

AUBURN INDUSTRIAL DEVELOPMENT AUTHORITY

APPLICATION
FOR
INDUSTRIAL DEVELOPMENT
REVENUE BOND FINANCING

IMPORTANT NOTICE: The answers to the questions contained in this application are necessary to determine your firm's eligibility for financing and other assistance from the Auburn Industrial Development Authority. These answers will also be used in the preparation of papers in this transaction. Accordingly, all questions should be answered accurately and completely by an officer or other employee of your firm who is thoroughly familiar with the business and affairs of your firm and who is also thoroughly familiar with the proposed project. This application is subject to acceptance by the Authority.

TO: AUBURN INDUSTRIAL DEVELOPMENT AUTHORITY
Memorial City Hall
Auburn, New York 13021

This application by applicant respectfully states:

APPLICANT: Central Building, L.L.C.
Dieter H. Eppel, President

APPLICANT'S
ADDRESS: 33 William Street
CITY: Auburn STATE: N.Y. ZIP: 13021

NAME OF PERSON(S) AUTHORIZED TO SPEAK FOR APPLICANT WITH RESPECT TO THIS

APPLICATION: Thomas D. Minicucci TELEPHONE NO.: 315-682-9825
FAX 682-0917

IF APPLICANT REPRESENTED BY AN ATTORNEY, COMPLETE THE FOLLOWING:

NAME OF
ATTORNEY: Louis P. Contiguglia of Contiguglia and Giacona

ATTORNEY'S
ADDRESS: 7 William Street

CITY: Auburn STATE: N.Y. ZIP: 13021

TELEPHONE : AREA CODE: 315 NUMBER: 253-9746 FAX 253 0880

NOTE: PLEASE READ THE INSTRUCTIONS ON PAGE 2 HEREOF BEFORE
FILLING OUT THE REST OF THIS FORM

INSTRUCTIONS

1. The Authority will not approve any application unless in the judgment of the Authority said application contains sufficient information upon which to base a decision whether to approve or tentatively approve the project contemplated therein.
2. Fill in all blanks, using "none" or "not applicable" or "N/A" where the question is not appropriate to the project which is the subject of this application.
3. If an estimate is given as the answer to a question put "(est)" after the figure or answer which is estimated.
4. If more space is needed to answer any specific question, attach a separate sheet.
5. When completed, return this application to the Authority at the address indicated on the first page of this application.
6. The Authority will not give final approval to this application until the Authority receives a completed environmental assessment (Form IRB-2) concerning the project which is the subject of this application.
7. Please note that Article 6 of the Public Officers Law declares that all records in the possession of the Authority (with certain limited exceptions) are open to public inspection and copying. If the applicant feels that there are elements of the project which are in the nature of trade secrets which if disclosed to the public or otherwise widely disseminated would cause substantial injury to the applicant's competitive position, the applicant may identify such elements in writing and request that such elements be kept confidential in accordance with Article 6 of the Public Officers Law.
8. The applicant will be required to pay to the Authority all actual costs incurred in connection with this application and the project contemplated herein (to the extent such expenses are not paid out of the proceeds of the Authority's bonds issued to finance the project). The costs incurred by the Authority, including the Authority's general counsel and bond counsel, may be considered as a part of the project and included as a part of the resultant bond issue.
9. The Authority has established an administrative fee to be paid by the applicant upon successful conclusion of the sale of the bonds, said fee being intended to cover the indirect expenses incurred by the Authority in administering the Project. The administrative fee will be the following amount: $\frac{1}{4}$ of 1% of the aggregate principal amount of the Bonds issued with respect to the Project (but not to exceed Twenty Thousand Dollars \$20,000), or such other amount as is agreed to by the Authority on a case-by-case basis.
10. The Authority has established an application fee of TWO HUNDRED FIFTY DOLLARS (\$250) to cover the anticipated costs of the Authority in processing this application. A check or money order made payable to the Authority must accompany each application. THIS APPLICATION WILL NOT BE ACCEPTED BY THE AUTHORITY UNLESS ACCOMPANIED BY THE APPLICATION FEE.

