

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY
Minutes of the 472nd Meeting
September 18, 2015 – 8:30 am
Agency Offices, 4287 Main Street

The meeting of the above captioned Agency was called to order by Vice Chairman Edward F. Stachura.

PRESENT:	Edward F. Stachura Aaron Stanley Carlton Brock Steven Sanders Michele Marconi James Allen, Executive Director Nathan Neill, Esq.
EXCUSED:	Fredrick A. Vilonen E. Marshall Wood, Jr.
GUESTS:	AIDA Staff Dave Tytka, Uniland Development Jonathan Epstein, Buffalo News Marc Rosenthal, 6580 Main St. Partners, LLC Dan Vecchio, 6580 Main St. Partners, LLC Earl McCartney, Hamister Group Jim Fink, Business First

Vice Chairman Stachura called the meeting to order and reminded everyone that the meeting was being audio recorded.

MINUTES

The minutes for the August 2015 board of directors meeting were approved as presented.

BILLS & COMMUNICATIONS

There were no Bills & Communications presented at this meeting.

TREASURER'S REPORT

The Treasurer's Report for August 2015 was approved as presented.

PUBLIC COMMENT

There was no public comment at this meeting.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Allen reported that the Agency continues to work with the Town of Amherst Planning Department on the update of the Master Plan. An RFP is anticipated shortly. The plan will focus on new and better economic data.

Mr. Allen also reported that the Agency and TOA Planning Department are interested in commissioning a study on the use of space and tenancy changes for the repurposing of older buildings.

UNFINISHED BUSINESS

There was no unfinished business presented at this meeting.

NEW BUSINESS

AUTHORIZATION RESOLUTION

Brompton Heights, Inc. - The applicant requested Agency consent to refinance the existing mortgage on its property located at 275 Brompton Road, Amherst, NY. The original 2005 project involved construction and equipping of a 60,000 square foot addition to an existing 55,000 square assisted living facility. The expansion provided an additional 94 suites for assisted living/senior housing. The original mortgage was in the amount of \$14,450,000 with an \$11,057,458 existing balance.

The total amount of the proposed refinancing transaction would not exceed \$30,000,000.

The applicant states that the purpose of this transaction is to lock in a fixed interest rate with additional proceeds being used for future building improvements.

The project is located within the Williamsville Central School District. The PILOT agreement expires in 2017 and will not be affected by this request. The project is eligible for an estimated \$155,500 in mortgage tax exemption.

Walker & Dunlop, LLC will provide the financing for this transaction.

After a brief discussion and upon a motion by Steven Sander, seconded by Aaron Stanley and abstained by Michele Marconi, 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 IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$30,000,000 AND OTHER SECURITY DOCUMENTS REQUIRED IN CONNECTION THEREWITH IN CONNECTION WITH THE REFINANCING OF THE BROMPTON HEIGHTS, INC. PROJECT AND THE EXECUTION AND DELIVERY OF A DEED FROM THE AGENCY TO BROMPTON HEIGHTS, INC. AND A LEASE TO AGENCY BETWEEN BROMPTON HEIGHTS, INC. AND THE AGENCY.

At this time Mr. Allen requested that Agency Counsel Nathan Neill provide an explanation on when a vote of abstention is warranted.

Mr. Neill advised the board that a board member should abstain from a vote when they have a vested interest in the project being voted on.

Mrs. Marconi noted that she was not on the board when the Brompton Heights project was approved and felt that she should not vote on it.

Mr. Neill said that that was not a legal basis to abstain.

Mrs. Marconi commented that she would take Mr. Neill's comments under advisement but that her vote to abstain on the Brompton Heights project would stand.

AUTHORIZATION RESOLUTION

Sheridan Properties II, LLC - The applicant requested Agency consent to refinance the existing mortgage on its property located at 3980A Sheridan Drive, Amherst, New York. The original 2008 project involved the construction and equipping of an 18,000 square foot expansion to an existing multi-tenant medical facility. Project is home to UB Neurosurgery and Dent Neurologic Institute. The original mortgage was in the amount of \$6,100,000 with an existing balance of \$5,900,000.

The total amount of the proposed refinancing transaction would not exceed \$6,300,000.

The applicant states that the purpose of this transaction is due the maturity of the mortgage note. The transaction will allow for more favorable financing terms. Additional proceeds will be use to buildout tenant's new infusion lab as well as improvements on the first floor/MRI suite.

The project is located within the Sweet Home Central School District. The PILOT agreement expires in 2021 and will not be affected by this request. Applicant is not requesting sales tax exemption on this project. The project is eligible for an estimated \$2,000 mortgage tax exemption.

German American Capital Corporation or an affiliate will provide the financing for this transaction.

Mrs. Marconi stated that she could not vote in favor of this refinancing because the project was retail in nature and that although they were not requesting sales tax incentives on the improvements, the applicant would still be receiving a small amount of mortgage tax exemption.

Mr. Neill reminded the board that when originally induced, the project was eligible under IDA statute and it continues to remain eligible for certain incentives related to the refinancing.

Steven Sanders noted that the board was bound by decisions of previous boards and the request seemed reasonable.

