

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY
Minutes of the 461st Meeting
July 18, 2014 – 8:30 am
Agency Office, 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 E. Marshall Wood, Jr. James Allen, Executive Director Nathan Neill, Esq.
ABSENT:	Carlton N. Brock, Jr.
GUESTS:	AIDA Staff Jonathan Epstein, Buffalo News Dave Tytka, Uniland Development Jim Fink, Business First Chanel Edwards, BlackRock Josh Vallario, BlackRock Rob Savarino, RAS Development Sean Hopkins, Hopkins Sorgi Mike Montante, Uniland Development Tom Fox, Ellicott Development Lorrie Abaenater, BNE

Chairman Vilonen reminded everyone that the meeting was being recorded.

MINUTES

The minutes of the June 2014 meeting were approved as presented.

BILLS & COMMUNICATIONS

There were no Bills & Communications for this meeting.

TREASURER'S REPORT

The Treasurer's Report for June 2014 was approved as presented.

PUBLIC COMMENT

There was no public comment at this meeting.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Allen reported that he has been part of a small group that is working on new hybrid zoning codes for the Town of Amherst. He noted that the group interviewed 7 firms over the past two weeks and narrowed down the choices to three.

Mr. Allen also informed the board that the ECIDA Policy Committee continues to work on the development of a Senior Housing Policy. He is hoping there will be a draft ready in the next few weeks.

Mr. Allen also told the board he wanted to clarify statements attributed to him in an article in the Buffalo News regarding the PHH Mortgage project – specifically the headline stating that the AIDA may claw back incentives on the building construction. Mr. Allen reminded the board that the Agency has yet to have any communication from PHH Mortgage regarding any changes in plans regarding their move to 1760 Wehrle Drive. Mr. Allen told the board that he will bring the matter to their attention if and when necessary and that such a headline was very misleading.

COMMITTEE REPORTS

There were no Committee Reports at this meeting.

UNFINISHED BUSINESS

Amendment to Authorization Resolution

Old Dutchman Wrought Iron, Inc. – Company is requesting Agency consent to amend the June 2014 resolution authorizing the project. The amendment involves substituting the Lessee from Old Dutchman Wrought Iron, Inc. to an LLC to be formed. The Old Dutchman Wrought Iron, Inc. would become the Sublessee.

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

RESOLVED, THAT THE TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY (THE "AGENCY") AMEND A PRIOR RESOLUTION ADOPTED ON JUNE 20, 2014 AUTHORIZING OLD DUTCHMAN'S WROUGHT IRON, INC. (THE 'LESSEE') TO ACQUIRE A PARCEL OF LAND ADJACENT TO THEIR EXISTING FACILITY AT 2800 MILLERSPORT HIGHWAY IN THE TOWN OF AMHERST, TO CONSTRUCT OF A NEW APPROXIMATELY 20,000 SQUARE FOOT WAREHOUSE AND PRODUCTION ADDITION TO THE EXISTING APPROXIMATELY 5,000 SQUARE FOOT BUILDING AND TO RENOVATE AN APPROXIMATELY 4,000 SQUARE FOOT PORTION OF THE EXISTING FACILITY BUILDING TO PROVIDE A SHOWROOM/RECEPTION AREA, LUNCH ROOM, LOCKER AREA, RESTROOMS AND CONFERENCE CENTER, FOR LEASE TO THE AGENCY AND SUBLEASE BACK TO THE LESSEE, ALL FOR MANUFACTURING FACILITY TO BE LEASED BY THE LESSEE TO THE AGENCY FOR SUBLEASE TO THE LESSEE TO SUBSTITUTE A LIMITED LIABILITY COMPANY TO BE FORMED AS THE LESSEE WITH OLD DUTCHMAN'S WROUGHT IRON, INC. TO BE THE SUBLESSEE AND AUTHORIZE OLD DUTCHMAN WROUGHT IRON, INC. TO ENTER INTO AN INSTALLMENT SALE TRANSACTION WITH THE AGENCY WITH RESPECT TO EQUIPMENT PURCHASES NOT CONSTITUTING FIXTURES.

NEW BUSINESS

I. Authorization Resolution

Project Applicant

1097 Group, LLC
295 Main Street
Suite 210
Buffalo, NY 14203
William A. Paladino, Manager

Project Address

1350 Eggert Road

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 company is eligible as an Adaptive Reuse Project and is located in a Town of Amherst Enhancement Area under the Countywide Eligibility Policy.
- The project complies with the Town of Amherst Comprehensive Plan as it maintains and grows the tax base through a high quality development that includes job creation.

Project Description

The applicant is requesting an authorization resolution in the amount of \$5,800,000 for the acquisition, renovation and equipping of an existing approximately 56,000 square foot facility located at 1350 Eggert Road, Amherst, New York. The project is a mixed use project consisting of commercial space along with 35 market-rate apartments and is located within the Amherst Central School District.

