



*Amherst Industrial Development Agency
Amherst Development Corporation*

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

2010 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 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 an industrial development Agency, 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, 2010.

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.

2010 Accomplishments:

- The AIDA and ADC approved 18 projects totaling \$209,950,511 leading to the construction and renovation of 351,000 square feet, creating 274 jobs and retaining 1,356 jobs in Amherst.
- The AIDA continues its shared services agreement with the Erie County IDA to provide business development support for a targeted outreach program titled, “Your Growth is Our Business”. The effort reached out to 180 targeted businesses through Erie County in 2010, bringing the two year total to 350 companies.
- The AIDA sponsored a small business seminar in the Spring 2010. This unique program offered small businesses the opportunity to “Meet the Experts” as it brought together in one place several small business service providers. Total attendance of this event exceeded 100.
- The AIDA worked with the Town of Amherst Planning Department to implement two new zoning overlay districts in “Enhancement/Redevelopment Areas”, located in the Main-Eggert and Harlem-Kensington-Wehrle commercial corridors.
- In collaboration with the Town of Amherst, the AIDA began analyzing the existing 485b “Enhancement/Redevelopment Areas” to their effectiveness in attracting investment and whether the boundaries should be expanded or contracted.

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, 2010 and 2009 are included as Appendix A.

The financial statements are audited on an annual basis, by AIDA’s and ADC’s external auditors Toski, Schafer & Co., PC. In their opinion, the financial statements present fairly, in all material aspects, the financial position of the AIDA and the ADC as of December 2010 and 2009, 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 2010

Appendix B lists the projects undertaken by the AIDA in fiscal year 2010.

Schedule of Bonds and Notes Outstanding

Appendix B1 summarizes the AIDA’s bonds and notes outstanding at December 31, 2010. 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 2010

Appendix C lists the projects undertaken by the Amherst Development Corporation in fiscal year 2010.

Schedule of Bonds and Notes Outstanding

Appendix C1 summarizes the ADC's bonds and notes outstanding at December 31, 2010. 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 2010:

<u>Name</u>	<u>Title</u>	<u>Salary</u>	<u>Benefits</u>	<u>Total</u>
James J. Allen	Executive Director/ CEO/CFO	\$168,573	\$31,092	\$199,665

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 2010:

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.

The AIDA and ADC did not dispose of any real property with a FMV in excess of \$15,000 during 2010.

It should be noted that the above listing excludes the approximate 159 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 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.

APPENDIX A

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

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY
 Statements of Net Assets
 December 31, 2010 and 2009

<u>Assets</u>	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and equivalents	\$ 1,189,290	886,065
Prepaid insurance	4,609	-
Receivables:		
Accounts receivable	-	7,169
Grant receivable	<u>33,818</u>	<u>33,818</u>
Total receivables	<u>33,818</u>	<u>40,987</u>
Total current assets	<u>1,227,717</u>	<u>927,052</u>
Property and equipment at cost:		
Land	100,000	100,000
Leasehold improvements	18,709	15,392
Equipment	136,969	136,969
Building	<u>719,835</u>	<u>719,835</u>
	975,513	972,196
Less accumulated depreciation	<u>(218,302)</u>	<u>(183,998)</u>
Net property and equipment	<u>757,211</u>	<u>788,198</u>
Other assets - note receivable, related party	<u>50,000</u>	<u>50,000</u>
Restricted assets:		
Restricted for future industrial development loans	314,797	314,783
Cash restricted for mortgage escrow	<u>64,945</u>	<u>64,962</u>
Total restricted assets	<u>379,742</u>	<u>379,745</u>
Total assets	<u>\$ 2,414,670</u>	<u>2,144,995</u>

(Continued)

See accompanying notes to financial statements.

