



Auburn Industrial
Development Authority

MEETING MINUTES

AUBURN INDUSTRIAL DEVELOPMENT AUTHORITY

Monday, November 5, 2012 @ 5:00 PM

Third Floor Training Room

Memorial City Hall

Board Present: James Dacey (Chair & Member of Business); Michael Kane (Member of Industry); Sue Chandler, (Member of Labor); William Graney (Council Member); Amanda Sigona (School Board Member); Frank DeRosa (At-Large Member)

Excused: Matthew Smith (Council Member); Laurie Piccolo (At- Large Member)

Staff: Jennifer Haines, AIDA Executive Director; Alicia McKeen; Rob Poyer, Hancock and Estabrook

Guests: Dan Soules and Amy Signorelli from WST33, LLC; David Tehan and Jocelyn Bos, Calamar

James Dacey, Chair, opened the meeting at 5:00 PM.

1.) ~ **Approval of Minutes**

The approval of minutes will be held when a quorum of Board members from those meetings are present.

Jenny Haines asked Frank DeRosa to outline his requests of City staff in the Finance Department.

2.) ~ **“Plaza of the Arts” PILOT discussion**

Frank DeRosa – Over the past month we have information that PILOTs affect the City’s ability to increase taxes. It was never resolved what that effect could be. It is hard to compare effect to the City. I asked the Assessor and Comptroller for research.

Lauren Poehlman, City Comptroller, reviewed the Long Term Effects of PILOTS on the Tax Levy Limit Calculations spreadsheet-attachment 1

Frank DeRosa asked if it would be fair to say that this PILOT would have an insignificant effect.

James A. Dacey
Chairman

24 South Street
Auburn, NY 13021

PHONE
(315) 255-4115

FAX
(315) 253-0282

Lauren Poehlman said that the effect would be \$6,000 – \$7,000 thousand if looking at limitations, and only talking an increase in PILOT payment. The significance depends on growth and size of project.

Mike Burns, City Assessor and Fred Farrel, City Appraiser presented a power point, entitled “Plaza of the Arts Market Value VS. Developer’s Costs” (Attachment 2).

Dan Soules stated that appreciates the hard work done here. He reviewed attachment 3 and exhibits A-F.

Dan said that he takes the position of ‘bottom-up’, give back to the people to build up revenue and the economy.

He asked that the City and AIDA Board work with developers, and let them do what they’re good at.

Motion for executive session made by Frank DeRosa, seconded by Sue Chandler. Motion carried unanimously.

Motion to come out of executive session made by Amanda Sigona, seconded by Sue Chandler. Motion carried unanimously.

Motion to approve a PILOT for WST33LLC made by Sue Chandler, seconded by Amanda Sigona.

Jennifer Haines outlined the 15-year PILOT as follows:

- First five years at the current tax rates.
- Next ten years the PILOT value set at \$1.5 million, with tax rates floating as set by each taxing jurisdiction
- Exemptions decrease 10% each year in Years 6-15
- Minimum job numbers set at 70% of proposed employment after 5 years, as outlined in original application
- Minimum occupancy set at 90% of proposed occupancy after 5 years, as outlined in original application
- 10 year recapture
- Additional recapture provisions as outlined in presentation by Assessor:

The Assessor will continue to assess the property as per normal procedure, but the PILOT payments in Years 6-15 are based on 1.5 million dollars.

Roll call – all members present in favor. Motion carried unanimously.

Motion to require sales and mortgage tax exemption made by Mike Kane, seconded by Sue Chandler. All members in favor. Motion carried unanimously.

3.) ~ “Calamar Holdings”

Jennifer Haines outlined the process for the new application for Calamar. Today, the board will vote to accept the application and hold a public hearing. The public hearing will be set, and then there will be a third meeting for the final vote.

David Tehan – Calamar is presenting for a ten year PILOT for the Senior Housing Project. Nothing else has changed. Request is for a decreased length in time. There will be an increase tax base on property, and an increase in taxes over time. This is another option for senior housing which ties into the comprehensive plan. The project also benefits the City with the replacement of a broken sewer.

Motion to accept application and set public hearing for November 19, 2012 at 5:00 p.m. made by Amanda Sigona, seconded by Mike Kane. All members vote approval. Motion carried unanimously.

Jennifer Haines presented the 2013 budget for AIDA, which was prepared by Buffington and Hoatland based on previous years. The budget needs to be submitted to the State this month.

Motion to accept budget made by Sue Chandler, seconded by Kane. All members vote approval. Motion carried unanimously.

Motion to adjourn made by Mike Kane, seconded by Amanda Sigona. Motion carried unanimously.