The building was constructed in 1923 as the Eggert Road Elementary School and is predominantly 2-stories in height with a 1-story portion on the south end and 3-story portion on the north end where the grade drops off and exposes a basement level. The rear of the property currently consists of a small playground, surface parking and open green space. Site improvements will include new landscaping throughout, a new expanded surface parking area in the rear to accommodate the proposed uses and relocation of the existing playground to the north end of the property where it will be dedicated to the Town of Amherst.

The applicant states that the project is not feasible without AIDA assistance. Costs associated with upgrading the entire building to meet current building codes, including converting a single-use building into a multi-use property (HVAC, plumbing, electrical) are not supported by projected rental rates. Other costs include asbestos abatement, adding an elevator, sprinkler system and re-glazing all windows, only adds to the costs of adapting a ninety year old building to new uses.

The building has been vacant over 3-years and operated previously as the Catalician Center.

Employment

The project will create 3 part-time positions with an estimated annual payroll of \$54,000.

PILOT SCHEDULE

The project is eligible for the Agency's 10-year, 485(b) equivalent Real Property Tax Exemption. During the abatement period, the property will generate an estimated \$906,723 in property taxes broken down as follows: \$195,044 to the Town of Amherst, \$138,190 to Erie County and \$573,489 to the Amherst Central School District. The basis for this calculation is the property will begin to be fully taxed on the land value. The abatement will be on the estimated building value beginning at 50% and increasing by 5% over the abatement period, with the property paying 100% taxes in Year 11 of the project.

As stated above, the property is currently tax-exempt and pays \$1,771 in annual special district taxes. Over the term of the abatement period this would amount to \$17,710. Should the Agency proceed with this transaction, the net revenue gain over the abatement period would be an estimated \$889,013.

Project Tax Savings

As a result of the Agency's participation in this transaction, the project applicant would realize an estimated \$43,700 in mortgage recording tax savings, \$293,580 in sales tax savings and approximately \$230,917 in property tax savings over the 10 year abatement period.

Upon a motion by Barry Weinstein, seconded by Aaron Stanley and unanimously carried, it was

RESOLVED, THAT THE TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY (THE "AGENCY") AUTHORIZE 1097 GROUP, LLC (THE "LESSEE") TO ACQUIRE AN EXISTING APPROXIMATELY 56,000 SQUARE FOOT BUILDING ON AN APPROXIMATELY 3.80 ACRE PARCEL OF LAND LOCATED AT 1350 EGGERT ROAD, WHICH BUILDING WAS FORMERLY THE EGGERT ROAD ELEMENTARY SCHOOL AND TO RENOVATE THE EXISTING BUILDING CONVERTING IT INTO APPROXIMATELY 5,000 SQUARE FEET OF COMMERCIAL SPACE AND 35 MARKET RATE APARTMENTS, ALL FOR A COMMERCIAL MIXED-USE FACILITY TO BE LEASED BY THE LESSEE TO THE AGENCY FOR SUBLEASE TO THE LESSEE FOR SUB-SUBLEASE TO COMMERCIAL AND RESIDENTIAL TENANTS

Applicant

BlackRock, Inc.
40 East 52nd Street
New York, New York 10022
Harris M. Horowitz, Managing Director, Global Head of BlackRock, Inc.

Project Address

350 CrossPoint Pkwy.

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 company is eligible under NAICS 523930 – business services and is qualified under the Countywide Eligibility Policy.
- The project complies with the Town of Amherst Comprehensive Plan as it maintains and grows the tax base through a high quality development that includes job creation.

Project Description

The applicant is requesting authorization for a \$79,800,000 lease transaction/installment sale transaction for the acquisition of land, construction, equipping and technology purchases for a 31,000

square-foot data center facility. BlackRock, Inc. is an independent investment management firm that provides a range of investment and risk management services. The project would be located at 350 CrossPoint Parkway within the Williamsville Central School District.

BlackRock, Inc. proposes to build a new data center to increase capacity for current technology needs. Blackrock has been evaluating sites for several years and worked with the Buffalo Niagara Enterprise and Empire State Development to locate the facility in Western New York. The company analyzed several criteria for choosing the Crosspoint location include its close proximity to fiber; access and availability of hydropower, and a reliable power grid.

BlackRock has committed to 25 new full-time jobs in the region with a potential for future expansion. The New York Power Authority awarded a hydropower allocation for this project.

Data Centers are capital intensive operations that require annual upgrades of its technology. The tax treatment of these purchases is a major determining factor for the locating of the Data Center. In evaluating the economics of locating a data center at CrossPoint, BlackRock's management also considered locations in Pennsylvania and Canada and requests a PILOT on the new building and an installment sale for ongoing technology purchases for a 10-year period. If such benefits are not received, BlackRock indicated that it will evaluate other options globally as it needs to have a center operational by the end of 2015.

EMPLOYMENT

The project will create 25 new, full-time jobs by 2018 with an average salary of \$68,000 per year.

PILOT SCHEDULE

Based on the information contained within the application and applying it to the PILOT criteria, the project would be eligible for the Agency's 10 year PILOT policy as defined in the Countywide Eligibility Policy. During the abatement period, the project will pay an estimated \$971,216 in property taxes; \$345,560 to the Town of Amherst, \$135,221 to Erie County and \$490,435 to the Williamsville Central School District. The abatement will be on the estimated building value, years 1-3 at 10%, increasing to 20% in years 4-6 and going up to 30% over years 7-10, with the property paying 100% taxes in Year 11.

