

**TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY**  
**Minutes of the 449th Meeting**  
**December 21, 2012 – 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 Aaron Stanley Barry A. Weinstein, MD Stuart Shapiro Barbara Nuchereno James Allen, Executive Director Nathan Neill, Esq.
ABSENT:	Ayesha Nariman
GUESTS:	AIDA Staff Jonathan Epstein, Buffalo News Jim Fink, Business First Melanie Conely, ACSD David Chiazza, Iskalo Development Matt Roland, Iskalo Development Dave Tytka, Uniland Development Andy Reynolds, Coalition for Economic Justice (additional attendees attached)

Chairman Vilonen reminded everyone that the meeting was being tape-recorded. Chairman Vilonen welcomed the Agency's newest Board Member Barbara Nuchereno. Ms. Nuchereno was appointed to fill the seat left vacant after Robert Ciesielski's resignation.

**MINUTES**

The minutes of the November 2012 meeting were approved as presented.

**BILLS & COMMUNICATIONS**

The Agency received a letter from Andrew Rudnick, Chair of the ECIDA Policy Committee requesting that the Agency adopt a similar resolution to that adopted by the ECIDA pertaining to the reevaluation of the current County-wide Eligibility Policy regarding Redevelopment and Adaptive Reuse projects. The AIDA board discussed this at its November 2012 meeting.

Upon a motion by Edward Stachura, seconded by Aaron Stanley and unanimously carried, it was

RESOLVED, THAT THE TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY  
SUPPORT THE EFFORTS OF THE ECIDA POLICY COMMITTEE IN ITS STUDY AND  
REVIEW OF THE NEIGHBORHOOD ENHANCEMENT POLICY AND THE ADAPTIVE REUSE POLICY.

## **TREASURER'S REPORT**

The Treasurer's Report for November 2012 was approved as presented.

## **PUBLIC COMMENT**

David Chiazza of Iskalo Development responded to comments made during the Public Hearing, immediately preceding this meeting, for the Lord Amherst redevelopment project. Mr. Chiazza noted that no site work for the proposed new Hyatt Place Hotel had been started and is not included in the application for IDA assistance for the Lord Amherst redevelopment project which is on this morning's agenda for board action.

## **EXECUTIVE DIRECTOR'S REPORT**

There was no Executive Director's report at this meeting

## **COMMITTEE REPORTS**

There were no Committee Reports at this meeting.

## **UNFINISHED BUSINESS**

There was no Unfinished Business at this meeting.

## **NEW BUSINESS**

### **I. AUTHORIZATION RESOLUTION**

#### **APPLICANT**

Iskalo 5000 Main LLC  
5166 Main St  
Amherst, NY 14221

#### **PROJECT LOCATION**

5000-5010 Main St  
(Lord Amherst Hotel)

#### **REQUEST**

The applicant is requesting authorization for a \$9,885,750 Lease Transaction for the renovation and equipping of an existing 56,000 square foot hotel and restaurant facility and construction of a 1,700 square feet expansion to the restaurant. The project is located at 5000-5010 Main Street in Snyder.

#### **PROJECT ELIGIBILITY**

- The purposes of an industrial development agency shall be to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, research and recreation facilities per Section 858 of General Municipal Law.
- The Countywide Eligibility Policy allows for incentives for hotel development in Town designated Enhancement areas.
- The project complies with the Town of Amherst Comprehensive Plan as it maintains and grows the tax base through a high quality development leveraging existing infrastructure.

The 5000-5010 Main Street property was acquired by Iskalo Development in October 2011. Prior to closing, an inducement was obtained from the Amherst IDA to exempt initial property improvements and equipment purchases from sales tax. The initial phase of improvements was approved as a possible precursor to a comprehensive renovation of the property provided the performance of the hotel improved in response to the initial capital infusion.

