

**APPLICATION
FOR
INDUSTRIAL DEVELOPMENT
REVENUE BOND FINANCING
AND
LEASEBACK TRANSACTIONS**

IMPORTANT NOTICE: The answers to the questions contained in this Application are necessary to determine your firm's eligibility for financing, tax exemptions and other assistance from the Auburn Industrial Development Authority (the "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**
24 South Street
Memorial City Hall
Auburn, New York 13021

This application by Applicant respectfully states:

APPLICANT: WST 33, LLC
APPLICANT'S ADDRESS: 69 South Street CITY: Auburn STATE: Ny ZIP: 13021
NAME OF PERSON(S) AUTHORIZED TO SPEAK FOR APPLICANT WITH RESPECT TO THIS APPLICATION: R. Daniel Sautes TELEPHONE NO: 255-1559 ext 25 FAX NO: 255-2561
E-MAIL ADDRESS: rdsautes@sautesdunn.com

APPLICANT'S ATTORNEY:

NAME OF FIRM: —
NAME OF ATTORNEY: James Messenger
ATTORNEY'S ADDRESS: 441 S. Salina Street, Suite #211
CITY: Syracuse STATE: Ny ZIP: 13202
TELEPHONE NO: 471-3030 FAX NO: 471-0899 E-MAIL ADDRESS: Jim@messengerlaw.net

APPLICANT'S ACCOUNTANT:

NAME OF FIRM: Wristen CPA
NAME OF ACCOUNTANT: Gloria Wristen
ACCOUNTANT'S ADDRESS: 98 E. Genesee St.
CITY: Auburn STATE: Ny ZIP: 13021
TELEPHONE NO: 255-2236 FAX NO: Same E-MAIL ADDRESS: Gloria@wristencpa.com

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

I. INFORMATION CONCERNING THE PROPOSED OCCUPANT OF THE PROJECT
(HEREINAFTER REFERRED TO AS THE "COMPANY").

A. Identity of Company.

1. Company Name: WST 33, LLC
Present Address: 69 South Street
City: Auburn State: NH Zip: 13021
Employer's Federal ID No.: 20-8065268 NAICS Code No.: 531120
2. If the Company differs from the Applicant, give details of relationship:

3. Indicate the type of business organization of Company:
 - a. ☐ Corporation. If so, incorporated in what country? _____; What State? _____; Date Incorporated _____; Type of Corporation? _____; Authorized to do business in New York? ☐ Yes ☐ No; Date so authorized _____.
 - b. ☒ Limited Liability Company. If so, State of organization? NH; Date Organized 11/2006; Authorized to do business in New York? yes; Date so authorized 11/2006 Number of members 3.
 - c. ☐ Partnership. If so, indicate type of partnership _____; Number of general partners _____; Number of limited partners _____.
 - d. ☐ Sole proprietorship.
 - e. ☐ Other. Please explain _____

4. 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: Refer to Exhibit A

5. Is the Applicant a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code? ☐ Yes; ☒ No. If yes, please attach the Applicant's Determination Letter from the Internal Revenue Service with respect to such status. Has the Applicant received any notice indicating that its exempt status is under investigation or subject to revocation? ☐ Yes; ☒ No. If yes, please explain and attach relevant correspondence.

B. Management of Company.

1. List all owners, officers, directors, managers and partners (complete all columns for each person):

NAME	HOME ADDRESS	OFFICE HELD	OTHER PRINCIPAL BUSINESS AFFILIATIONS
R. Daniel Sentes	45 Lakeshore Dr. Auburn	Member	See Exhibit A
MARK Durr	67 W. Lake St. Skaneateles	Member	See Exhibit A
Adam Fritz	8167 Tericho Rd Weedsport	Member	Fritz Construction Inc. United Fasteners, LLC

2. Is the Company or management of the Company now a plaintiff or a defendant in any civil or criminal litigation? ☐ Yes; ☒ No.
3. Has any person listed above ever been convicted of a criminal offense (other than a minor traffic violation?) ☐ Yes; ☒ No.
4. 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; ☒ No.
5. If the answer to any of questions 2 through 4 is yes, please furnish details in a separate attachment.