I. INFORMATION CONCERNING PERSON TO WHOM THE AUTHORITY IS TO LEASE OR SELL THE PROJECT (HEREINAFTER REFERRED TO AS THE "COMPANY").

a. Company name: Central Building, L.L.C.
 Present Address: 33 William Street
 City: Auburn State: N.Y. Zip: 13021
 Employer's ID No.: application submitted

b. If the Company differs from the Applicant, give details of relationship: N/A

c. Indicate type of business organization of Company:

☒ Corporation (If so, indicate type of corporation L.L.C.; country incorporated in U.S.A.; state incorporated in New York; date incorporated August 1998; date authorized to do business in New York August 1998).

☐ Partnership (If so, indicate type of partnership _____; state organized in _____; date organized _____; number of general partners _____; number of limited partners _____). N/A
☐ Sole proprietorship N/A

d. Is the Company a subsidiary or direct or indirect affiliate of any other organization(s)? If so, indicate name of related organization(s) and relationship: No

e. Management of Company: List all owners, officers, directors and partners (complete all columns for each person):

Name	Address	Office Held	Other Principal Business Affiliations
Dieter H. Eppel	33 William St. Auburn, NY 13021	President	Dieter H. Eppel, DO, Family Practice
Phillip Gioia	281 Grant Ave. Auburn, NY 13021	Member	Phillip Gioia, MD, MPH Pediatrics
Robert M. Kalet	Genesee St. Mall Suite 108, Auburn, NY 13021	Member	Robert M. Kalet, DO, Family Practice
Thomas D. Minicucci	8036 Merrimac Dr Manlius, NY 13104	Secretary	Syracuse Management System Inc. (Health Care Management)

Is the Company or management of the Company now a plaintiff or a defendant in any civil or criminal litigation? ☒ Yes ☐ No

Has any person listed above ever been convicted of a criminal offense (other than a minor traffic violation)? _____ Yes X No

Has any person listed above or any concern with whom such person has been connected ever been in receivership or been adjudicated a bankrupt _____ Yes X No

If yes to any of the foregoing, furnish detail in a separate attachment.

f. Principal owners of Company: Is Company publicly held? Yes _____ No X If yes, list exchanges where stock of the Company is traded:

If no, list all stockholders or partners having a 5% or greater percentage interest in the ownership or profits of the Company:

<u>Name</u>	<u>Address</u>	<u>Percentage of Holding</u>
Dieter H. Eppel	33 William St., Auburn, NY 13021	25%
Phillip Gioia	281 Grant Ave., Auburn, NY 13021	25%
Robert M. Kalet	Genesee Street Mall, Suite 108, Auburn, NY 13021	25%
Thomas D. Minicucci	8036 Merrimac Drive, Manlius, NY 13104	25%

g. Company's Principal Bank(s): Cayuga Bank

II. INFORMATION CONCERNING PERSON(S) TO WHOM THE COMPANY INTENDS TO LEASE OR SUBLEASE THE PROJECT (HEREINAFTER REFERRED TO AS THE "SUBLESSEES").
Please give the following information with respect to each Sublessee to whom the Company intends to lease or sublease more than 10% (by area, or fair market rental value) of the Project:

- a. Sublessee Dieter H. Eppel, D.O.
Name: _____

Present 33 William Street
Address: _____

City: Auburn State: N.Y. Zip: 13021

Sublessee is: _____ Corporation _____ Partnership X Sole Proprietorship
Relationship to Company: Dieter H. Eppel is a 25% owner of Central Building L.L.C.
Percentage of Project to be leased or subleased: approximately 10%
Use of Project intended by Sublessee: operation of Family Medicine practice
Date of lease or sublease to Sublessee: Spring 1999
- b. Sublessee Phillip Gioia, MD, PC
Name: _____

Present 281 Grant Avenue
Address: _____

City: Auburn State: N.Y. Zip: 13021

Sublessee is: X Corporation _____ Partnership _____ Sole Proprietorship
Relationship to Company: Phillip Gioia is a 25% owner of Central Building L.L.C.
Percentage of Project to be leased or subleased: approximately 10%
Use of Project intended by Sublessee: operation of Pediatrics practice
Date of lease or sublease to Sublessee: Spring 1999
- c. Sublessee Robert M. Kalet, D.O.
Name: _____

Present Genesee Street Mall, Suite 108
Address: _____

City: Auburn State: N.Y. Zip: 13021

Sublessee is: _____ Corporation _____ Partnership X Sole Proprietorship
Relationship to Company: Robert M. Kalet is a 25% owner of Central Building L.L.C.

