

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY

Minutes of the 419th Meeting

August 21, 2009 – 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
Randall Clark
John DeLuca
Stuart Shapiro
James J. Allen, Executive Director
Nathan S. Neill, Esq.

ABSENT: Ayesha Nariman
Robert Ciesielski

GUESTS: AIDA Staff
Mark Manna, TOA Liaison
David Tytko, Uniland Development
Terrance Gilbride, Hodgson Russ
Todd Prigal, GEICO
Ron Zoeller, Azersos Health Plans, Inc.
Jim Fink, Business First
Jonathan Epstein, Buffalo News

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

MINUTES

The minutes of the July 2009 meeting were approved as presented.

TREASURER'S REPORT

The Treasurer's Report for July 2009 was approved as presented.

BILLS & COMMUNICATIONS

There were no Bills & Communications at this meeting.

PUBLIC COMMENT

There were no comments from the public at this meeting.

EXECUTIVE DIRECTOR REPORT

Executive Director Allen reported that the Economic Re-Development Summit held August 13th went very well. He noted that the keynote speaker's message was very good. He stated that there were about 70 people invited and that 50 were in attendance.

Mr. Allen also stated that a final report on the Summit was being put together

AIDA Town Board Liaison Mark Manna thanked Jim Allen and David Mingoia, along with members of the Amherst Chamber of Commerce and the Town of Amherst Planning Department for their efforts in organizing such a successful event.

UNFINISHED BUSINESS

I. Daemen College Supplemental Resolution

In 2006, the Agency issued its \$20,925,000 Multi-Mode Civic Facility Revenue Bonds (Daemen College Project), Series 2006A (the "Series 2006A Bonds") and its \$17,075,000 Multi-Mode Civic Facility Revenue Bonds (Daemen College Project) (Series 2006B) (the "Series 2006 B Bonds" and with the Series 2006A Bonds, the "Bonds").

The Series 2006A Bonds were issued for the purpose of advance refunding the Series 2001A Bonds previously issued by the Agency. The Series 2006B Bonds were used to finance the construction of a library and information center. Following an amendment of the documents related to the Bonds in 2008, Wachovia Bank, National Association ("Wachovia"), became the provider of a standby bond purchase facility for the Series 2006A Bonds and a standby direct pay letter of credit for the Series 2006B Bonds.

Daemen College now wishes to replace Wachovia as the standby bond purchase facility provider and as the letter of credit issuer with Manufacturers and Traders Trust Company. This change requires various minor, technical amendments to the documents related to the Bonds. Those amendments are authorized by the supplemental resolution on file at the Agency's office.

RECOMMENDATION

Approval

Upon a motion by John DeLuca, seconded by Randy Clark and unanimously carried, it was

RESOLVED, THAT THE TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZE THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION WITH THE PROVISION OF ALTERNATE AND/OR ADDITIONAL SECURITY FOR THE ISSUER'S OUTSTANDING REVENUE BONDS ISSUED IN CONNECTION WITH THE ISSUER'S DAEMEN COLLEGE PROJECT.

NEW BUSINESS

II. AUTHORIZATION RESOLUTIONS

APPLICANT

GEICO Insurance Agency
300 CrossPoint Parkway
Getzville, New York 14068
Todd Prigal, Assistant Controller

REQUEST

The applicant is requesting authorization for a \$1,041,078 Installment Sale Transaction. The project will involve the purchase of furniture, fixtures and equipment for an existing facility located at 300 CrossPoint Parkway. The NAICS for this company is 5242 which requires further analysis of the project under the County-wide Eligibility Policy. The Agency review determined that the project is a back office facility and is therefore eligible.

This is a new venture that the company proposes to locate in Amherst and act as a redundant disaster recovery location to a facility operating in Fredericksburg, VA. The new venture markets property insurance (homeowners, renters, condominium, flood, boat and related insurance products) primarily to its auto customers over the phone in all states.

A critical element in selecting Amherst for this operation is a co-location with existing GEICO operations at the project site. Another key component of the expansion is the benefits offered by the site being in an Empire Zone. Due to changes in the Empire Zone Program, this new venture must become certified as an Empire Zone Company and seek Regionally Significant Status. This process takes several months and the applicant is requesting an installment sale on new furniture, fixtures and equipment in order to realize sales tax savings it would otherwise receive under the Empire Zone Program. The applicant states that these exemptions are critical to the project moving forward.

EMPLOYMENT

The project will create 91 jobs in Amherst during the AIDA sales tax exemption period. Overall, the project is expected to create 536 jobs over the next ten years.

PILOT SCHEDULE

There is no real estate involved in this transaction, thus no PILOT is being requested. The current PILOT agreements will not be affected by this transaction.

PROJECT TAX SAVINGS

As a result of the Agency's participation in this transaction, the project applicant will realize an estimated \$91,904 in sales tax savings.

RECOMMENDATION

Approval

Upon a motion by Robbie Miller, seconded by John DeLuca and 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 OR A SERIES OF INSTALLMENT SALE AGREEMENTS WITH GEICO INSURANCE AGENCY AND OTHER INSTRUMENTS AND MATTERS IN CONNECTION THEREWITH.

APPLICANT

Azeros Health Plans, Inc.
6215 Sheridan Drive
Amherst, New York 14221
Mr. Ronald K. Zoeller, CEO

REQUEST

The applicant is requesting authorization for a \$500,000 installment sale transaction for furniture and equipment purchases for its new facility located at 6215 Sheridan Drive. The NAICS for this type of company is 5241 which is eligible under the County-wide Eligibility Policy.

Azeros Health Plans, Inc. is a new company that administers third party medical administration of self-funded insurance plans for employers. The company is purchasing assets from Independent Health, which is eliminating this division of its business.

As with any new venture, capital is scarce upon start-up and the applicant states that, "budgeted cash flow is very tight," and that, "IDA participation is necessary to assure the maintenance of 39 jobs and creation of more."

The applicant expects to turn around an underperforming asset. Mr. Zoeller's track record in this regard is well documented. His previous company, North American Health

Plans was started in 1983 and sold in 2005 employing 600 at that time. That company is now called Meritain Health and remains headquartered in Amherst.

EMPLOYMENT

The applicant anticipates employment reaching 45 full-time positions within the next year with a payroll of \$1,700,000.

PILOT SCHEDULE

There is no PILOT on 6215 Sheridan Drive and none is requested.

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.

RECOMMENDATION

Approval

Upon a motion by Randall Clark, seconded by Robbie Miller and 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 AZEROS HEALTH PLANS INC. AND OTHER INSTRUMENTS AND MATTERS IN CONNECTION THEREWITH.

9:53 am – Meeting adjourned.