C. Principal Owners of Company.

1. Is the Company publicly held? ☐ Yes; ☒ No. If yes, please list exchanges where stock of the Company is traded: _____
2. If "No", list all stockholders having a 5% or more interest in the Company:

NAME	HOME ADDRESS	PERCENTAGE OF HOLDING
R. Daniel Sentes	45 Lakeshore Dr. Auburn, NY	33 1/3 %
MARK Durr	67 W. Lake St. Skaneateles, NY	33 1/3 %
Adam Fritz	8167 Tericho Rd Weedsport, NY	33 1/3 %

D. Company's principal bank(s): HSBC which is now First
Niagara Bank, along with BBT
in Virginia

E. Absence of Conflicts of Interest. The Applicant has received from the Authority a list of the members, officers and employees of the Authority. No member, officer or employee of the Authority has an interest, whether direct or indirect, in any transaction contemplated by this application, except as hereinafter described:

NO Conflicts

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 Lessee or 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 Name: Refer to exhibit B

Present
Address: _____

City: _____ State: _____ Zip: _____

Employer's Federal ID No.: _____ NAICS Code No.: _____

Sublessee is: ☐ Corporation; ☐ Limited Liability Company; ☐ Partnership;
☐ Sole Proprietorship

Relationship to Company: _____

Percentage of Project to be leased or subleased: _____

Use of Project intended by Sublessee: _____

Date of lease or sublease to Sublessee: _____

Term of lease or sublease to Sublessee: _____

Will any portion of the space leased by this Sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? ☐ Yes; ☐ No. If yes, please provide on a separate attachment (a) detail and (b) the answers to questions III(F)(4) through (6) with respect to each Sublessee.

B. Sublessee Name: _____

Present
Address: _____

City: _____ State: _____ Zip: _____

Employer's Federal ID No.: _____ NAICS Code No.: _____

Sublessee is: ☐ Corporation; ☐ Limited Liability Company; ☐ Partnership;
☐ Sole Proprietorship

Relationship to Company: _____

Percentage of Project to be leased or subleased: _____

Use of Project intended by Sublessee: _____

Date of lease or sublease to Sublessee: _____

Term of lease or sublease to Sublessee: _____

Will any portion of the space leased by this Sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? ☐ Yes; ☐ No. If yes, please provide on a separate attachment (a) detail and (b) the answers to questions III(F)(4) through (6) with respect to each Sublessee.

C. Sublessee Name: _____

Present

Address: _____

City: _____ State: _____ Zip: _____

Employer's Federal ID No.: _____ NAICS Code No.: _____

Sublessee is: ☐ Corporation; ☐ Limited Liability Company; ☐ Partnership;
☐ Sole Proprietorship

Relationship to Company: _____

Percentage of Project to be leased or subleased: _____

Use of Project intended by Sublessee: _____

Date of lease or sublease to Sublessee: _____

Term of lease or sublease to Sublessee: _____

Will any portion of the space leased by this Sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? ☐ Yes; ☐ No. If yes, please provide on a separate attachment (a) detail and (b) the answers to questions III(F)(4) through (6) with respect to each Sublessee.

III. DATA REGARDING PROPOSED PROJECT.

A. Description of the Project. (Please provide a brief narrative description of the Project.)

Please Refer to Exhibit C

B. Location of the Project.

1. Street Address: 1161 Genesee Street
2. City: Auburn
3. Town: _____
4. Village: _____
5. School District: Auburn Enlarged
6. Fire District: Auburn
7. County: Cayuga
8. Property Tax Identification No.: Tax Map *115.60-2-67

C. Description of the Project site.

1. Approximate size (in acres or square feet) of the Project site: .769. Is a map, survey or sketch of the Project site attached? ☒ Yes; ☐ No. acres
2. Are there existing buildings on the Project site? ☒ Yes; ☐ No.
- a. If yes, indicate the number of buildings on the site: 1. Also, please briefly identify each existing building and indicate the approximate size (in square feet) of each such existing building:
8000 sq ft one story brick building
Auburn Family Rest. is the occupant and
3500 sq ft of this building is vacant.
- b. Are the existing buildings in operation? ☒ Yes; ☐ No. If yes, describe present use of such buildings: Family Restaurant
- c. Are the existing buildings abandoned? ☐ Yes; ☒ No. About to be abandoned? ☐ Yes; ☒ No. If yes, describe: But the vacant offices
are in poor physical and
untenable condition.
- d. Attach photograph of present buildings. → Attached
(See Exhibit D)
3. Utilities serving the Project site:
- Water-Municipal: Public
Other (describe): _____
Sewer-Municipal: Public
Other (describe): _____
Electric-Utility: NYSEG
Other (describe): _____
Heat - Utility: NYSEG
Other (describe): _____