Percentage of Project to be leased or subleased: approximately 10%

Use of Project intended by Sublessee: operation of Family Medicine practice

Date of lease or sublease to Sublessee: Spring 1999

Note: In 1999, Dr. Eppel, Dr. Gioia, and Dr. Kalet intend to merge their practices into one practice occupying approximately 30% of the space.

III. DATA REGARDING PROPOSED PROJECT

- a. Summary: (Please provide a brief narrative description of the Project.)

The applicant intends to renovate the existing Central High School into offices (primarily physicians' offices and health-related services). The project will provide patients with comprehensive healthcare services in a convenient, accessible setting. It will provide new jobs, add needed medical services to the area, and allow existing Auburn physicians to grow and improve the quality of care they provide their patients.

- b. Location of Proposed Project:

1. Street address: Garden Street
2. City where located: Auburn
3. Town where located: N/A
4. Village where located: N/A
5. School District where located: Auburn Enlarged
6. Fire District where located: City of Auburn
7. County where located: Cayuga

- c. Project Site:

1. Approximate size (in acres or square feet) of Project site: 2.36 acres (2.113 + approximately .25 acre strip)
Is a map, survey or sketch of project site attached? ☒ Yes ☐ No
2. Are there existing buildings on project site? ☒ Yes ☐ No
If yes, indicate number and approximate size (in square feet) of each existing building: One building
Approximately 70,000 square feet upon completion

3. Are existing buildings in operation? ☒ Yes ☐ No

If yes, describe present use of present buildings: _____

The old Central High School building is currently in operation as
a storage facility for the Holiday Inn which has a relationship
with the owner.

Are existing buildings abandoned? ☐ Yes ☒ No

About to be abandoned? ☐ Yes ☒ No

4. Utilities serving project site:

Water-Municipal: City of Auburn

Other (describe) N/A

Sewer-Municipal: City of Auburn

Other (describe) N/A

Electric-Utility: NYSE & G

Other (describe) N/A

Heat-Utility: NYSE & G

Other (describe) N/A

5. Present legal owner of project site: Bapop Holdings, Inc. and
Servus Hotel Group, Inc.

If the Company (or any Sublessee) owns the project site, indicate
date of purchase: N/A

Purchase price: N/A

If Company not owner, does Company (or any Sublessee) have option
signed with owner to purchase the project site? ☒ Yes ☐ No.

If yes, indicate date option signed with owner: 8/12/98

date option expires: 11/10/98

If the Company (or any Sublessee) does not own the project site, is
there a relationship legally or by common control between the Company N/A
(or any Sublessee) and the present owners of the project site?

Yes ☐ No ☐ (if yes, describe in detail on separate attachment).

6. Zoning District in which project site is located: C-2

Are there any variances or special permits affecting the site?

☐ Yes ☒ No. If yes, list below and attach copies of all such
variances or special permits: _____

7. Proposed use of project (check all that apply):

<input type="checkbox"/>	Manufacturing	<input checked="" type="checkbox"/>	Office
<input type="checkbox"/>	Retail	<input type="checkbox"/>	Warehouse
<input type="checkbox"/>	Other _____		

(Please Describe)

If Retail is use is checked, please see Supplement to Application.

d. Buildings:

1. Does part of the Project consist of a new building or buildings?
Yes ☒ No. If yes, indicate number and size of new buildings:

2. Does part of the Project consist of additions and/or renovations to the existing buildings? ☒ Yes ☐ No. If yes, indicate nature of expansion and/or renovation: The 3 story Central High School building will be renovated with new partitions, ceilings, floors, windows, electrical, HVAC, roof, elevator, etc. The site will be modified to improve access, parking, and its appearance.

3. Describe the principal uses to be made by the Company of the building or buildings to be acquired, constructed or expanded:
The land and building are being acquired and renovated to provide offices (primarily for medical and health-related services).

- e. What are the principal products to be produced at the Project?

N/A

- f. What are the principal activities to be conducted at the Project?

The provision of high quality health care services, including primary care (Family Practice, Pediatrics, and General Internal Medicine), specialty care (medical and surgical physicians), and other health-related services.

g. Construction Status:

1. Has construction work on this Project begun? ____ Yes X No.
Has acquisition of this Project commenced? ____ Yes X No.
A purchase agreement was executed on 8/12/98.
2. If yes, please discuss in detail the approximate extent of construction (and/or acquisition) and the extent of completion. Indicate in your answer whether such specific steps have been completed as site clearance and preparation; completion of foundations; installation of footings; etc:

N/A

3. Please indicate amount of funds expended on this project by the Company in the past three (3) years and the purposes of such expenditures.