City of Auburn
LT Effects of PILOTS on the Tax Levy Limit Calculations
WST33 LLC

Attachment 1

**Assumes WST 33 is the ONLY factor offsetting the growth % for 2012-13; 20 year schedule w \$2.5M Assessment Used

City of Auburn - Tax Levy Limitation

Same PILOTS 2012-13	Fewer PILOTS	More PILOTS **1st year 2012-13	Same PILOTS 2013-14	More PILOTS **2nd year 2013-14	Same PILOTS 2014-15	More PILOTS **3rd year 2014-15	Same PILOTS 2015-16	More PILOTS **4th year 2015-16
11,462,498	11,462,498	11,462,498	11,773,736	11,749,067	12,093,167	12,063,782	12,421,007	12,386,699
1.0062	1.0062	1.0057	1.0062	1.0062	1.0062	1.0062	1.0062	1.0062
1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
474,970	474,970	474,970	474,970	493,479	474,970	497,917	474,970	502,525
474,970	150,000	493,479	474,970	497,917	474,970	502,525	474,970	507,309
Same PILOTS \$ 11,773,736	Fewer PILOTS \$ 12,098,706	More PILOTS \$ 11,749,067	Same PILOTS \$ 12,093,167	More PILOTS \$ 12,063,782	Same PILOTS \$ 12,421,007	More PILOTS \$ 12,386,699	Same PILOTS \$ 12,757,477	More PILOTS \$ 12,718,033
\$ 474,970	\$ 150,000	\$ 493,479	\$ 474,970	\$ 497,917	\$ 474,970	\$ 502,525	\$ 474,970	\$ 507,309
	Limitation on the growth factor	\$ 6,160		\$ 6,439		\$ 6,754		\$ 7,106
12,248,706	12,248,706	12,248,706	12,568,137	12,568,137	12,895,977	12,895,977	13,232,447	13,232,447

less exemption of
\$472,900

-0.053%

<u>WSR33 LLC Assessment</u>	<u>Total Taxable</u>	<u>WST33 LLC/Total Taxable</u>	<u>Total Taxable WO WST33 LLC</u>	<u>Tax rate - Not Incl WST33 LLC PILOT</u>	<u>Tax rate - Including WST33 LLC PILOT</u>	<u>Decrease in rate due to redistribution of WST33LLC tax on and increase of PILOT Payments</u>
\$ 472,900	897,611,433.05	0.053%	897,138,533.05	13.117	13.096	-0.1569%
	Add 1% Per Year		Assessed Value of \$472,900 off the rolls			
<u>WSR33 LLC Assessment</u>	<u>Total Taxable</u>	<u>WST33 LLC/Total Taxable</u>	<u>Total Taxable WO WST33 LLC</u>	<u>Tax rate - Not Incl WST33 LLC PILOT</u>	<u>Tax rate - Including WST33 LLC PILOT</u>	
\$ 478,102	906,587,547.38	0.053%	906,109,445.38	13.339	13.314	-0.1904%
<u>WSR33 LLC Assessment</u>	<u>Total Taxable</u>	<u>WST33 LLC/Total Taxable</u>	<u>Total Taxable WO WST33 LLC</u>	<u>Tax rate - Not Incl WST33 LLC PILOT</u>	<u>Tax rate - Including WST33 LLC PILOT</u>	
\$ 483,361	915,653,422.85	0.053%	915,170,061.85	13.565	13.535	-0.2235%

Effect of the
additional PILOT
Payments exceed
the effect of the
loss of the tax base

City of Auburn
Effect of PILOTS on Tax Levy Calculation w/10% Increase
RE: WST LLC

**Assumes WST 33 is the ONLY factor offsetting the growth % for 2012-13; 20 year schedule w \$2.5M Assessment Used

City of Auburn - Tax Levy Limitation

Same PILOTS 2012-13	Fewer PILOTS	More PILOTS **1st year 2012-13	Same PILOTS 2013-14	More PILOTS **2nd year 2013-14	Same PILOTS 2014-15	More PILOTS **3rd year 2014-15	Same PILOTS 2015-16	More PILOTS **4th year 2015-16
11,462,498	11,462,498	11,462,498	12,608,748	12,608,748	13,869,623	13,869,623	15,256,585	15,256,585
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
474,970	474,970	474,970	474,970	493,479	474,970	497,917	474,970	502,525
474,970	150,000	493,479	474,970	497,917	474,970	502,525	474,970	507,309
Same PILOTS \$ 12,608,748	Fewer PILOTS \$ 12,608,748	More PILOTS \$ 12,608,748	Same PILOTS \$ 13,869,623	More PILOTS \$ 13,869,623	Same PILOTS \$ 15,256,585	More PILOTS \$ 15,256,585	Same PILOTS \$ 16,782,243	More PILOTS \$ 16,782,243
\$ 474,970	\$ 150,000	\$ 493,479	\$ 474,970	\$ 497,917	\$ 474,970	\$ 502,525	\$ 474,970	\$ 507,309
	Additional PILOT \$\$ has no effect on limit	\$ (18,509)	Additional PILOT Revenue	\$ (22,947)	Additional PILOT Revenue	\$ (27,555)	Additional PILOT Revenue	\$ (32,339)
13,083,718	12,758,748	13,083,718	14,344,593	14,344,593	15,731,555	15,731,555	17,257,213	17,257,213