4. Present legal owner of the Project site: John & Denise Hurd

a. If the Company (or any Sublessee) owns the Project site, indicate date of purchase: N/A; purchase price: \$ _____

extended
b. If the Company does not own the Project site, does the Company (or any Sublessee) have an option signed with the owner(s) to purchase the Project site? ☒ Yes; ☐ No. If yes, indicate date option signed with the owner(s): 3/13/12; date the option expires: 9/13/12

c. If the Company (or any Sublessee) does not own the Project site, is there a relationship legally or by common control between the Company (or any Sublessee) and the present owner(s) of the Project site? ☐ Yes; ☒ No. If yes, describe in detail on separate attachment.

5. a. Zoning District in which the Project is located: C2 - Central Commercial

yes
b. Are there any variances or special permits affecting the Project site? ☐ Yes; ☒ No. If yes, list below and attach copies of all such variances or special permits: _____

6. Will any portion of the Project be located outside the geographical boundaries of the City of Auburn? ☐ Yes; ☒ No. If yes, what other municipality is the Project partially located in? _____. Is the portion of the Project located outside the City of Auburn contiguous with the portion of the Project inside the City of Auburn? ☐ Yes; ☐ No.

D. Description of Proposed Construction.

1. Does part of the Project consist of the acquisition or construction of a new building or buildings? ☒ Yes; ☐ No. If yes, indicate number and size of new buildings: one two-story 20,000 sqft building

2. Does part of the Project consist of additions and/or renovations to the existing buildings located on the Project site? ☐ Yes; ☒ No. If yes, indicate the buildings to be expanded or renovated, the size of any expansions and the nature of expansion and/or renovation: original/existing structure will be demolished

3. Describe the principal uses to be made by the Company of the building or buildings to be acquired, constructed, renovated or expanded: Mixture of:
Medical offices, Sports Medicine/Physical Therapy
Retail, Administrative, Corporate offices,
Restaurants/CAFE/Bistro/Bakery
(Refer to Exhibit B)

E. Description of the Equipment.

1. Does a part of the Project consist of the acquisition or installation of machinery, equipment or other personal property (the "Equipment")? ☐ Yes; ☒ No. If yes, describe the Equipment: _____

2. With respect to the Equipment to be acquired, will any of the Equipment be Equipment which has previously been used? ☐ Yes; ☐ No. If yes, please provide detail: _____

N/A

3. Describe the principal uses to be made by the Company of the Equipment to be acquired or installed: _____

N/A

F. Project Use.

1. What are the principal products to be produced at the Project? N/A

2. What are the principal activities to be conducted at the Project? Medical Related, Typical Professional Offices with Administrative Management, Accounting Activities, Selling of Retail goods & Food service related activities (Refer to Exhibit B)

3. Does the Project include facilities or property that are primarily used in making retail sales of goods or services to customers who personally visit such facilities? ☒ Yes; ☐ No. If yes, please provide detail: The entire 1st Floor (10,000 sq. ft) is designated for retail sales of goods or services to customers (i.e. mix use of Restaurants, Cafe, Bistro, High Profile Bakery, Coffee shop, High end Deli and/or Home & Sushi bar.

4. If the answer to question 3 is yes, what percentage of the cost of the Project will be expended on such facilities or property primarily used in making retail sales of goods or services to customers who personally visit the Project? 50 %.

