



TOWN OF AMHERST
INDUSTRIAL DEVELOPMENT AGENCY
And
TOWN OF AMHERST
DEVELOPMENT CORPORATION

2014 ANNUAL REPORT
(For purposes of Section 2800(2) of the Public Authorities Law)

Description of the Agency and Purposes of the Annual Report

The Town of Amherst Industrial Development Agency (AIDA) is a not-for-profit, public benefit corporation that provides tax abatement, grant administration and other economic development services to the Town of Amherst. In accomplishing its mission, the AIDA does not receive any operational funding from Federal, State, County or local sources. Instead, the AIDA relies primarily upon administrative fees charged to those companies that utilize its products and services.

The Town of Amherst Industrial Development Agency has one other affiliated not-for-profit organization as follows:

- 1) **Town of Amherst Development Corporation (ADC)**-This is a lending corporation serving as a conduit for Federal, State, County or local grant funding.

Both the AIDA and ADC are related since they are managed by the same personnel. They share the same Board of Directors as their oversight body.

As a Public Authority, the AIDA and ADC are required to comply with New York State's Public Authorities Law. Under this Law, the AIDA and ADC are required to submit a comprehensive annual report that includes information on:

- Operations and accomplishments
- Revenues and expenses
- Assets and liabilities
- Bond and notes outstanding
- Compensation (for those earning \$100,000 +)
- Projects undertaken during the year
- Property held and property dispositions
- Code of Ethics
- An assessment of internal control structure and effectiveness

In compliance with the Public Authorities Law, the following required information is presented for the fiscal year ended December 31, 2014.

Operations and Accomplishments

Operations:

The Amherst IDA and the Amherst Development Corporation are managed by a 7 member Board of Directors appointed by the Amherst Town Board.

The mission of the Amherst Industrial Development Agency is to promote economic diversity and to broaden the tax base of the Town of Amherst in order to reduce the tax burden on homeowners, while helping to maintain and enhance a high quality living environment.

2014 Accomplishments:

The AIDA approved 11 projects in 2014 totaling \$129,526,250 in private sector investment in the construction, renovation and equipping of 280,835 square feet. Upon completion of these projects, 85 new jobs will be created, 274 jobs retained and \$2,876,215 in new property taxes will be generated.

- Utilizing economic impact software to determine multiplier effects in the region, construction and supply jobs are supported, and \$121,623,685 in additional spending occurs due to construction and equipment investments and additional sales and property taxes generated.
- One redevelopment project was approved in 2014 in Town of Amherst designated Enhancement Area. The AIDA has approved 55 redevelopment projects totaling over \$221 million in new investment since 2000. These renovated, repurposed and expanded facilities will pay \$18 million in new property taxes over the course of their PILOT periods.
- As Amherst continues to mature, redeveloping its older commercial areas is vital to maintaining its high quality of life. This forms the basis for Amherst's Bicentennial Comprehensive Plan and the AIDA's redevelopment strategy. Redeveloping existing properties leverages greater use of public infrastructure and reduces pressures on further "Greenfield" development while increasing taxable assessment.

Economic Development Update Town of Amherst Bicentennial Comprehensive Plan – The AIDA reviewed and provided input to updates to Sections 3 and 5 of the Comprehensive Plan. These updates were approved by the Town Planning Board in November 2014 and are before the Town Board for approval. 2010 employment data reinforces the Town's role as a regional employment center with 104,149 jobs, roughly 83% of which are filled by people who commute into Amherst from other areas of the region. Employment exceeded projections, growing significantly from 38,800 jobs in 1980. Furthermore, 80% of all new jobs in the region since 1980 were created in the Town of Amherst.

Amherst Form Based Code – The AIDA worked in conjunction with the Town on selecting Code Studios from Austin, Texas, to modernize the existing codes into a form based system. The \$215,000 plus project received a \$161,250 grant from NYSERDA and is expected to begin in the first quarter of 2015.

Williamsville Redevelopment – The AIDA continues to work collaboratively with Village leaders on furthering initiatives under the Picture Main Street effort. The Village secured approximately \$6 million for infrastructure improvements on Main and Spring streets. The focus has turned to leveraging the information and initiatives outlined in the Main Street Corridor Market Study. A Council for New Urbanism walking tour organized around the conference in the Summer of 2014, identified deficiencies in property upkeep and ways in which the visitor experience can be enhanced. Work continues on identifying marketing and retail enhancement opportunities to achieve the Community Plan's goal of raising the profile of the Village to other leading Villages across New York and Canada.