N/A

h. Method of Construction After Authority Approval:

1. If the Authority approves the Project which is the subject of this application, there are two methods that may be used to construct the Project. The applicant can construct the Project privately and sell the Project to the Authority upon completion. Alternatively, the applicant can request to be appointed as "agent" of the Authority for purposes of constructing the project, which request, if approved, will result in the applicant constructing the Project as "agent" of the Authority, in which case certain laws applicable to public construction will apply to the Project. Does the applicant anticipate that in the future he may wish to request being designated as "agent" of the Authority for purposes of construction of the Project? ____ Yes X No

IV. Employment Impact

- a. Indicate below the number of people presently employed at the project site and the number that will be employed at the project at the end of the first and second years after the project has been completed (do not include construction workers).

TYPE OF EMPLOYMENT

	Professional Managerial Technical	Skilled	Unskilled or Semi-skilled	TOTALS
Present Full Time	(0	(0	(0	(0
Present Part Time	(0	(0	(0	(0
Present Seasonal	(0	(0	(0	(0
	PRESENT TOTAL			zero
First Year Full Time	(6	(6	(5	(17
First Year Part Time	(2	(4	(7	(13
First Year Seasonal	(0	(0	(0	(0
	FIRST YEAR TOTAL			30
Second Year Full Time	(20	(22	(14	(56
Second Year Part Time	(8	(20	(16	(44
Second Year Seasonal	(0	(0	(0	(0
	SECOND YEAR TOTAL			100

- b. 1. Will the completion of the project which is the subject of this application result in the removal of a commercial, industrial or manufacturing plant or facility of the Company (or any Sublessee) from one area of the State of New York to another area of the State of New York? ___ Yes X No.
2. Will the completion of the Project result in the abandonment of one or more plants or facilities of the Company (or any Sublessee) located in the State of New York? ___ Yes X No.
3. If the answer to either of the preceeding questions is yes, is this Project reasonably necessary to preserve the competitive position of the Company (or such Sublessee) in its industry? ___ Yes ___ No. Is this project reasonably necessary to discourage the Company (or such Sublessee) from removing such other plant or facility to a location outside the State of New York? ___ Yes ___ No. If a yes answer is given to either question in this item 3, please furnish details in separate attachment. N/A

V. Project Cost

- a. State the costs reasonably necessary for the acquisition of the Project site and the construction of the proposed Project including the acquisition and installation of any machinery and equipment necessary or convenient in connection therewith, including any utilities access roads or appurtenant facilities, using the following categories:

<u>Description of Cost</u>	<u>Amount</u>
Land	\$ <u>140,000</u>
Buildings.....	\$ <u>2,820,000</u>
Machinery & Equipment Cost.....	\$ <u>130,000</u>
Utilities, roads and appurtenant costs	\$ <u>240,000</u>
Architects & engineering fees.....	\$ <u>200,000</u>
Costs of Bond issue (legal, financial & printing)	\$ <u>120,000</u>
Construction loan fees & interest (if applicable)	\$ <u>160,000</u>
Other (specify) Contingency/Allowance	\$ <u>160,000</u>
for initial operative deficit	\$ _____
.....	\$ _____
Marketing	\$ <u>30,000</u>
.....	\$ _____
TOTAL PROJECT COST	\$ <u>4,000,000</u>

b. Have any of the above expenditures already been made by applicant?
Yes X No (If yes, indicate particulars) _____

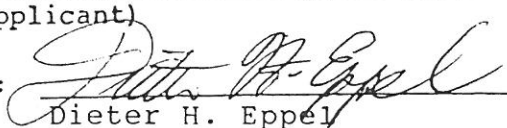
c. Amount of loan requested 4,000,000 Dollars;
Maturity requested 30 Years.

NOTE: APPLICANT MUST SIGN APPLICATION BELOW

IN WITNESS WHEREOF, the Applicant has duly executed the Application
this 27 day of August, ~~1998~~ 1998

Central Building, L.L.C.
(applicant)

By:


Dieter H. Eppel

NOTE: APPLICANT MUST COMPLETE THE APPROPRIATE VERIFICATION APPEARING BELOW OR ON PAGE 13 HEREOF BEFORE A NOTARY PUBLIC AND MUST SIGN AND ACKNOWLEDGE THE HOLD HARMLESS AGREEMENT APPEARING ON PAGE 14 HEREOF.