5. If the answer to question 3 is yes, and the answer to question 4 is more than 33.33%, indicate whether any of the following apply to the Project:

- a. Will the Project be operated by a not-for-profit corporation? ☐ Yes; ☒ No. If yes, please explain: _____

- b. Is the Project likely to attract a significant number of visitors from outside the counties of Cayuga, Onondaga, Madison, Cortland and Oswego? ☒ Yes; ☐ No. If yes, please explain: Due to the new retail options, choices in dining & diversity of medical services
- c. Would the Project occupant, but for the contemplated financial assistance from the Authority, locate the related jobs outside the State of New York? ☒ Yes; ☐ No. If yes, please explain: Sailes & Dunn Dev. Group would re-locate their corporate offices to the State of Virginia
- d. Is the predominant purpose of the Project to make available goods or services which would not, but for the Project, be reasonably accessible to the residents of the City of Auburn; because of a lack of reasonably accessible retail trade facilities offering such goods or services? ☒ Yes; ☐ No. If yes, please provide detail: Providing choice & diversity of restaurants and retail goods along with sports medicine, makes available goods & services currently not offered in the City of Auburn
- e. Will the Project be located in one of the following: (i) the City of New York; (ii) an area designed as an economic development zone pursuant to Article 18-B of the General Municipal Law; or (iii) a census tract or block numbering area (or census tract or block numbering area contiguous thereto) which, according to the most recent census data, has (x) a poverty rate of at least 20% for the year in which the data relates, or at least 20% of households receiving public assistance, and (y) an unemployment rate of at least 1.25 times the statewide unemployment rate for the year to which the data relates? ☐ Yes; ☐ No. If yes, please explain: Please Refer to Exhibit E
6. If the answers to any of subparagraphs c. through e. of question 5 is yes, will the Project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York? ☒ Yes; ☐ No. If yes, please explain: Please Refer to Exhibit F.
7. Will the completion of the Project result in the removal of a plant or facility of the Company or another proposed occupant of the Project (a "Project Occupant") from one area of the State of New York to another area of the State of New York? ☒ Yes; ☐ No. If yes, please explain: Moving offices within the City Limits of Auburn

8. Will the completion of the Project result in abandonment of one or more plants or facilities of the Company located in the State of New York? ☐ Yes; ☒ No. If yes, please provide detail: _____

9. If the answer to either question 7 or 8 is yes, indicate whether any of the following apply to the Project:

- Please refer to Exhibit G
- a. Is the Project reasonably necessary to preserve the competitive position of the Company or such Project Occupant in its industry? ☒ Yes; ☐ No. If yes, please provide detail: Due to the fact of more competitive economics we could operate our corporate offices at approximately \$631,000 less per year. (i.e. labor, training, Controllables, Utilities, Property taxes, Auto etc..)
- Please refer to Exhibit H
- b. Is the Project reasonably necessary to discourage the Company or such Project Occupant from removing such other plant or facility to a location outside the State of New York? ☒ Yes; ☐ No. If yes, please provide detail: Without such project corporate offices will be re-located to the State of Virginia

G. Project Status.

1. If the Project includes the acquisition of any land or buildings, have any steps been taken toward acquiring same? ☒ Yes; ☐ No. If yes, please discuss in detail the approximate stage of such acquisition: 6 month option to purchase expiring September 13, 2012
2. If the Project includes the acquisition of any Equipment, have any steps been taken toward acquiring same? ☐ Yes; ☐ No. If yes, please discuss in detail the approximate stage of such acquisition: N/A
3. If the Project involves the construction or reconstruction of any building or other improvement, has construction work on any such building or improvement begun? ☐ Yes; ☒ No. If yes, please discuss in detail the approximate extent of construction and the extent of completion. Indicate in your answer whether specific steps have been completed, such as site clearance and preparation, completion of foundations, installation of footings, etc.: _____
4. Please indicate amount of funds expended on the Project by the Company in the past three (3) years and the purposes of such expenditures: *5000 non-refundable Deposit for land acquisition and *300 for Rendering of Building, Engineering costs of *15,000 plus *2800 in CAD work.

- H. Method of Construction After Authority Approval. If the Authority approves the Project, 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 the Company may wish to request being designated as "agent" of the Authority for purposes of construction of the Project? ☒ Yes; ☐ No.

- IV. EMPLOYMENT IMPACT. Indicate below the number of people presently employed at the Project site and the number that will be employed at the Project site at the end of the first and second years after the Project has been completed. (Do not include construction workers). Also indicate below the number of workers employed at the Project site representing newly created positions as opposed to positions relocated from other project sites of the Applicant.