Senior Housing – The AIDA worked with the Town Planning department on its effort to identify appropriate areas for Senior Housing zoning classification MFR-7. The Planning Board requested this information as demographics indicate an increasing senior population and demand for housing tailored specifically to their needs. The report will act as a guide as the development community continues to plan for new senior only developments.

Countywide Eligibility Policy – The AIDA worked with the IDAs of Erie County on drafting and approving a Local Labor policy that requires 90% of the construction workers reside in the eight counties of Western New York.

Work continued on revising Senior Housing eligibility criteria as AIDA Board passed a resolution passed in January 2014 that places additional criteria on potential Senior Housing projects seeking AIDA assistance. A county-wide Senior Housing policy is in final draft form and expected to be implemented in 2015.

Additionally, development of a Good Standing Tax Policy has been completed and will result in additional questions to the application for assistance requesting confirmation that an applicant does not have any unpaid taxes in Erie County. This policy was initiated by Legislators Dixon and Rath through a resolution passed by the County Legislature.

Coalition For Community Building – The AIDA continues to work with a diverse set of groups on pending IDA and other damaging legislation or regulation. At the forefront of the IDA focus, is continuing to educate decision makers on the effective role that an IDA performs in redevelopment and promoting economic development. The Coalition continues to battle against harmful legislation that will make our mission more difficult to achieve.

Amherst-Buffalo Transit Study - The AIDA sits on the advisory committee for the study of improved transit options linking population and employment centers along the Amherst-Buffalo corridor. Public meetings were held in 2014 explaining the project to interested residents. Technical work identifying the feasibility of the three transit options (Light Rail, Bus Rapid

Transit, & Enhanced Bus Service) commenced for the three Amherst corridor options (Niagara Falls Boulevard, Bailey Avenue, & Millersport Highway).

Financial Information regarding the AIDA and the ADC

The balance sheets and income statement of the AIDA and the ADC as of and for the fiscal years ended December 31, 2014 and 2013 are included as Appendix A.

The financial statements are audited on an annual basis, by AIDA's and ADC's external auditors, The Bonadio Group. In their opinion, the financial statements present fairly, in all material aspects, the financial position of the AIDA and the ADC as of December 2014 and 2013, and changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Projects Undertaken by the AIDA during fiscal year 2014

Appendix B lists the projects undertaken by the AIDA in fiscal year 2014.

Schedule of Bonds and Notes Outstanding

Appendix B1 summarizes the AIDA's bonds and notes outstanding at December 31, 2014. The indebtedness shown on this schedule is conduit debt and is *not* an obligation of the AIDA, Town of Amherst or New York State. The AIDA does not record assets or liabilities resulting from completed bond and note issues since its primary function is to facilitate the financing between the borrowing companies and the bond and note holders.

Projects Undertaken by the ADC during fiscal year 2014

Appendix C lists the projects undertaken by the Amherst Development Corporation in fiscal year 2014. The Amherst Development Corporation completed no projects for 2014.

Schedule of Bonds and Notes Outstanding

Appendix C1 summarizes the ADC's bonds and notes outstanding at December 31, 2014. The indebtedness shown on this schedule is conduit debt and is *not* an obligation of the ADC, Town of Amherst or New York State. The ADC does not record assets or liabilities resulting from completed bond and note issues since its primary function is to facilitate the financing between the borrowing companies and the bond and note holders.

Compensation Schedule

The following individuals had a salary exceeding \$100,000 during 2014:

<u>Name</u>	<u>Title</u>	<u>Salary</u>	<u>Benefits</u>	<u>Total</u>
James J. Allen	Executive Director/ CEO/CFO	\$177,168	\$36,840	\$214,008
David S. Mingoia	Deputy Director	\$100,532	\$25,539	\$126,071

Listing of certain Property of the Agency

The following is a listing of all real property owned by the AIDA having an estimated fair market value ("FMV") in excess of \$15,000 at the end of fiscal year 2014:

AIDA offices 4287 Main Street, Amherst New York estimated FMV \$590,000

The AIDA and ADC do not intend to dispose of any real property with a FMV in excess of \$15,000 in 2015.

The AIDA and ADC did not dispose of any real property with a FMV in excess of \$15,000 during 2014.