VERIFICATION

(If Applicant is a Corporation)

STATE OF New York)
) SS.:
 COUNTY OF Cayuga)


Dieter H. Eppel deposes and says that he is the President
 of Central Building, L.L.C.

the corporation named in the attached application; that he has read the foregoing application and knows the contents thereof; that the same is true and complete and accurate to the best of his knowledge. Deponent further says that the reason this verification is made by the deponent and not by said company is because the said company is a corporation. The grounds of deponent's belief relative to all matters in the said application which are not stated upon his own personal knowledge are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his duties as an officer of and from the books and papers of said corporation.

Dieter H. Eppel
 (officer of company submitting application)

Sworn to before me this

27th day of August 19 98


 Notary Public

LOUIS P. CONTIGUILIA
 Notary Public, State of New York
 Qualified in Cayuga Co. No. 5796425
 Commission Expires March 30, ~~19~~2000

VERIFICATION
(If Applicant is sole proprietor)

STATE OF _____)
) SS:.
COUNTY OF _____)

N/A

_____, deposes and says that he has read the foregoing application and knows the contents thereof; and that the same is true and complete and accurate to the best of his knowledge. The grounds of deponents's belief relative to all matters in the said application which are not stated upon his own personal knowledge are investigations which deponent has caused to be made concerning the subject matter of this application.

Sworn to before me this _____

_____ day of _____, 19__

Notary Public

VERIFICATION
(If Applicant is partnership)

STATE OF _____)
) SS:.
COUNTY OF _____)

N/A

_____, deposes and says that he is one of the members of the firm of _____

the partnership named in the attached application; that he has read the foregoing application and knows the contents thereof; and that the same is true and complete and accurate to the best of his knowledge. The grounds of deponent's belief relative to all matters in the said application which are not stated upon his own personal knowledge are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of this duties as a member of and from the books and papers of said partnership.

Sworn to before me this _____

_____ day of _____, 19__

Notary Public

NOTE: THIS APPLICATION WILL NOT BE ACCEPTED BY THE AUTHORITY UNLESS THE FOLLOWING HOLD HARMLESS AGREEMENT IS SIGNED BY THE APPLICANT.

HOLD HARMLESS AGREEMENT

Applicant hereby releases the Auburn Industrial Development Authority and the members, officers, servants, agents and employees thereof (hereinafter collectively referred to as the "Authority") from, agrees that the Authority shall not be liable for and agrees to indemnify, defend and hold the Authority harmless from and against any and all liability arising from or expense incurred by the Authority with respect to (i) the Authority's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the application or the Project described therein or the issue of bonds requested therein are favorably acted upon by the Authority, and (ii) the issue of bonds requested therein or the Project described therein; including without limiting the generality of the foregoing, all causes of action and attorney's fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Authority or the Applicant are unable to find buyers willing to purchase the total bond issue requested, then, and in that event, upon presentation of an invoice itemizing the same, Applicant shall pay to the Authority, its agents or assigns, all actual costs incurred by the Authority in the processing of the Application, including attorney's fees, if any.

APPLICANT: Central Building, L.L.C.

BY: Dieter H. Eppel
Dieter H. Eppel, President

Sworn to before me this

27th day of August 1998

[Signature]
Notary Public

LOUIS E. CONTROGGIN
Notary Public, State of New York
Qualified in Cayuga Co. No. 9766425
Commission Expires March 30, 2000

- 1e. Thomas D. Minicucci is the plaintiff against an individual and his affiliated companies for failure to pay wages, other compensation, and certain payments due Minicucci per agreement.

EXHIBIT
NOT ATTACHED TO THIS DOCUMENT
CLASSIFIED BY SECTION FOR THE
PROTECTOR, FROM USE AND PRACTICE PROHIBITED

SYRACUSE MANAGEMENT SYSTEMS, INC.
THOMAS D. MINICUCCI, PRES.
8036 MERRIMAC DR.
MANLIUS, NY 13104


50-17
223 729
0124015538

325

DATE 8/26/98

PAY TO THE
ORDER OF

Auburn Industrial Development Authority \$ 250.00

Two hundred fifty and 00/100 DOLLARS  Security features
included.
Details on back.