Upon a motion by Aaron Stanley, seconded by Carlton Brock, a vote of no by Michele Marconi, it was

RESOLVED, THAT THE TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY AUTHORIZE THE EXECUTION AND DELIVERY OF AN AMENDED AND RESTATED LEASE AGREEMENT, A GAP MORTGAGE AND A MORTGAGE CONSOLIDATION AGREEMENT FOR A COMBINED PRINCIPAL AMOUNT OF \$6,300,000 OR IN THE ALTERNATIVE A NEW MORTGAGE IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$6,300,000 AND OTHER SECURITY DOCUMENTS REQUIRED IN CONNECTION THEREWITH IN CONNECTION WITH THE REFINANCING OF 2008 SHERIDAN PROPERTIES II, LLC PROJECT AND THE EXECUTION AND DELIVERY OF A DEED FROM THE AGENCY TO SHERIDAN PROPERTIES II, LLC AND A LEASE TO AGENCY BETWEEN SHERIDAN PROPERTIES II, LLC AND THE AGENCY

AUTHORIZATION RESOLUTION

Project Applicant

6580 Main Street Partners, LLC
8685 Sheridan Drive
Williamsville, NY 14221
Barry Swartz, Partner

Project Address

6580 Main Street
Amherst, NY 14221

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 under the Countywide Eligibility Policy – NAICS 52492 (Finance and Insurance) & 54161.
- 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 Summary

The applicant is requesting authorization for a lease transaction in an amount not to exceed \$1,880,000 for the purchase, renovation and equipping of an existing 9,700 square foot office facility. The project is located at 6580 Main Street, within the Williamsville Central School District.

6580 Main Street Partners LLC is comprised of owners of the back office companies providing employee benefits, financial advisory services, payroll processing and healthcare compliance. These companies are currently located in Clarence and have been seeking an expanded location to purchase as part of their growth strategies.

The existing tenant of 6580 Main Street, the Pope Law Firm, will remain in its current 3,300 square feet. The investment in renovations and new furniture fixtures and equipment for the facility will be for new tenants to the building – Sheridan Pay Source, Sheridan Benefits, Health Care Compliance and ROI Financial, which provide the aforementioned services.

The applicant states that AIDA assistance is essential to make the project viable over the long-term. Financial projections of all tenants involved indicate office overhead as it currently exists will support an environment of growth and continued success and allow the companies to increase jobs by 50% over the next three years. The cost of doing business in New York State is a hurdle cited by these small businesses. All of its job retention and creation projections are based on knowing its overhead costs associated with the building with AIDA assistance and are a key factor in ensuring that this expansion occurs in Amherst.

The Town of Clarence and its IDA were notified of this project in accordance to the inter-municipal move guidelines in the Countywide Eligibility Policy. The applicant originally planned to repurpose the BAC at the Eastern Hills Mall, but that bid fell through. That project received an inducement from the Clarence IDA.

Employment

Current employment is 20 full time positions. Two years after completion of the project it is anticipated that there will be 10 additional full time positions with estimated salary ranges from \$30,000 to \$200,000 annually.

PILOT Schedule

The property currently pays an estimated \$28,809 in annual Town, County and School taxes. This will generate \$201,663 during the abatement period.

The renovation project is eligible for the Agency's 7 year PILOT schedule on the value added. During the abatement period, the project will pay an estimated \$27,302 in additional property taxes; \$12,824 to the Town of Amherst, \$3,096 to Erie County and \$11,382 to the Williamsville Central School District.

Project Tax Savings

As a result of the Agency's participation in this transaction, the project applicant will realize up to an estimated \$17,500 in sales tax savings, and estimated \$62,326 in property tax savings and an estimated \$14,000 in mortgage recording tax savings.

A lengthy discussion took place with the board and project applicants. It was noted that other than the occupancy of the Pope Law firm, the remainder of the building had been vacant for 4 years.

There were questions as to the retail nature of the project. The Project applicants discussed the rarity of clients coming to their offices and that the new tenants in the facility could not be classified as retail.

Upon a motion by Carlton Brock, seconded by Aaron Stanley and a vote of no by Michele Marconi, it was

RESOLVED, THAT THE TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY (THE "AGENCY") AUTHORIZE 6580 MAIN STREET PARTNERS, LLC (THE "LESSEE") TO ACQUIRE AN EXISTING APPROXIMATELY 9,700 SQUARE FOOT BUILDING ON AN APPROXIMATELY 1.0 ACRE PARCEL OF LAND LOCATED AT 6580 MAIN STREET IN THE TOWN OF AMHERST, TO RENOVATE THE EXISTING BUILDING AND TO ACQUIRE AND INSTALL MACHINERY, EQUIPMENT, FURNISHINGS AND FIXTURES REQUIRED IN CONNECTION THEREWITH, FOR LEASE TO THE AGENCY AND SUBLEASE BACK TO THE LESSEE FOR SUB-SUBLEASE TO OTHER TENANTS, ALL FOR A BACK OFFICE FINANCIAL AND INSURANCE FACILITY.

Mrs. Marconi then addressed the board with her concerns regarding language in this month's resolutions being changed. She specifically cited changes that pertained to "but for" requirements within the resolutions.

Mr. Neill noted that upon review with staff, language within the resolution was revised to reflect current IDA statute. The language changed was standard for tax-exempt industrial development revenue bonds when required by Federal statute. Staff and counsel noted that current inducements are primarily lease-lease back transactions and therefore require that the agency make a finding that the project advances and promotes economic development in accordance with the Agency's mission.

Mrs. Marconi expressed dismay that the matter was not discussed with the board.

Vice Chairman Edward Stachura informed Mrs. Marconi that the board is not involved in the development of language contained within a project's legal documents as it relies on the expertise of Agency Counsel and Staff. The board focuses its efforts on determining project eligibility.

10:07 am – meeting adjourned.