WSR33 LLC Assessment	Total Taxable	WST33 LLC/Total Taxable	Total Taxable WO WST33 LLC	Tax rate - Not Incl WST33 LLC PILOT	Tax rate - Including WST33 LLC PILOT	Increase in rate due to redistribution of WST33LLC tax on and increase of PILOT Payments
\$ 472,900	897,611,433.05	0.053%	897,138,533.05	14.047	14.054	0.0527%
			Assessed Value of \$472,900 off the rolls			
WSR33 LLC Assessment	Total Taxable	WST33 LLC/Total Taxable	Total Taxable WO WST33 LLC	Tax rate - Not Incl WST33 LLC PILOT	Tax rate - Including WST33 LLC PILOT	
\$ 478,102	906,587,547.38	0.053%	906,109,445.38	15.299	15.307	0.0528%
WSR33 LLC Assessment	Total Taxable	WST33 LLC/Total Taxable	Total Taxable WO WST33 LLC	Tax rate - Not Incl WST33 LLC PILOT	Tax rate - Including WST33 LLC PILOT	
\$ 483,361	915,653,422.85	0.053%	915,170,061.85	16.662	16.671	0.0528%
						Increase in Tax combined with a lower tax base

City of Auburn
Effect of PILOTS on Tax Levy Calculation
Re: NO PILOT for WST33 LLC

**Assumes WST 33 is the ONLY factor for 2012-13; Additional \$2.5M on the Growth Factor

City of Auburn - Tax Levy Limitation

Same PILOTS 2012-13	NO More PILOTS **1st year 2012-13	Same PILOTS 2013-14	NO More PILOTS **2nd year 2013-14	Same PILOTS 2014-15	No More PILOTS **3rd year 2014-15	Same PILOTS 2015-16	No More PILOTS **4th year 2015-16
11,462,498	11,462,498	11,773,736	11,806,300	12,093,167	12,126,588	12,421,007	12,455,308
1.0062 1.02	0.0028 1.0090 1.02	1.0062 1.02	1.0062 1.02	1.0062 1.02	1.0062 1.02	1.0062 1.02	1.0062 1.02
474,970 474,970	474,970 474,970	474,970 474,970	474,970 474,970	474,970 474,970	474,970 474,970	474,970 474,970	474,970 474,970
Same PILOTS \$ 11,773,736 \$ 474,970	More PILOTS \$ 11,806,300 \$ 474,970	Same PILOTS \$ 12,093,167 \$ 474,970	\$ 12,126,588 \$ 474,970	Same PILOTS \$ 12,421,007 \$ 474,970	\$ 12,455,308 \$ 474,970	Same PILOTS \$ 12,757,477 \$ 474,970	\$ 12,792,681 \$ 474,970
Increase in the Tax Levy Limit	\$ (32,563)	Additional Tax on Additional Property	\$ (33,421)	Additional Tax on Additional Property	\$ (34,300)	Additional Tax on Additional Property	\$ (35,203)
12,248,706	- 12,248,706	12,568,137	12,568,137	12,895,977	12,895,977	13,232,447	13,232,447

<u>WSR33 LLC Assessment</u>	<u>Total Taxable</u>	<u>WST33 LLC/Total Taxable</u>	<u>Total Taxable WO WST33 LLC</u>	<u>Tax rate - Not Incl WST33 LLC PILOT</u>	<u>Tax rate - Including WST33 LLC PILOT</u>	Decrease in rate due to redistribution of WST33LLC tax on and increase of PILOT Payments
\$ 2,500,000	897,611,433.05	0.279%	900,111,433.05	13.117	13.116	-0.0019%
	Increased Assessed Values by 1% per year		Assessed Value of \$2.5M added to the rolls			
<u>WSR33 LLC Assessment</u>	<u>Total Taxable</u>	<u>WST33 LLC/Total Taxable</u>	<u>Total Taxable WO WST33 LLC</u>	<u>Tax rate - Not Incl WST33 LLC PILOT</u>	<u>Tax rate - Including WST33 LLC PILOT</u>	
\$ 2,525,000	906,587,547.38	0.279%	909,112,547.38	13.339	13.339	-0.0022%
<u>WSR33 LLC Assessment</u>	<u>Total Taxable</u>	<u>WST33 LLC/Total Taxable</u>	<u>Total Taxable WO WST33 LLC</u>	<u>Tax rate - Not Incl WST33 LLC PILOT</u>	<u>Tax rate - Including WST33 LLC PILOT</u>	
\$ 2,550,250	915,653,422.85	0.279%	918,203,672.85	13.565	13.565	-0.0024%