It should be noted that the above listing excludes the approximate 117 properties in which the AIDA has technical title in order to convey certain tax or other benefits. The property presented is that which AIDA has "real" beneficial ownership.

Code of Ethics

The AIDA and ADC Code of Ethics policy is included as Appendix D.

Assessment of the Effectiveness of Internal Control Structure and Procedures:

The Town of Amherst Industrial Development Agency and the Town of Amherst Development Corporation are audited by an external CPA firm on an annual basis. As part of their audit, the external auditors may review and test certain internal controls to provide evidence to support their opinion on the financial statements. Although no audit of Amherst IDA's internal controls has been performed, management has not been notified of any material internal control weaknesses resulting from the financial statement audit.

In addition, the Town of Amherst Industrial Development Agency and the Town of Amherst Development Corporation engage external law firms to ensure compliance with applicable laws, regulations, contracts, grants and policies.

Certification Pursuant to Section 2800(3) of the Public Authorities Law

Pursuant to Section 2800 (3) of the Public Authorities Law, the undersigned officer of the Town of Amherst Industrial Development Agency (AIDA) and the Town of Amherst Development Corporation (ADC) does hereby certify with respect to the attached annual financial report(s) that based on the officer's knowledge:

- 1) The information provided in the Annual Financial Report is accurate, correct and does not contain any untrue statement of material fact;
- 2) Does not omit any material fact which, if omitted, would cause the financial statements contained in the Annual Financial Report to be misleading in light of the circumstances under which such statements are made; and
- 3) Fairly presents in all material respects the financial condition and results of operations of the AIDA and ADC as of, and for the periods presented in such financial statements.



James J. Allen
Executive Director/CEO/CFO

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

March 23, 2015

To the Board of Directors of
Town of Amherst Industrial Development Agency:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Town of Amherst Industrial Development Agency (the Agency) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 23, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

March 23, 2015

To the Board of Directors of
Town of Amherst Development Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Amherst Development Corporation (the Corporation), which comprise the statement of financial position as of December 31, 2014, and the related statement of activities and changes in net assets (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 23, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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(Continued)

Compliance and Other Matters

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Bonadio & Co., LLP

APPENDIX A

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF NET POSITION DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,794,290	\$ 1,871,301
Accounts receivable	38,435	69,696
Prepaid expenses	<u>5,049</u>	<u>10,526</u>
Total current assets	<u>1,837,774</u>	<u>1,951,523</u>
CAPITAL ASSETS, NET	<u>680,816</u>	<u>683,848</u>
NOTES RECEIVABLE, RELATED PARTY	<u>50,000</u>	<u>50,000</u>
RESTRICTED ASSETS:		
Restricted for future industrial development loans	82,322	122,357
Cash restricted for mortgage escrow	<u>64,935</u>	<u>64,939</u>
Total restricted assets	<u>147,257</u>	<u>187,296</u>
Total assets	<u>2,715,847</u>	<u>2,872,667</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	10,417	38,836
Due to U.S. Treasury Department	13	48
Current portion of mortgage payable	<u>41,972</u>	<u>39,534</u>
Total current liabilities	52,402	78,418
MORTGAGE PAYABLE, less current portion	<u>518,689</u>	<u>560,868</u>
Total liabilities	<u>571,091</u>	<u>639,286</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	120,155	83,446
RESTRICTED	147,257	187,296
UNRESTRICTED	<u>1,877,344</u>	<u>1,962,639</u>
Total net position	<u>\$ 2,144,756</u>	<u>\$ 2,233,381</u>

TOWN OF AMHERST DEVELOPMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 6,671	\$ 7,196
Current portion of note receivable, net	<u>16,181</u>	<u>16,020</u>
Total current assets	22,852	23,216
NOTE RECEIVABLE, less current portion, net	28,720	44,901
INVESTMENTS	<u>25,000</u>	<u>25,000</u>
Total assets	<u>\$ 76,572</u>	<u>\$ 93,117</u>
LIABILITIES		
CURRENT PORTION OF NOTE PAYABLE	<u>\$ 16,181</u>	<u>\$ 16,020</u>
Total current liabilities	<u>16,181</u>	<u>16,020</u>
NOTE PAYABLE - related party	50,000	50,000
NOTE PAYABLE, less current portion	<u>28,720</u>	<u>44,901</u>
Total liabilities	94,901	110,921
UNRESTRICTED NET ASSETS (DEFICIT)	<u>(18,329)</u>	<u>(17,804)</u>
Total liabilities and net assets (deficit)	<u>\$ 76,572</u>	<u>\$ 93,117</u>