The vacant land currently generates approximately \$1,455 in annual Town, County and School taxes. Over the abatement period this amount would be \$14,550. Should this project proceed, the net revenue gain over the abatement period would be \$956,666.

Project Tax Savings

As a result of the Agency's participation in this transaction, the project applicant would realize an estimated \$6,871,140 in sales tax savings, \$2,152,344 in property tax savings and \$164,919 in mortgage recording tax savings.

Barry Weinstein noted that this is a great project for the region and that back-office companies attract other back-office companies.

Edward Stachura stated that based on the Cost/Benefit analysis, the project will generate seven times in community benefit to what it is receiving in tax abatements.

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

RESOLVED, THAT THE TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY (THE "AGENCY") AUTHORIZE BLACKROCK, INC. (OR ITS AFFILIATED ASSIGNEE) (THE "LESSEE") TO ACQUIRE AN APPROXIMATELY 5.09 ACRE PARCEL OF LAND LOCATED AT 350 CROSSPOINT PARKWAY IN THE TOWN OF AMHERST, TO CONSTRUCT OF AN APPROXIMATELY 30,000-45,000 SQUARE FOOT BUILDING THEREON AND TO ACQUIRE AND INSTALL MACHINERY, EQUIPMENT, FURNISHINGS, FIXTURES AND TECHNOLOGY PURCHASES REQUIRED IN CONNECTION THEREWITH, AS AGENT FOR THE AGENCY, FOR LEASE TO THE AGENCY AND SUBLEASE BACK TO THE LESSEE AND TO PURCHASE MACHINERY, EQUIPMENT, FURNISHINGS AND FIXTURES REQUIRED IN CONNECTION WITH THE OPERATION OF A DATA CENTER OVER A TEN YEAR PERIOD AS AGENT FOR THE AGENCY FOR SALE BY THE AGENCY TO THE LESSEE PURSUANT TO AN INSTALLMENT SALE AGREEMENT, ALL FOR DATA-CENTER FACILITY

Applicant

RAS Development Company
4755 North French Rd.
Amherst, New York 14228
Robert Savarino, Manager

Project Location

70-80 Meyer Road

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 project is eligible as a housing facility primarily designed to be occupied by individuals sixty years of age or older under the Countywide Eligibility Policy and meets the additional criteria of a resolution passed by the Agency Board of Directors in January 2014.
- The project complies with the Town of Amherst Comprehensive Plan as it maintains and grows the tax base through a high quality development that includes job creation.

Project Description

The applicant is requesting authorization for a \$9,714,040 Lease Transaction for the construction and equipping of a 118,835 square foot, 101 unit, 4-story apartment building for senior citizens. The project is located at 70-80 Meyer Road and is within the Sweet Home Central School District.

The application states that the Meyer Road senior apartments shall entail the construction of a single, four story, wood framed, fully-sprinklered apartment building for senior citizen capable of living independently. The building shall contain a mixture of one and two bedroom apartments totaling 101 units. The apartments shall be equipped with a refrigerator, stove, microwave and dishwasher. The building will also feature a community room, laundry facilities, a beauty parlor, lounges, an exercise room, staff offices and an elevator. The building is being designed specifically for senior citizens and is fully handicap accessible and all units are handicap adaptable.

The application states that IDA participation is necessary in order to make the project financially viable. The project is located in a lower to moderate income, older area of the Town. Rent affordability to this population requires incentives to offset projected operating expenses including the non-homestead property tax rate in the Sweet Home School District. The land was rezoned by the Town Board to MFR-7, which restricts occupancy to senior citizens defined as persons 62 years or older. The applicant has options on the land, but does not currently own it.

Employment

The project will create 2 full time and 3 part time employment opportunities after project construction is complete. The salary ranges for these positions are from between \$28,000 to \$65,000 annually.

PILOT Schedule

Based on the information contained within the application, the project would be eligible for the Agency's 7 Year PILOT. During the abatement period, the project would pay an estimated \$393,203 in property taxes; \$99,757 to the Town of Amherst, \$54,210 to Erie County and \$235,918 to the Sweet Home Central School District. The abatement will be on the estimated building value, years 1-2 at 10%, increasing to 20% in years 3-4 and going up to 30% over years 5-7, with the property paying 100% taxes in Year 8.

The parcels currently generate \$8,703 in annual town, county and school taxes. Over the abatement period this amount would be \$60,921. Should this project proceed, the estimated net revenue gain would be \$332,282.

Project Tax Savings

As a result of the Agency's participation in this transaction, the project applicant would realize an estimated \$573,913 in sales tax savings, \$795,712 in property tax savings and \$103,950 in mortgage recording tax savings.

Project applicant Rob Savarino gave made a presentation on the project.

A lengthy discussion period with many questions from the board members to Mr. Savarino then took place.

A motion was made by Edward Stachura to approve the project. There was no second to the motion. The motion failed due to lack of a second.

10:03 am – meeting adjourned.