CHASE

The Chase Manhattan Bank
329 Fayette Street
Manlius, NY 13104

MEMO

Central Building, LLC



MP

⑆022300173⑆0124015538⑈0325

SAFETY PAPER

CENTRAL BUILDING, LLC

Central Building, LLC intends to renovate the existing Central High School into offices (primarily physicians' offices and health related services). The project will provide patients with comprehensive outpatient programs in a convenient, accessible setting. It will add many new jobs and needed medical services to the area, and allow existing Auburn physicians to grow. The need to expand primary care and bring in certain needed specialties into the area has been well established. The end result will be the overall improvement in the quality and access of health care as well as the employment outlook in Auburn and the surrounding community.

(1) EMPLOYMENT

One of the most exciting aspects of this project is the significant improvement in jobs to be achieved as a direct result of this medical expansion. The Medical Group Management Association (MGMA) is a principle source of statistical data for the management of physician offices and other outpatient facilities. Although detailed employee statistics are available for each medical specialty, it is safe to assume that about 4 employees will be necessary for each full time physician. Two examples applicable to the developers own practices include Family Medicine and Pediatrics as follows:

Family Medicine:	4.77 employees per physician
Pediatrics:	3.40 employees per physician

In addition, statistics for "better practices" (those practices that maximize the quality of clinical outcomes, patient satisfaction and productivity) actually have an average of about one half of an FTE employee greater than the above figures. Therefore, the 4 employees per physician is a reasonable if not conservative figure to use.

New jobs will come from both the expansion of existing practices and the addition of new medical and health related services. It is anticipated that the developers will be able to add about 15 positions in the next 3 years through current plans for expansion. This includes the addition of two practitioners in Family Practice as well as two practitioners for Pediatrics. The 4 practitioners plus the 16 support staff would account for 20 jobs (If only 75% of these projections came true, 15 jobs would be added). Other specialists have also expressed a desire to expand and a similar number of positions (15) is anticipated from them or new services in the next three years. Examples of these specialties include Ophthalmology, Internal Medicine, General Surgery, Dermatology, Ob/Gyn, Neurology, Orthopedics and other medical and health related services. Within a five year period this number is anticipated to grow another 15 positions for a total of about 45 jobs. These jobs are in addition to the large number of positions that will move from the neighboring area to the quality and convenience of the new medical center.

The five year projections show *EXISTING EMPLOYMENT* (jobs from existing practices and Auburn Memorial Hospital that will move into the new medical center [80 jobs by year 5]); *NEW JOB CREATION* (jobs developed from the expansion of existing practices, the movement of practices into the Auburn area or the creation of new health care businesses [45 jobs by year 5]); and a *SUMMARY* (showing cumulative yearly totals of both existing and new jobs [125 jobs by year 5]) as follows:

EXISTING EMPLOYMENT

	year 1	year 2	year 3	year 4	year 5
Physicians/Practitioners	8	2	2	2	2
Support Staff	32	8	8	8	
TOTAL PER YEAR	40	10	10	10	10
CUMULATIVE TOTAL	40	50	60	70	80

NEW JOB CREATION

	year 1	year 2	year 3	year 4	year 5
Physicians/Practitioners	3	2	1	2	1
Support Staff	12	8	4	8	4
TOTAL PER YEAR	15	10	5	10	5
CUMULATIVE TOTAL	15	25	30	40	45

SUMMARY OF TOTAL CUMULATIVE MEDICAL CENTER EMPLOYMENT

	year 1	year 2	year 3	year 4	year 5
EXISTING EMPLOYMENT	40	50	60	70	80
NEW JOB CREATION	15	25	30	40	45
TOTAL JOBS	55	75	90	110	125

(2) HEALTH CARE SERVICES

(A) According to the Cayuga County Community Health Needs Assessment's Final Report of June 1998, a number of health care needs have been established. Strong support for the development of the new medical center will address many of these concerns as follows:

Preface: "The highest priority need within Cayuga County is for the development of a comprehensive primary/preventive health care delivery model. A model that will improve access to a range of basic health services".