The applicant states that this next phase of the project involves an historic renovation of the Lord Amherst Hotel and Sonoma Grille building to “like new” condition. The hotel and restaurant building recently received Part 1 approval from the National Park Service, which will enable the independent hotel to be listed with the “Historic Hotels of America” which will assist in the branding a marketing of the hotel.

The applicant notes that the hotel is still underperforming, but enough sufficient improvement to suggest that a renovated and historically designated & restored Lord Amherst hotel could be successful if paired with a renovated Sonoma Grille restaurant. Assistance for the recently announced Hyatt Place Hotel is not part of this application.

The comprehensive improvements to the property include completion of all deferred maintenance on the existing buildings, introducing handicap accessibility through installation of an elevator and handicap accessible rooms, abatement of asbestos located throughout the building, comprehensive renovation of all guest rooms and public access (corridors, lobby, reception, amenities) and energy efficient mechanicals.

The total redevelopment costs budgeted for the project approach what it would cost to replace the existing buildings with a new limited service mid-scale hotel. The renovated and restored Lord Amherst will remain an independently run hotel and not have the benefit of a national brand reservation and customer loyalty system that drives considerable business to hotels. Therefore, the room rates and occupancy the hotel will be able to achieve will be less than a branded (franchised) hotel and it will take one to two years longer to reach stabilization. The IDA benefits will aide in overcoming this and give the historic hotel the best chance to succeed.

### **EMPLOYMENT**

The project will retain 43 FTE employment positions and create an additional 26 FTE positions upon completion. Both entry (hourly) and salary positions will be created ranging from minimum wage to an annual salary of \$65,000.

### **PILOT SCHEDULE**

The project is eligible for the Agency’s 10-year, 485(b) Equivalent Real Property Tax Exemption, which starts at 50% abatement of improves and decrease 5% annually. During the abatement period, the property will generate an estimated \$1,929,216 in property taxes broken down as follows: \$374,779 to the Town of Amherst, \$307,563 to Erie County and \$1,246,875 to the Amherst Central School District.

The property currently generates \$109,500 in Town, County and School taxes. Over the term of the abatement period this would amount to \$1,095,140. Should the Agency proceed with this transaction, the net revenue gain over the abatement period would be an estimated \$834,076.

### **PROJECT TAX SAVINGS**

As a result of the Agency’s participation in this transaction, the project applicant will realize an estimated \$359,407 in sales tax savings, \$98,858 in mortgage tax savings and \$615,374 in property tax savings.

There was a lengthy exchange between members of the board and David Chiazza of Iskalo Development Company.

Board members Stuart Shapiro and Aaron Stanley questioned if Iskalo would do the project regardless of IDA assistance.

Mr. Chiazza noted that without IDA assistance and with current occupancy at the Lord Amherst at 35%, Iskalo Development would have no choice but to shut down the hotel and reassess the feasibility of going forward. He noted that it is cost prohibitive to keep the hotel open under the current conditions and the renovations require a lot of capital upfront. Mr. Chiazza also said that he would not answer any questions regarding the proposed Hyatt Place hotel.

Stuart Shapiro again questioned Mr. Chiazza if Iskalo would proceed with the Lord Amherst renovation project regardless of what happens with the proposed Hyatt Place hotel.

Mr. Chiazza reiterated his response that he would not answer any questions regarding the proposed Hyatt Hotel but he did say that if Iskalo Development was granted approval by the Agency on the Lord Amherst Hotel project at this meeting, they were prepared to commence work in January.

Upon a motion by Edward Stachura, seconded by Aaron Stanley, and a vote of no by Barry Weinstein, it was

**RESOLVED, THAT THE TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZE ISKALO 5000 MAIN LLC (THE "LESSEE") TO RENOVATE 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 MAIN STREET ENHANCEMENT ZONE IN THE TOWN OF AMHERST, NEW YORK WHICH PROPERTY IS CURRENTLY OWNED BY THE LESSEE AND LEASED TO THE AGENCY 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.**

9:48 am – meeting adjourned.