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY
Statements of Net Assets, Continued

<u>Liabilities and Net Assets</u>	<u>2010</u>	<u>2009</u>
Current liabilities:		
Accounts payable	\$ 40,169	44,217
Due to U.S. Treasury Department	488	474
Current installments of mortgage payable	<u>33,036</u>	<u>28,352</u>
Total current liabilities	73,693	73,043
Mortgage payable, less current portion	<u>673,310</u>	<u>709,273</u>
Total liabilities	<u>747,003</u>	<u>782,316</u>
Net assets:		
Invested in capital assets, net of related debt	50,865	50,573
Restricted:		
Restricted for future industrial development loans	314,797	314,783
Restricted for mortgage escrow	<u>64,945</u>	<u>64,962</u>
Total restricted net assets	<u>379,742</u>	<u>379,745</u>
Unrestricted:		
Reserved for future investments	100,000	100,000
Unreserved	<u>1,137,060</u>	<u>832,361</u>
Total unrestricted net assets	<u>1,237,060</u>	<u>932,361</u>
Total net assets	<u>1,667,667</u>	<u>1,362,679</u>
Commitment and contingencies (note 8)		
Total liabilities and net assets	<u>\$ 2,414,670</u>	<u>2,144,995</u>

See accompanying notes to financial statements.

TOWN OF AMHERST
 DEVELOPMENT CORPORATION
 Statements of Financial Position
 December 31, 2010 and 2009

	<u>Assets</u>	<u>2010</u>	<u>2009</u>
Current assets:			
Cash		\$ 7,296	7,320
Current portion of note receivable		<u>15,547</u>	<u>15,392</u>
Total current assets		<u>22,843</u>	<u>22,712</u>
Note receivable, less current portion		92,476	108,023
Investments, at fair value		<u>25,000</u>	<u>25,000</u>
Total assets		<u>\$ 140,319</u>	<u>155,735</u>

<u>Liabilities and Net Assets (Deficit)</u>			
Current liabilities - current portion of note payable		15,547	15,392
Note payable - related party		50,000	50,000
Note payable, less current portion		<u>92,476</u>	<u>108,023</u>
Total liabilities		158,023	173,415
Unrestricted net assets (deficit)		<u>(17,704)</u>	<u>(17,680)</u>
Total liabilities and net assets (deficit)		<u>\$ 140,319</u>	<u>155,735</u>

See accompanying notes to financial statements.

TOWN OF AMHERST
DEVELOPMENT CORPORATION
Statements of Revenue, Expenses and Changes in Net Assets (Deficit)
Years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenue:		
Administrative fees	\$ 477,475	-
Interest income	<u>1</u>	<u>45</u>
Total operating revenue	<u>477,476</u>	<u>45</u>
Operating expenses:		
Transfer to Amherst Industrial Development Agency	477,475	-
Management and general	25	34
Unrealized loss on investments	<u>-</u>	<u>5,178</u>
Total operating expenses	<u>477,500</u>	<u>5,212</u>
Decrease in net assets	(24)	(5,167)
Net assets (deficit) at beginning of year	<u>(17,680)</u>	<u>(12,513)</u>
Net assets (deficit) at end of year	<u>\$ (17,704)</u>	<u>(17,680)</u>

See accompanying notes to financial statements.

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY

Schedule of Detailed Financing Activity

Year ended December 31, 2010

	<u>Date issued</u>	Basis for computing administrative <u>fees</u>
Lease agreements:		
480 CrossPoint Parkway	3/10	\$ 13,160,000
3500 Sheridan Drive	7/10	<u>1,800,000</u>
		<u>14,960,000</u>
Second Mortgage Transaction:		
Iskalo Office Holdings III, LLC	4/10	450,000
S & K Realty, LLC	12/10	<u>700,000</u>
		<u>1,150,000</u>
Third Mortgage Transaction:		
Iskalo Office Holdings III, LLC	12/10	<u>2,800,000</u>
Installment sales:		
Tops Markets - 5754 Main Street	7/10	1,200,000
Tops Markets - 3500 Main Street	7/10	1,200,000
3911 Main Street	7/10	180,000
Meritain Health, Inc.	7/10	<u>4,000,000</u>
		<u>6,580,000</u>
Projects with predetermined fees - HSBC Technology & Service (USA), Inc. \$866,686,576 - 2007 project to be conducted over a period not to exceed 15 years. Commencing 2008. Annual fee to Agency is \$150,000		
Total 2010 Projects		<u>\$ 25,490,000</u>