Limitation of
Increase and a
broader tax base

PLAZA OF THE ARTS

MARKET VALUE VS.
DEVELOPER'S COSTS

A COMPARISON APPRAISAL METHODOLOGY & DEVELOPER'S NUMBERS

COST APPROACH ASSESSOR

MARSHALL & SWIFTS BUILDING COST ESTIMATER	\$1,992,454
DEMOLITION COSTS	56,000
SITE IMPROVEMENTS	110,000
ARCHITECT'S FEES 6%	129,507
LAND MARKET VALUE	404,797
VALUE VIA COST APPROACH	2,692,758
SAY	\$2,700,000

COST APPROACH DEVELOPER

BUILDING COST & SPRINKLERS, WOOD DOORS, SECURITY & EXTERIOR FINISHES	\$1,785,000
DEMOLITION	55,000
DUMP FEES	30,000
SITE WORK INCUDING CHURCH SITE , LIGHTING & ENVIRONMENTAL	337,500
ARCHITECT'S & ENGINEERING FEES	90,000
CARRYING COSTS	60,000
CLOSING COSTS	40,000
ADMINISTRATION	54,000
MISCELLANEOUS	75,000
LAND ACQUISITION	675,000
TOTAL COSTS	\$3,201,500

SALES COMPARISON APPROACH **ASSESSOR Data: NYS Sales Web**

- 27 SALES OF SIMILAR NEIGHBORHOOD SHOWING CENTERS ACROSS THE FINGERLAKES REGION FROM 2010 UNTIL PRESENT
- UNIT OF COMARISON \$/SQ. FT.
- RANGE OF VALUE
- \$6/SQ. FT. TO \$435/SQ. FT.
- MEDIAN = \$67/ SQ. FT.
- AVERAGE = \$89/SQ. FT.
- SAY \$100/ SQ. FT. X 20,818 SQ FT.
- INDICATED VALUE = **\$2,100,000**

NO SALES BUT ASSESSMENT COMPARISON DEVELOPER

- 2 ASSESSMENT COMPARABLES PRESENTED
- 110 GENESEE @ \$39.12/SQ. FT.
- 144 GENESEE @\$31.05/SQ. FT.
- AVERAGE = \$35.09/SQ .FT.
- SAY \$35/SQ. FT. X 20,818 SQ. FT.
- INDICATED VALUE = **\$730,000**

INCOME APPROACH ASSESSOR

DIRECT CAPITALIZATION

POTENTIAL GROSS INCOME 17,878 Leasable
SQ. FT. X \$12.22/SQ FT. TRIPLE NET (BLENDED RET & OFF)
Tenant Pays
Taxes, Insurance & Maintenance

*Sources: Realty Rates.com
Investor Survey
Market Survey
Robert C. Watts
Korpacz Survey*

ALL NUMBERS EXTRACTED FROM LOCAL &
REGIONAL MARKETS.

3rd Quarter 2012

\$218,469

LESS STABILIZED VACANCY (BLENDED RET & OFF)

11%

EFFECTIVE GROSS INCOME

\$194,438

LESS MANAGEMENT 5% EGI

-9,722

LESS REPLACEMENT RESERVES 2.5% EGI

-4,861

NET OPERATING INCOME NOI

\$179,855

NOI/CAP RATE = VALUE \$207,344/.0788
BLENDED FROM NORTHEAST MKT SURVEY

\$2,282,424

SAY: \$2,300,000

VALUE RECONCILIATION

- ASSESSOR'S OFFICE
 - COST APPROACH
 - \$2,700,000
 - SALES COMPARISON
 - \$2,100,000
 - INCOME APPROACH
 - \$2,300,000
 - Say \$2,300,000
- DEVELOPER
 - COST APPROACH
 - \$3,200,000
 - ASSESSMENT COMPARISON
 - \$730,000

Year I & E	2014*RV	2015	2016	2017	2018*RV	2019	2020	2021	2022*RV	2023
17,878 S.F. Tri Net @ \$12.22/S.F. P.G.I.	\$218,469	\$218,469	\$218,469	\$218,469	\$218,469	CPI 10% \$247,178	\$247,178	\$247,178	\$247,178	\$247,178
Vac.	25%	15%	11%	11%	11%	11%	11%	11%	11%	11%
E.G.I.	163,852	185,699	194,437	194,437	194,437	219,988	219,988	219,988	219,988	219,988
Mgmt. 5%	(8,193)	(9,285)	(9,722)	(9,722)	(9,722)	(10,999)	(10,999)	(10,999)	(10,999)	(10,999)
R.F.R. 2.5%	(4,096)	(4,642)	(4,861)	(4,861)	(4,861)	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)
N.O.I.	151,563	171,772	179,854	179,854	179,854	203,489	203,489	203,489	203,489	203,489
										Sale Net 962,433
Mtg. Pymt.	(166,652)	(166,652)	(166,652)	(166,652)	(166,652)	(166,652)	(166,652)	(166,652)	(166,652)	(166,652)
Cash Throw Off	(15,089) (540,000)	5,120	13,202	13,202	13,202	36,837	36,837	36,837	36,837	999,270
Equity	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000
Return on Equity	-2.8%	0.9%	2.4%	2.4%	2.4%	6.8%	6.8%	6.8%	6.8%	6.8%
Ten Pays	485-b	485-b	485-b	485-b	485-b*RV	485-b	485-b	485-b	485-b*RV	485-b
Taxes	\$33,465	\$37,547	\$41,780	\$46,167	\$50,163	\$54,821	\$59,645	\$64,640	\$66,612	\$71,708
Ins &	3,800	3,876	3,954	4,072	4,194	4,449	4,582	5040	5,191	5,347
Main 5%	8,193	9,285	9,722	9,722	9,722	10,999	10,999	10,999	10,999	10,999
20,818 S.F.	50% Taxes	55%	60%	65%	70%	75%	80%	85%	90%	95%
=\$/S.F.@	\$2.18	\$2.44	\$2.66	\$2.88	\$3.08	\$3.48	\$3.61	\$3.88	\$3.98	\$4.23
Eff. Rent =	\$14.40	\$14.66	\$14.88	\$15.10	\$15.30	\$15.70	\$17.05	\$17.32	\$17.42	\$17.67