TYPE OF EMPLOYMENT				
	PROFESSIONAL, MANAGERIAL OR TECHNICAL	SKILLED	UNSKILLED OR SEMI-SKILLED	TOTALS
Present Full Time	6	0	0	6
Present Part Time	0	0	0	0
Present Seasonal	0	0	0	0
First Year Full Time	10	1	0	11
First Year Part Time	0	0	1	1
First Year Seasonal	0	0	0	0
Second Year Full Time	19	0	0	19
Second Year Part Time	2	2	0	4
Second Year Seasonal	0	0	0	0

NOTE: These job numbers are for Sauter-Dunn corporate offices only. Refer to 'Exhibit B' for the other tenant employment numbers.

V. PROJECT COST

- A. State the costs reasonably necessary for the acquisition of the Project site, the construction of the proposed buildings and 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:

Description of Cost

Amount

Land

\$ 715,000

Buildings

\$ 1,640,000

Machinery and Equipment costs	\$ - 0 -
Utilities, roads and appurtenant costs	\$ 220,000
Architects and engineering fees	\$ 90,000
Costs of financing (legal, financial and printing)	\$ 60,000
Construction loan fees and interest	\$ -
Other (specify) <u>Sprinklers</u>	\$ 15,000
<u>Environmental Clean-up</u>	\$ 35,000
<u>Exterior Finishes</u>	\$ 70,000
<u>Dumping Fees</u>	\$ 30,000
<u>Demolition</u>	\$ 55,000
<u>Misc.</u>	\$ 75,000
TOTAL PROJECT COSTS	\$ 3,005,000

Refer to Exhibit I

- B. Have any of the above expenditures already been made by the Applicant? ☒ Yes; ☐ No. If yes, indicate particulars: \$5,000 Non-Refundable Deposit for land acquisition and \$300 for building Rendering. Engineering costs of \$15,000 plus \$2500 in CAD work.
- C. Amount of financial assistance requested: N/A Dollars;
Maturity requested: _____ Years.
- D. Has the Applicant made any arrangements for the marketing or purchase of the proposed bond issue? ☐ Yes; ☒ No. If yes, please explain: _____
- E. Does the Applicant intend to designate the bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code? ☐ Yes; ☒ No. If yes, please provide name of financial institution and details of transaction: _____
- F. Will the proceeds of the bonds be used to finance or refund any prior industrial development bond or private activity bond issued by the Authority with respect to the Project? ☐ Yes; ☒ No. If yes, please provide details of prior bond issuance: _____
- G. Will the proceeds of the bonds be used to finance or refund any existing mortgage, loan or other indebtedness with respect to the Applicant or the Project? ☐ Yes; ☒ No. If yes, please provide details of prior obligations: _____
- H. Does the Applicant, any affiliate of the Applicant, or any user of the Project, currently have outstanding any bonds, notes or other obligations, the interest on which is, or is claimed to be, exempt from federal taxation under Section 103 of the Internal Revenue Code? ☐ Yes; ☒ No. If yes, please provide details: _____

VI. FINANCIAL ASSISTANCE EXPECTED FROM THE AUTHORITY.

- Grant application under consolidated Funding Application*
- A. Is the Applicant requesting any real property tax exemption in connection with the Project that would not be available to a project that did not involve the Authority? ☐ Yes; ☒ No. If yes, is the real property tax exemption being sought consistent with the Authority's Uniform Tax Exemption Policy? ☐ Yes; ☐ No.
- B. Is the Applicant expecting the financing of the Project to be secured by one or more mortgages? ☒ Yes; ☐ No. If yes, what is the approximate amount of financing to be secured by the mortgage(s)? \$ 3M.
- C. Is the Applicant expecting to be appointed agent of the Authority for purposes of avoiding payment of New York State Sales Tax and Compensating Use Taxes? ☒ Yes; ☐ No. If yes, what is the approximate amount of purchases which the Applicant expects to be exempt from the New York State Sales and Compensating Use Taxes? \$ 820,000.
- D. What is the estimated value of each type of tax exemption being sought in connection with the Project? Please detail the type of tax exemption and value of each exemption.
- | | | |
|----|--|-------------------|
| 1. | N.Y.S. Sales and Compensating Use Taxes: | \$ <u>65,600</u> |
| 2. | Mortgage Recording Taxes: | \$ <u>25,000</u> |
| 3. | Real Property Tax Exemptions: | \$ <u>475,162</u> |
| 4. | Other (please specify): | \$ _____ |
| | _____ | \$ _____ |
- E. Are any of the tax exemptions being sought in connection with the Project inconsistent with the Authority's Uniform Tax Exemption Policy? ☒ Yes; ☐ No. If yes, please explain how the request of the Applicant differs from the Authority's Uniform Tax Exemption Policy: Please Refer to Exhibit I