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY

PROJECT NAME	Date of Issue	Interest Rate	12/31/2010'		Issued 2010	Paid 2010	Outstanding at 12/31/2010	Maturity Date
			Outstanding at 1/1/2010	Outstanding at 12/31/2010				
300 International Drive, Inc.	October-95	6.53%	869,173	-	-	143,214	725,959	March-16
40 Pineview Drive	September-92	7.24%	217,986	-	-	217,986	-	September-13
6363 Main Street, Inc.	November-94	8.67%	11,282,030	-	-	714,700	10,567,330	December-19
Asbury Pointe, Inc.	March-99	5.40%	12,125,000	-	-	195,000	11,930,000	March-29
Asbury Pointe, Inc.-Phase II	February-04	6.00%	3,140,000	-	-	40,000	3,100,000	March-33
Beechwood Health Care Center	January-07	5.65%	14,175,000	-	-	470,000	13,705,000	December-36
BSS Realty, LLC	March-00	6.61%	408,284	-	-	60,842	347,442	April-15
Elderwood Associates	May-93	7.81%	489,771	-	-	45,544	444,227	June-18
Patrick Development, Inc.	March-97	7.71%	177,892	-	-	177,892	-	April-15
Sweet Home Commerce Park	June-97	7.68%	3,411,217	-	-	3,411,217	-	July-17
UBF Creekside Village	January-02	4.91%	12,555,329	-	-	334,251	12,221,078	March-32
UBF - Lakeside Village	June-00	5.69%	26,243,927	-	-	26,243,927	-	August-30
UBF - Village Green	June-00	5.20%	23,411,318	-	-	23,411,318	-	August-30
UBFSA (adjusted from 2009 report)	April-02	5.75%	3,403,000	-	-	-	3,735,000	April-27
West College Park Associates, LLC	June-97	6.93%	8,545,108	-	-	1,231,437	7,313,671	May-17
			\$ 120,455,035	\$ -	\$ -	\$ 56,697,328	\$ 64,089,707	

Amherst Development Corporation

	Date Issued	Basis for Computing Administrative Fee
Tax Exempt Bond Issues		
UBF Faculty-Student Housing Corp. Hadley Griener	5/10	\$ 82,865,000.00
UBF Faculty-Student Housing Corp. South Lake Village	7/10	\$ 33,000,000.00
Menorah Campus, Inc.	10/10	\$ 12,530,000.00

TOWN OF AMHERST DEVELOPMENT CORPORATION

<u>PROJECT NAME</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>12/31/2010'</u>		<u>Issued 2010</u>	<u>Paid 2010</u>	<u>Outstanding at 12/31/2010</u>	<u>Maturity Date</u>
			<u>Outstanding at 1/1/2010</u>	<u>Outstanding at 12/31/2010</u>				
UBF Faculty Student Housing Corp - Hadley/Griener	May-10	4.67%	-	82,865,000	265,478	82,599,522	June-30	
UBF Faculty Student Housing Corp - South Lake Village	August-10	Variable	-	23,975,000	-	23,975,000	September-30	
Menorah Campus, Inc.	October-10	Variable	-	12,530,000	-	12,530,000	November-25	
			\$ -	\$ 119,370,000	\$ 265,478	\$ 119,104,522		

Adopted April 20, 2007

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.
- f. An officer, member of the board or employee should not by his or her conduct give reasonable basis for the impression that any person can improperly influence him or her, unduly

enjoy his or her favor in the performance of his or her official duties, or that he or she is affected by the kinship, rank, position or influence of any party or person.

g. An officer or employee should abstain from making personal investments in enterprises which he or she has reason to believe may be directly involved in decisions to be made by him or her, or which will otherwise create substantial conflict between his or her duty in the public interest and his or her private interest.

h. An officer or employee should endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust.

i. No officer or employee employed on a full-time basis nor any firm or association of which such an officer or employee is a member nor corporation a substantial portion of the stock of which is owned or controlled directly or indirectly by such officer, member of the board or employee, should sell goods or services to any person, firm, corporation or association which receive financial assistance from the Agency.

j. If an officer or employee shall have a financial interest, direct or indirect, having a value of ten thousand dollars or more in any activity which is the subject of an Agency Project (as such term is defined in Article 18-A of the General Municipal Law, he or she must file with Agency a written statement that he or she has such a financial interest in such activity which statement shall be open to public inspection.

k. No officer, member of the board or employee of shall accept or arrange for any loan or extension of credit from the Agency or any affiliate of the Agency.

Violations:

In addition to any penalty contained in any other provision of law any such officer, member of the board or employee who shall knowingly and intentionally violate any of the provisions of this Code of Ethics may be fined, suspended or removed from office or employment in the manner provided by law.