**CASH FLOW ANALYSIS MARKET SCENARIO NO PILOT BUT USING 485-b Exemption 50% of Building Exempt over 10 Years Phased Out @ 5% Year
COST \$2,700,000 MTG 80% LTV \$2,160,000 20 YR @4.69%;
REVAL Every 4 Years; Rental Rate Increases every 5 years @ 2.5%/year
Average Return on Equity Over 10 Years No Sale = 3.93%
Internal Rate of Return With Sale At The End Of 10 Years 9.58%**

Year I & E	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023-33
17,878 S.F. Net of Main R.F.R. & Mgmt @ \$15.00/S.F. P.G.I.	\$268,170	\$268,170	\$268,170	\$268,170	\$268,170	\$268,170	\$268,170	\$268,170	\$268,170	\$268,170
Vac.	25%	20%	15%	10%	5%	5%	5%	5%	5%	5%
E.G.I.	201,127	214,536	227,944	241,353	254,761	254,761	254,761	254,761	254,761	254,761
Present Taxes AFR	(17,750)	(17,750)	(17,750)	(17,750)	(17,750)	(17,750)	(17,750)	(17,750)	(17,750)	(17,750)
Insurance	(3,800)	(3,876)	(3,954)	(4,072)	(4,194)	(4,194)	(4,194)	(4,194)	(4,194)	(4,194)
N.O.I.	179,577	192,910	206,240	219,531	232,817	232,817	232,817	232,817	232,817	232,817 Sale Net '23 2,622,469 '33 2,622,469
Mtg. Pymt.	211,319	211,319	211,319	211,319	211,319	211,319	211,319	211,319	211,319	211,319
Cash Throw Off	(31,742) (640,000)	(18,409)	(5,079)	8,212	21,498	21,498	21,498	21,498	21,498	1,021,326 2,643,967 '23 & '33
Equity	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000
Return on Equity	-5.0%	-2.9%	0.8%	1.3%	3.36%	3.36%	3.36%	3.36%	3.36%	3.36%

CASH FLOW ANALYSIS DEVELOPER'S NUMBERS

20 YR PILOT

DEVELOPER'S COST \$3,200,000 MTG 80% LTV \$2,560,000 20 YR MTG @5.50%;

Average Return on Equity Over 20 Years No Sale = 2.59%

Internal Rate of Return With Sale At The End Of 20 Years = 8.63%

10 YR PILOT

Average Return on Equity Over 10 Years No Sale = 1.44%

Internal Rate of Return With Sale At The End Of 10 Years = 5.89%

SUGGESTED CLAWBACKS

- RECIPIENT PROVIDE ACTUAL PROJECT COST NUMBERS WHEN COMPLETED
- RECIPIENT PROVIDE ACTUAL MORTGAGE RATE & TERMS WHEN FINANCED
- RECIPIENT PROVIDE COMPLETE COPIES OF LEASES WHEN EXECUTED
- RECIPIENT PROVIDE ACTUAL INCOME AND EXPENSE STATEMENT ANNUALLY

RESPONSIBILITY OF ASSESSOR & AIDA

- ASSESSOR DETERMINES ASSESSED VALUE OF THE PROJECT FOR THE ROLL EACH AND EVERY ROLL YEAR
- AIDA DETERMINES PILOT PAYMENT

AIDA Financial Assistance Community Benefits

Attachment 3

- **Jobs**
- **Increased Real Property Tax**
- **Increased Sales Tax**
- **Elimination of Blight / Deterioration**

AIDA Community Partnership

POINT #1:

Covering expenses owed by Hurd's \$600,000
*(Purchase Price Forced to pay – All Monies Owed
\$450K mortgage + \$76,000 back taxes etc.)*
Plus
Cost to partner with Church \$100,000
Total of \$700,000