VII. OTHER GOVERNMENTAL INVOLVEMENT.

- A. Has the Applicant contacted any other governmental agency with regard to the Project? ☐ Yes; ☒ No. If yes, indicate the agency and the nature or the inquiry: We have not contacted any other governmental agencies however we are in the process of reviewing supplementary support from other agencies.
- B. Does the Applicant have any agreement to subsequently contract with a municipality for the lease or purchase of all or part of the Project? ☐ Yes; ☒ No. If yes, please explain: _____

VIII. FINANCIAL INFORMATION: (Please attach the following to the Application):

- Please See attached*
- A. Certified or reviewed Financial Statements of the Applicant (and of any expected guarantor of the bond issue) for the last three fiscal years. Please refer to 2011 Tax Return
- B. Pro forma balance sheet as of the start of operations at the Project site.
- C. Projected profit and loss statements for the first two years of operation at the Project site.
- D. Projected quarterly cash flow statement for the Project for the first year of operation at the Project site.

IX. **HOLD HARMLESS AGREEMENT.** Applicant hereby releases the Authority and the members, officers, servants, agents (other than the Company) and employees thereof 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, the issue of bonds requested therein, or the tax exemptions and other assistance requested therein are favorably acted upon by the Authority, (ii) the Authority's acquisition, construction and/or installation of the Project described therein, (iii) the issue of bonds requested therein or the Project described therein, and (iv) any further action taken by the Authority with respect to the Project; 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 reach final agreement with respect to the Project or 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.

X. **VERIFICATION.** The undersigned deposes and says that he/she is the Member of the Applicant; (Title)
that he/she 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/her knowledge. The undersigned further says that the reason this verification is made by the undersigned and not by the Applicant is because the Applicant is an entity. The grounds of the undersigned's belief relative to all matters in this application which are not stated upon his/her own personal knowledge are investigations which the undersigned has caused to be made concerning the subject matter of this application as well as information acquired by the undersigned in the course of his/her duties as an officer of and from the books and papers of the Applicant.

IN WITNESS WHEREOF, the Applicant has duly executed this application this 3rd day of July, 2012.

WOST33, LLC
(Applicant)
By: [Signature]
Name: R. Daniel Sawles
Its: Member

Sworn to before me this
5th day of July, 2012

[Signature] 7/5/12
Notary Public

MICHAEL P. KAPUSTA
NOTARY PUBLIC-STATE OF NEW YORK
No. 01KA6211556
Qualified In Onondaga County
My Commission Expires September 21, 2013

{H0473877.2}

H0209758.2

EXHIBIT A:

SOULES & DUNN DEVELOPMENT GROUP

Businesses Included:

Grant Avenue Development Inc. / Arby's

THDEV, LLC / Tim Hortons

DMLR, LLC / Domino's Pizza

WKN, LLC / Kinney Drugs

WST33, LLC / Auburn Professional Building

3297 E. Genesee Street Road

5608 Buck Point Road

ALC, LLC

GAD, LLC

SAJABLA, LLC

SAYPA, LLC

WHITPT, LLC

KCC, LLC

Cranebrook Golf Course

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 names of businesses cannot be revealed at this time.

EXHIBIT C:

III:

A. Description of Project:

A cutting edge building and design with a contemporary state of the art and traditional feel that represents Auburn, the community, to its very core. The Plaza of the Arts is the new industry of today; combining retail, restaurants, high level corporate headquarters, medical related offices and finally medical care facilities all wrapped into one incredible destination point.

