACILITY IS CURRENTLY OWNED BY THE AGENCY AND LEASED TO THE LESSEE, FOR SUBLEASE TO CHIAMPOU, TRAVIS, BESAW & KERSCHNER LLP (THE "SUBLESSEE") AND TO ACQUIRE AND INSTALL OR ALLOW THE SUBLESSEE TO ACQUIRE AND INSTALL, AS REQUIRED, MACHINERY AND EQUIPMENT REQUIRED IN CONNECTION THEREWITH, ALL FOR A SINGLE-TENANT OFFICE FACILITY FOR SALE TO THE AGENCY AND SUBSEQUENT LEASE TO THE LESSEE FOR SUBLEASE TO THE SUBLESSEE OR LEASE OF THE FACILITY EQUIPMENT TO THE SUBLESSEE, IF REQUIRED, AND TO TAKE OTHER PRELIMINARY ACTION.

APPLICANT

Meritain Health, Inc.
300 Corporate Pkwy
Amherst, NY 14226
Jacqueline M. Hart, Director of Tax

Request

Company is requesting Agency consent for a \$3,500,000 Installment Sale Transaction for equipment and technology purchases for the expansion and stabilization of their data center infrastructure. The NAICS for this company is 5241, thus qualifying it under the county-wide eligibility policy. The project is located within the Sweet Home Central School District.

Meritain Health, Inc. is a third party health care administrator with 92% of its gross revenues derived from outside New York State. The 300 Corporate Parkway location is the company's national headquarters.

The Agency participated in a \$1,100,000 Installment Sale Transaction in 2007. The application states that expansion of infrastructure systems are needed to accommodate the growth realized through acquisition over the past 2 – 3 years. They state that some progress was made in 2007, but large scale consolidation of claims platforms, telephone systems and network/e-mail systems are underway and will continue over the next 12-24 months.

Applicant states that Agency participation is necessary for this project to proceed because they have centralized their corporate call center and support operations in the Amherst location and securing tax assistance for these large scale projects will not only help ensure the financial stability of the project, but also show support from the local community for corporate operations and retaining and creating jobs in Amherst, New York.

Employment

Project will retain 493 jobs in Amherst (up from 467 in 2007) and create an additional 42 within the next two years. Payroll is expected to increase from \$19 million to over \$20 million.

PILOT Schedule

No PILOT is being requested on the project. The existing PILOT on this property will not be affected by this transaction. It expires in 2012.

Exemptions

Applicant would realize approximately \$284,375 in sales tax exemption.

Upon a motion by Randall Clark, seconded by Robert Miller, a vote of no by Stuart Shapiro, it was

RESOLVED, THAT THE TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZE AND APPROVE THE EXECUTION AND DELIVERY OF AN INSTALLMENT SALE AGREEMENT WITH MERITAIN HEALTH, INC. AND OTHER INSTRUMENTS AND MATTERS IN CONNECTION THEREWITH

APPLICANT

Gelia, Wells & Mohr and 390 Youngs, LLC
390 S. Youngs Road
Amherst, NY 14221
Timothy Sherry, VP and CFO

Request

Company is requesting Agency consent to an Assignment and Assumption of Lease from 283 North Main Street, LLC for property located at 390 S. Youngs Road. Company is also requesting Agency consent to an Installment Sale Transaction in order to renovate and equip this multi-tenant office facility into a single tenant facility for Gelia Wells & Mohr. The total project value is estimated at \$3,060,000 of which \$1,950,000 will be for the purchase of the property.

In 2006, the Agency assisted 283 North Main Street, LLC with the renovation and conversion of an existing, vacant 25,000 square foot manufacturing facility into a multi-tenant Class A office facility.

Gelia Wells & Mohr is a professional services firm providing marketing, communications and research solutions to companies throughout the United State and internationally. The NAICS for this company is 541810. Pursuant to the Countywide eligibility policy the project has *“not been designated by the Countywide Policy to be generally eligible or ineligible, but may be considered for financial assistance by an IDA in its discretion.”*

The applicant states that sixty-eight percent of their gross revenue is derived from outside Erie County and sixty-five percent from outside New York State. Company also has offices in Toledo, Ohio and Chicago, Illinois.

Applicant is relocating from 18,000 square feet in Newstead, NY for reason of expansion.

The application states the following:

"Gelia Wells & Mohr has been growing steadily for more than a decade and our plans are for continued growth in WNY. This project is critical to achieving those growth plans as it will not only provide us with the additional space we need but it will also help us in attracting and retaining top talent in WNY. With this project the company also intends to building a Center of Excellence. This Center of Excellence will be a unique market research, development and education facility that will significantly enhance our competitive position within the industry on a national level. To our knowledge, there is nothing like it in WNY. We would also anticipate that the new facility will provide some spin-off economic benefit to WNY in that Gelia will now be able to host and provide these unique services to our predominantly out-of-state clients right here in WNY. Prior to this anticipated project, the company simply has found a facility elsewhere throughout the county and then arranged for client conferences at that non-WNY location.

Concerning our search for a new facility, we began the journey approximately 15 months ago in November 2006. This timing contemplated a 9-month lead time to the expiration of our then current lease expiring in July 2007. As for the key considerations driving the footprint area we considered, in addition to the obvious need for considerably more space including a setting that would lend itself to building the Center of Excellence, we required a location much more centralized in WNY and with ready access from major thoroughfares. This would not only benefit our current employees but would assist the company in recruiting efforts. In addition, proximity to the Buffalo Niagara International Airport was very desirable as a benefit to many of our clients who fly in from out of town. Their being close to the airport , surrounding hotels and restaurants and our office was very desirable."

Applicant states that Agency participation in this project is necessary to their ability to stay competitive and grow within their industry.

EMPLOYMENT

Project will retain 80 jobs in WNY and create an additional 15 within two years. Payroll is expected to increase from \$3,600,000 to \$4,300,000.

PILOT SCHEDULE

Currently there is a 10-year tax abatement on the property which is scheduled to expire in 2016. Applicant is requesting Agency consent to the 15 year abatement schedule to reflect the status of the facility changing from multi-tenant to single tenant. Consent to this request would have the property tax abatement expire in 2021. This change would increase the estimated property tax exemption on this property that was previously approved from \$80,675 to \$129,607 (a difference of \$48,932).

The current PILOT agreement calls for the property to continue to pay full tax on the assessment that was in place when the Agency took title in 2006. The abatement is realized on the value added (the difference between the old assessment of \$625,000 and current

assessment of \$900,000) when property was renovated.

Project Tax Savings

As a result of the Agency's participation in this transaction, the project applicant would realize an estimated \$50,313 in sales tax savings, \$20,000 in mortgage recording tax savings and an additional \$48,932 in property tax savings.

Upon a motion by John DeLuca, seconded by Robert Miller and unanimously carried, it was

RESOLVED, THAT THE TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE ASSIGNMENT TO AND ASSUMPTION BY 390 YOUNGS ROAD, LLLC OF THE LEASEHOLD INTEREST OF 283 NORTH MAIN STREET, LLC IN TH 2006 390 YOUNGS ROAD PROJECT, THE RENOVATION OF THE FACILITY INTO A SINGLE TENANT PROFESSIONAL SERVICES FACILITY, THE CONVERSION OF THE PILOT INTO A 15 YEAR PILOT AND THE EXECUTION AND DELIVERY OF A MORTGAGE IN THE AMOUNT NOT TO EXCEED \$3,060,000 TO FINANCE THE TRANSACTION

9:30 am – Meeting adjourned.