Estimated Property Value \$150,000

WST33 is Paying \$700,000

We are paying \$550,000 more than the Property is Worth

IF we do NOT purchase Costs City could incur:

Taxes Owed	\$76,000
Fix Environmental Issue	\$35,000
Demolish Building	\$55,000
Tipping Fee's	\$30,000
Carrying Cost of Taxes	<u>\$18,000</u>
	\$214,000

POINT #2:

*See Attached Updated P&L & Project Cost
(Exhibit A)*

1st 5 years the Project will LOSE
~~<\$25,520>~~ or ~~<\$5,104>~~ year

At 95% Occupancy:
Next 15 years shows a Profit
of \$322,470 or \$21,498 year

Resulting In:
~~<\$25,520>~~
+\$322,470
\$296,950 Profit over the 20 years
averaging *\$14,848 per year*

A Project Cost of \$3.2M
with a 20% Down Payment
Results in a
Developers Investment of \$640,000 or
2% Return on Investment

*NOTE: 90% Occupancy in Years 5-20 would only
show a Profit of \$123,180 or \$8,212 year or a
1% Return on Investment*

POINT #3:

SALES TAX VS. PROPERTY TAX

(See Financial Impacts & Relocation Loss)

(Exhibits C&D)

PROJECTED **SALES TAX** CITY WILL COLLECT OVER 20 YEARS:

Exhibit

C) Restaurant & Retail Sales Tax	\$7,775,158
C) Training Expenses	\$ 524,823 (\$6,560,290 * 8%)
C) Employee's General Spending	\$ 437,353 (\$5,466,908 * 8%)
D) Misc. Corporate Expenditures	\$ <u>126,346</u> (\$1,579,329 * 8%)
TOTAL SALES TAX	\$8,863,680

City Receives 25% (of the 8%) → \$2,215,920

Total Taxes Collected over 20 years:

Sales Tax	\$2,215,920
Property Tax	\$ <u>360,000</u> Tax Neutral
	\$2,575,920

\$2,575,920 / 20 years = \$128,796 per year

IN COMPARISON:

**BASED ON \$2.0M ASSESSMENT
EXAMPLE**

**ADDITIONAL PROPERTY TAX
CITY WILL COLLECT
OVER 20 YEARS**

**\$2M Assessment less \$472,900 of Present Assessed
Value Equals Approximately \$1.5M**

**Additional Property Tax City would collect
on \$1.5M Assessment **\$1,427,917**
(See Attached Tax Table – **Exhibit F**)**

Property Tax Exemption Amount with Pilot:

<i>Tax Neutral Property Tax Amount</i>	<i>\$ 360,000</i>
<i>Additional Property Tax Amount</i>	<i><u>\$1,427,917</u></i>
	<i>\$1,787,917</i>

\$1,787,917 / 20 years = \$89,396 per year

IN SUMMARY:

Sales Tax Revenue + Tax Neutral Pmt \$128,796

VS.

Property Tax at \$2.0M	\$ 89,396
	<u>\$ 39,400</u>

**The City will Collect an Estimated \$39,400
MORE per year in
Additional Tax Revenue
(or \$788,000 over the 20 yr period)
which MORE than makes up
for a Property Tax Exemption
at \$2.0M Assessment Example**

POINT #4:

- * Job Creation & Retention of 100+ Jobs**
(See Attached Potential Tenant Table)
(Exhibit B)

- * Financial Impacts to the Community**
(See Attached – Exhibit C)

\$268 Million Impact Dollars
PLUS
\$801 Million in Depository Relationships
TOTAL \$1 Billion

POINT #5:

- * Soules & Dunn Relocation to Virginia**
20 yr Loss to the City of \$47 Million
(See Attached – Exhibit D)

- * Economic Reasons for S&D to Relocate**
20 yr SAVINGS of \$15 Million
(See Attached – Exhibit E)

POINT #6:

- * Elimination of Blight / Deterioration**

EXHIBIT A:

Projected Annual Operating Profit and Loss Statement Applying Present Tax Payment from AFR

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEARS 5 - 20
Expected Occupancy %	75%	80%	85%	90%	95%
Rental Income @ \$15/Sf Based on 17,878 sq ft of leasable space	\$201,127	\$214,536	\$227,944	241,353	\$254,761
EXPENSES					
Loan Payment – 80% of Projected cost of 3.2M at 5.5% for 20 yr	\$211,319	\$211,319	\$211,319	\$211,319	\$211,319
Property & Casualty Insurance	\$3,800	\$3,876	\$3,954	\$4,072	\$4,194
Property Taxes Currently Being Paid by AFR	\$17,750	\$17,750	\$17,750	\$17,750	\$17,750
Cash Flow after Property Taxes	(\$31,742)	(\$18,409)	(\$5,079)	\$8,212	\$21,498

PLAZA of the ARTS**20,800 sq ft with 17,878 sq ft of Leasable Space****Construction and Pre-Operation Costs**