The developers of this project are three of the most prestigious primary care physicians who are committed to significant practice expansion. New physicians and other providers, expanded high quality services, prevention and improved access are all key elements of their development. In addition, they have made a commitment to add key specialists as well as diagnostic and treatment services to provide the community with a more comprehensive and accessible range of health care services.

Page 10: "Several population subgroups were identified as having unmet needs and/or problems. They included senior citizens, teenagers and young adults, children and women.

The developers are committed to improving services to these populations and recruiting other specialists and Auburn Memorial Hospital to meet their needs as well. Specifically, Pediatrics, Family Practice, Ob/Gyn and range of diagnostic are all planned for the center. For example, the hospital has committed to providing radiology, laboratory services, physical therapy and educational facilities.

Page 15: "Access to primary care services, particularly for low income/Medicaid patients is a major problem." "In addition, the use of nurse practitioners and physician assistants as a method to extend primary care has been very limited in the county".

The developers currently provide significant services to the low income/Medicaid population and use nurse practitioners and physician assistants. These programs will be enhanced as the medical center grows.

Page 19: "The health care delivery system in Cayuga County is fragmented. Many expressed a concern that a more integrated approach to health care delivery is needed." "The large number of County residents who seek health care services outside the County has contributed to the problems of maintaining viable health care services in Cayuga County. It was estimated that 40 percent of the County residents leave the County to receive health care."

By providing high quality comprehensive services under one roof, the coordination of health care services will be dramatically improved and residents will seek services closer to home.

Page 28: "Participants made a number of recommendations regarding methods to

improve and extend the availability of primary care service in Cayuga County. They included (1) establishing new community health centers, (2) developing satellite/outpost practices and (3) expanding existing service capacities."

The developers are committed to establishing this comprehensive health care facility, have already set up a satellite facility in an under served area and have made a major commitment to significantly expand their current service capacity by at least 50%.

Page 31: *"The needs assessment showed a recognition that there needs to be a common vision among area providers on what the future local health care delivery system should be. Future focus should be customer-oriented. There is also recognition that there be greater focus on the use of local services. Outreach and marketing of local health care services is needed to improve the availability and use of locally based health care providers. Many also agreed that a public relations campaign is needed which emphasizes the use of local service providers."*

By providing the necessary services to patients in a comprehensive, accessible fashion, we are helping to orient the focus of health care to the patient and the utilization of local services.

Page 38: *"Organize and conduct educational forums."*

We will have the facilities and can make them available for patient and professional education programs.

(B) According the American Academy of Pediatrics Onondaga County had more that one Pediatrician for every 1,000 patients. In contrast, Cayuga County is closer to about one Pediatrician for every 3,000 patients. Needs also exist in Family Practice and in certain specialty services such as Dermatology. To address these issues the developers have made a strong commitment to seek those services that are truly needed by (1) investing in their own practice expansion; (2) working with existing providers (including existing physician groups and Auburn Memorial Hospital); and (3) developing new programs and services as needed.

HEALTH CENTRAL PROJECTED CONSTRUCTION COSTS:

SITE WORK	\$140,000
CANOPY/ENTRANCE	\$130,000
MISC. CONCRETE	\$60,000
STEEL	\$65,000
HOLLOW METAL	\$130,000
TRASH REMOVAL	\$70,000
ASBESTOS REMOVAL	\$110,000
HVAC	\$400,000
ELECTRIC/FIRE ALARM	\$520,000
SPRINKLER	\$260,000
ROOF	\$130,000
PLUMBING	\$130,000
FINISHES/DOORS	\$170,000
GLASS	\$200,000
CARPETING	\$60,000
CEILING & DRYWALL	\$130,000
INSULATION	\$30,000
ELEVATOR	<u>\$130,000</u>
TOTAL	\$2,865,000

CONSTRUCTION COSTS FOR BUILDOUT 56,932SF SPACE	\$2,865,000
LESS: \$30/SF X UNBUILT NET SPACE (21,932SF)	\$657,960
LESS: \$30/SF X UNBUILT COMMON SPACE (6,780SF)	<u>\$203,400</u>
	\$861,360
PROJECTED CONTRUCTION COSTS	\$2,003,640