**SCHEDULE OF DETAILED FINANCING ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Date Issued</u>	<u>Basis for Computing Administrative Fees</u>
LEASE AGREEMENTS:		
Iskalo 5000 Main, LLC	5/14	\$ 9,600,000
Old Dutchman's Wrought Iron, Inc.	11/14	1,534,797
1097 Group, LLC-1 350 Eggert Rd.	11/14	5,804,000
Uniland Part -480/490 Crosspoint	5/14	14,493,750
Iskalo 5020 Main, LLC	1/14	<u>19,875,000</u>
		<u>51,307,547</u>
REFINANCING TRANSACTIONS:		
Uniland Part - 480 Crosspoint	5/14	2,558,789
Bompa Dev. Corp., LLC	5/14	<u>53,164</u>
		<u>2,611,953</u>
Total 2014 Projects		<u>\$ 53,919,500</u>

12/31/2014'

<u>PROJECT NAME</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Outstanding at 1/1/2014</u>	<u>Issued 2014</u>	<u>Paid 2014</u>	<u>Outstanding at 12/31/2014</u>	<u>Maturity Date</u>
6363 Main Street, Inc.	November-94	8.67%	8,347,420	-	623,000	7,724,420	December-19
Beechwood Health Care Center	January-07	5.20%	12,155,000	-	570,000	11,585,000	December-36
			<u>\$ 20,502,420</u>	<u>\$ -</u>	<u>\$ 1,193,000</u>	<u>\$ 19,309,420</u>	

APPENDIX B

APPENDIX C

TOWN OF AMHERST DEVELOPMENT CORPORATION

12/31/2014'

PROJECT NAME	Date of Issue	Interest Rate	Outstanding at 1/1/2014	Issued 2014	Paid 2014	Outstanding at 12/31/2014	Maturity Date
UBF Faculty Student Housing Corp - Hadley/Griener	May-10	4.67%	78,035,000	-	1,990,000	76,045,000	June-30
UBF Faculty Student Housing Corp - South Lake Village	August-10	3.92%/4.67%	22,530,000	-	535,000	21,995,000	September-30
Menorah Campus, Inc.	October-10	3.16%	10,490,000	-	480,000	10,010,000	November-25
Asbury Pointe, Inc.	December-11	3.25%	6,410,000	-	-	6,410,000	February-35
YMCA Buffalo Niagara	December-11	Variable	15,465,975	-	-	15,465,975	June-33
Creekside Village/Flint Village East	June-12	Variable	32,165,000	-	1,440,000	30,725,000	May-34
Asbury Point, Inc.	July-13	3.82%	5,047,971	-	257,551	4,790,420	January-37
			\$ 170,143,946	\$ -	\$ 4,702,551	\$ 165,441,395	

APPENDIX D

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY
CODE OF ETHICS

Statement of Purpose:

The Code of Ethics is a public statement by the Agency that sets clear expectations and principles to guide practice and inspire professional excellence. The Agency believes a commonly held set of principles can assist in the individual exercise of professional judgment. This Code speaks to the core values of public accountability and transparency. The purpose of having a code of ethics and practices is to protect the credibility of the Agency by ensuring high standards of honesty, integrity, and conduct of staff. To that end, this Code of Ethics attempts to accomplish this by articulating the ethical standards observed by the Agency in pursuing and implementing economic development initiatives, and setting rules and policies that prevent conflicts of interest.

Rule with respect to conflicts of interest:

No officer, member of the board or employee should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his or her or her duties in the public interest.

Standards:

- a. No officer, member of the board or employee should accept other employment which will impair his or her or her independence of judgment in the exercise of his or her or her official duties.
- b. No officer, member of the board or employee should accept employment or engage in any business or professional activity which will require him or her to disclose confidential information which he or she has gained by reason of his or her official position or authority.
- c. No officer, member of the board or employee should disclose confidential information acquired by him or her in the course of his or her official duties nor use such information to further his or her personal interests.
- d. No officer, member of the board or employee should use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself, herself or others.
- e. No officer, member of the board or employee should engage in any transaction as representative or agent of the Agency with any business entity in which he or she has a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of his or her official duties.