Land and Building Acquisition	675,000	
Site Work - Paving/Lanscaping	225,000	Increased due to Engineered Designed Drainage System
Church's Fencing/Landscaping/signage/ Granite Curbing/Handicap Ramp	17,500	Originally Not Included
Arhitectural & Engineering	90,000	
Environmental Clean-up	35,000	
Carrying Costs (2%, 1yr, \$3mil)	60,000	
Closing Costs	40,000	
Administration	54,000	Originally Not Included
1st Floor - \$82SF	820,000	
2nd Floor - \$82SF	820,000	
Sprinklers	15,000	
Parking Lot/Lighting	60,000	Additional Lighting to Lynch's Furniture Lot
Exterior Security System	15,000	Originally Not Included
Exterior Finishes	70,000	
Additional for Wood Exterior Doors (vs. Aluminum)	45,000	Originally Not Included
Dump Fees	30,000	
Demolition	55,000	
Miscellaneous	75,000	
TOTAL	3,201,500	

EXHIBIT B:

Plaza of the Arts Potential/Interested Tenants

Proposed square footage= 20,000

	Business Type	Square Footage	Employees
Professional	Medical Office	10,000	40
	Investment Banking	2,500	7
	S.U. Medical Related Office	2,500	15
	Soules & Dunn Development Group Corporate Office	5,000	23
Restaurant	Regional, High Profile Bakery	2,000	8
	High End Deli	1,500	10
	Tim Horton's	1,000	8
	Boutique Restaurant/Wine & Sushi Bar	2,500	15
	Bistro	3,500	8
Retail	Store 1	2,500	5
	Store 2	1,500	5
Total		34,500	144

*Due to confidentiality agreements names of businesses cannot be revealed at this time.

EXHIBIT C:**FINANCIAL IMPACTS ON OUR COMMUNITY****(2% INCREASE EACH YEAR)**

	<u>YEAR 1</u>	<u>YEAR 10</u>	<u>YEAR 20</u>	<u>TOTAL</u>
Sales Tax Revenue	\$320,000	\$382,430	\$466,180	\$7,775,158
Downtown Improvement Tax	\$1,340	\$1,601	\$1,952	\$32,558
Water & Sewer	\$12,390	\$14,807	\$18,050	\$301,044
Expected New Jobs or Retention of Jobs	\$4,650,000	\$5,557,180	\$6,774,172	\$112,982,770
Expected P/R for Soules & Dunn (Retained or New Jobs)	\$1,300,000	\$1,553,620	\$1,893,855	\$31,586,581
Estimated Restaurant Sales	\$3,000,000	\$3,585,278	\$4,370,434	\$72,892,109
Estimated Retail Sales	\$1,000,000	\$1,195,093	\$1,456,811	\$24,297,370
Construction Brick & Mortar	\$2,000,000			\$2,000,000
Construction Labor	\$2,000,000			\$2,000,000
Training Expenses w/in Community	\$270,000	\$322,675	\$393,339	\$6,560,290
Employee's General Spending	\$225,000	\$268,896	\$327,783	\$5,466,908
Philanthropy by S&D	\$100,000	\$119,509	\$145,681	\$2,429,737
			Subtotal	\$268,324,526
Banking Deposits	<u>\$33,000,000</u>	<u>\$39,438,055</u>	<u>\$48,074,769</u>	<u>\$801,813,203</u>
	\$47,878,730	\$52,439,144	\$63,923,024	\$1,070,137,729

EXHIBIT D:**LOSS TO THE CITY OF AUBURN WITH RELOCATION****(2% INCREASE EACH YEAR)**

	<u>YEAR 1</u>	<u>YEAR 10</u>	<u>YEAR 20</u>	<u>TOTAL</u>
General Spending	\$150,000	\$179,264	\$218,522	\$3,644,605
(20 Corporate Employee's @ Roughly \$7,500/yr)				
S&D Philanthropic Donations	\$100,000	\$119,509	\$145,681	\$2,429,737
Misc. Corporate Expenditures	\$65,000	\$77,681	\$94,693	\$1,579,329
Indirect Misc. Factors	\$50,000	\$59,755	\$72,841	\$1,214,868
(Banking & Service Personnel, Board Affiliations & General Community Involvement)				
Expected P/R for Soules & Dunn	\$1,300,000	\$1,553,620	\$1,893,855	\$31,586,581
(Retained or New Jobs)				
Training Expenses w/in Community	<u>\$270,000</u>	<u>\$322,675</u>	<u>\$393,339</u>	\$6,560,290
	\$1,935,000	\$2,312,504	\$2,818,930	\$47,015,411

EXHIBIT E:

Economic Reasons to Relocate

(2% INCREASE EACH YEAR)