HEALTH CENTRAL**FIVE YEAR CASH FLOW BASED ON A RENTAL RATE OF \$13.75/sf****TRIPLE NET WITH HEALTH CENTRAL ASSUMING EXPENSES FOR UNRENTED SPACE.**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
REVENUES:	\$481,250	\$490,875	\$500,693	\$510,706	\$520,920
EXPENSES:					
Debt Service	\$401,376	\$401,376	\$401,376	\$401,376	\$401,376
Utilities	\$11,017	\$11,237	\$11,462	\$11,692	\$11,926
Taxes	\$2,002	\$2,002	\$10,959	\$11,507	\$12,055
Common Charges	<u>\$43,838</u>	<u>\$44,715</u>	<u>\$45,609</u>	<u>\$46,521</u>	<u>\$47,451</u>
TOTAL EXPENSES:	\$458,233	\$459,330	\$469,406	\$471,096	\$472,808
NET INCOME:	<u>\$23,017</u>	<u>\$31,545</u>	<u>\$31,287</u>	<u>\$39,610</u>	<u>\$48,112</u>

ASSUMPTIONS:

- 1) Revenue is based on a rent roll of 35,000 net sf @ \$13.75/sf (annual inflation adjustment of 2%)
- 2) Debt services is based on financing, \$3,500,000 @ 8% for 15 years.
- 3) Common area utilities will be shared by Health Central and renters based on the following:
 $35,000\text{sf}/56,932\text{sf} = 61.5\%$ occupancy (renter's share of common area). Health Central 38.5%.
 $77,371$ gross sf less $56,932$ net sf equals $20,439$ sf of common area.
Utility costs projected at $\$2.00/\text{sf}$ less 30% tax break = $\$1.40/\text{sf}$. $\times 20,439\text{sf} = \$28,615$
 $\$28,615 \times 38.5\% = \$11,017$ (plus 2% inflation per year) equals owners's share of utility costs.
- 4) With PILOT, taxes in years 1 & 2 based on current assesement; 50% of new assessment in year 3;
5% increase per year with 100% assessment in year 12 @ $\$1.00/\text{sf}$; $\$1.00 \times 56,932\text{sf} = \$56,932$;
taxes in years 1 & 2 are projected @ $\$5,200$; $38.5\% \times \$5,200 = \$2,002$ paid by owner.
50% of $\$56,932 = \$28,466$ total taxes paid year 3; $\$28,466 \times 38.5\% = \$10,959$ paid by owner.
- 5) Other common charges calculated @ $\$2.00/\text{sf}$; $56,932\text{sf} \times \$2.00 \times 38.5\% = \$43,838$ (owner's share);
assume annual inflation factor of 2%.

TOTAL TAX PAYMENT FROM CENTRAL BUILDING, LLC AND TENANTS:

	OPTION A (12 years)	OPTION B (15 years)	OPTION C (20 years)
YEAR 1	5,200	5,693	4,000
YEAR 2	5,200	11,386	8,000
YEAR 3	28,466	17,080	12,000
YEAR 4	31,313	22,773	16,000
YEAR 5	34,159	28,466	20,000
YEAR 6	37,006	31,313	24,000
YEAR 7	39,852	34,159	28,000
YEAR 8	42,699	37,006	32,000
YEAR 9	45,546	39,852	36,000
YEAR 10	48,392	42,699	40,000
YEAR 11	51,239	45,546	44,000
YEAR 12	54,085	48,392	48,000
YEAR 13	56,932	51,239	52,000
YEAR 14	56,932	54,085	56,000
YEAR 15	56,932	56,932	60,000
YEAR 16	56,932	56,932	64,000
YEAR 17	56,932	56,932	68,000
YEAR 18	56,932	56,932	72,000
YEAR 19	56,932	56,932	76,000
YEAR 20	56,932	56,932	80,000
TOTAL	\$878,613	\$811,281	\$840,000

OPTION A: year 1 & 2 @ current assessment; year 3 @ .50/sf; 5% increase/year for next 10 years with year 13 through 20 @ \$1.00/sf.

OPTION B: 15 years to match bond term option. Year 1 @ \$.10/sf; year 2 @ \$.20/sf; year 3 @ \$.30/sf; year 4 @ \$.40/sf; year 5 @ \$.50/sf; year 6 through 15 increasing by 5% with year 15 through 20 @ \$1.00/sf.

OPTION C: 20 years to match bond term option. Assume \$2,000,000 construction costs spread evenly over 20 years with $\$40/1000 = \$80,000$ in year 20. Year 1 through year 20 will increase by 5%/year. Significantly higher rate in last 5 years and thereafter.