	<u>YEAR 1</u>	<u>YEAR 10</u>	<u>YEAR 20</u>	<u>TOTAL</u>
Corporate Salaries	\$225,000	\$268,896	\$327,783	\$5,466,908
(Runs 10 to 15% in Virginia)				
Yearly Auto & Fuel Savings	\$63,250	\$75,590	\$92,143	\$1,536,809
(126,500 miles * \$.50 per mile)				
Property Tax Savings	\$25,000	\$29,877	\$36,420	\$607,434
(Virginia Property Tax 1/3 of those in NY)				
Incidental Expenses Savings	\$18,000	\$21,512	\$26,223	\$437,353
(Utilities, Insurance, Controllables etc..)				
Discretionary Spending Value	\$300,000	\$358,528	\$437,043	\$7,289,211
(Virginia is 20% more than NY / Savings based on 20 Emp @ avg salary of \$75K = \$1.5M*20%)				
Property Values "Hold"				\$0
Due to Strong Market Conditions	\$631,250	\$754,402	\$919,612	\$15,337,715

EXHIBIT F:

WST33 LLC - Plaza of the Arts (\$1.5 M Value)
Proposed AIDA PILOT - 20 years, including Current Assessment

Year	Estimated Assessment	Tax Rate	Taxes without PILOT	Increase in Property Value	Tax Rate	Exemption Percentage	PILOT Payment on Increase	Current Assessment	Tax Rate	Taxes without Development	Total PILOT Payment
1	1,500,000	39.1399	58,710	1,027,100	39.1399	100%	0	472,900	39.1399	18,509	18,509
2	1,515,000	39.5313	59,890	1,037,371	39.5313	95%	2,050	478,102	39.5313	18,900	20,950
3	1,530,150	39.9266	61,094	1,047,745	39.9266	90%	4,183	483,361	39.9266	19,299	23,482
4	1,545,452	40.3259	62,322	1,058,222	40.3259	85%	6,401	488,678	40.3259	19,706	26,107
5	1,560,906	40.7292	63,574	1,068,804	40.7292	80%	8,706	494,053	40.7292	20,122	28,829
6	1,576,515	41.1364	64,852	1,079,492	41.1364	75%	11,102	499,488	41.1364	20,547	31,649
7	1,592,280	41.5478	66,156	1,090,287	41.5478	70%	13,590	504,982	41.5478	20,981	34,571
8	1,608,203	41.9633	67,485	1,101,190	41.9633	65%	16,173	510,537	41.9633	21,424	37,597
9	1,624,285	42.3829	68,842	1,112,202	42.3829	60%	18,855	516,153	42.3829	21,876	40,731
10	1,640,528	42.8068	70,226	1,123,324	42.8068	55%	21,639	521,831	42.8068	22,338	43,977
11	1,656,933	43.2348	71,637	1,134,557	43.2348	50%	24,526	527,571	43.2348	22,809	47,336
12	1,673,503	43.6672	73,077	1,145,903	43.6672	45%	27,521	533,374	43.6672	23,291	50,812
13	1,690,238	44.1038	74,546	1,157,362	44.1038	40%	30,626	539,241	44.1038	23,783	54,409
14	1,707,140	44.5449	76,044	1,168,936	44.5449	35%	33,846	545,173	44.5449	24,285	58,130
15	1,724,211	44.9903	77,573	1,180,625	44.9903	30%	37,182	551,170	44.9903	24,797	61,979
16	1,741,453	45.4402	79,132	1,192,431	45.4402	25%	40,638	557,233	45.4402	25,321	65,959
17	1,758,868	45.8946	80,723	1,204,356	45.8946	20%	44,219	563,362	45.8946	25,855	70,074
18	1,776,457	46.3536	82,345	1,216,399	46.3536	15%	47,927	569,559	46.3536	26,401	74,328
19	1,794,221	46.8171	84,000	1,228,563	46.8171	10%	51,766	575,824	46.8171	26,958	78,724
20	1,812,163	47.2853	85,689	1,240,849	47.2853	5%	55,740	582,159	47.2853	27,528	83,268
	TOTAL TAXES		1,427,917	TOTAL PILOT PAYMENTS			496,691	TOTAL TAXES		454,731	951,422

Notes: Tax Rate assumes 1% increase per year.

Estimated and Current Assessments assume 1% increase per year

Total PILOT Payment includes payment on current assessment plus payment on the estimated increase in value after construction.

Year 1 assumes that the AIDA PILOT begins in July 2013.

PILOT includes a 10-year recapture provision, per AIDA's standard policy.

Benefits to Developer:

Estimated Full taxes	1,427,917
Less: PILOT payments	951,422
Tax Savings to Developer	\$476,495

Benefits to Taxing Jurisdictions:

PILOT payments, including current assessments	951,422
Less: Taxes with no project	454,731
Increased Revenue to Taxing Jurisdictions	\$496,691

Tax Rates:

City of Auburn	12.77022	per thousand
Cayuga County	8.27688	per thousand
Auburn Enlarged City	18.09282	per thousand
School District		
Total Combined Tax Rate	39.13992	per thousand