This particular project and complex will be situated in the heart of downtown Auburn, expanding the city one full block to the west. The building will be a 20,000 sq ft two-story wood framed with brick and glass exterior, and tie in all of the elements presently found in the City of Auburn. Engineers have taken painstaking time to design the perfect blend to compliment our vital history and still offer a progressive feel for all to enjoy. With the realization of a new entrance on the west corner that will offer two sides of street frontage, thus providing over 214 feet of visibility; store and office front advantages, times two stories, unique to almost all buildings in Auburn.

There will be over 5,000 sq. ft. of pedestrian friendly, park-like street areas for dining, relaxing, or for special city events. A special note should be made to off street parking that will be located in the rear of the building to improve on the existing parking that can be seen by passersby and detracts from the beauty of Auburn's overall look. The new parking will be combined with Lynch's Furniture and will offer over 100 additional parking spots in the center of the city for patrons at no charge.

We will provide a tremendous improvement to a neighborhood that hangs in the balance. Adding new lighting, security, and grounds that will compliment the renaissance we are experiencing within the city, with the New Musical Theater Festival. This location is the center of the New Creative Corridor of development. Our goal, amongst many, is to become a destination point within the city, and draw from outside our typical demographics. With the combination of assorted eateries, including boutique style restaurants, we will test the taste buds of all ages and cultures.

Including a high end bakery with the smell of fresh baked French breads tied in with delectable desserts and gourmet coffees that will draw the more than 600 employees from across the street at The Cayuga County Office Building for a daily visit. Add to this a high end Deli serving Panini and typical deli sandwiches stacked high with fresh products from local farmers markets.

In the afternoon, services plan to offer high end frozen yogurt and ice cream hopefully manufactured right here in central N.Y. Patrons can relax the afternoon and evening away in a proposed sushi and wine bar; offering tapas and unique dining to fit the changing pallets of the American cuisine. We are planning to include 4 to 5 new eateries in total. (NOTE: related sales will come from downtown employees and patrons.) Also, we will offer the Musical Theater Festival and their guests' choices that will enable all of us and the surrounding community, to embrace this opportunity. Finally, this project has the ability to draw hundreds to thousands of NEW customers to the location as this truly will be a destination point.

Expanding to the second floor, a diverse selection of businesses and corporate headquarters will be located including the national headquarters for Soules & Dunn Development Group, which employs approximately 700 employees. We are currently negotiating with a state of the art sports medicine practice affiliated with Syracuse University. This firm is expected to add to this community as many as 15 new employees. We intend to include a new medical office coming from outside our demographics employing as many as 40 to 50 new employees. We are also in negotiations with several smaller financial based businesses that have shown great interest in joining in on our development. *Note: with the existing proposed tenants there may be a need for an additional third floor which would be another 10,000 sq. ft of space.*



EXISTING AUBURN FAMILY RESTAURANT
PHOTO'S







EXHIBIT E:

F. PROJECT USE

Question e : Will the Project be located in one of the following?

(i) the City of New York; **NO**

(ii) An area designed as an economic development zone pursuant to Article 18-B of the General Municipal Law; **YES - PROJECT IS LOCATED WITHIN THE NYS EXCELSIOR JOBS PROGRAM INVESTMENT ZONE (FORMERLY KNOWN AS CITY OF AUBURN EMPIRE ZONE)**

(iii) A census tract or block numbering area (or census tract or block numbering area contiguous thereto) which, according to the most recent census data, has (x) a poverty rate of at least 20% for the year in which the data relates, or at least 20% of households receiving public assistance, and (y) an unemployment rate of at least 1.25 times the statewide unemployment rate for the year to which the data relates? **X** Yes; ____ No. If yes, please explain:

PROPERTY IS LOCATED WITHIN CENSUS TRACT 419.

2000 CENSUS DATA INDICATES TRACT 419 HAS 36.4% POVERTY RATE.

2000 CENSUS DATA INDICATES TRACT 419 HAS UNEMPLOYMENT RATE OF 14.34 % - MORE THAN DOUBLE THE STATE RATE OF 7.09%.

EXHIBIT F:

F. PROJECT USE

Question #6

Soules and Dunn Development Group presently employs nearly 700 employees in 4 states and operates 8 different companies including Arby's, Tim Horton's and Dominos. Their restaurant group alone, which includes 41 restaurants, will RELOCATE their corporate offices to Auburn N. Y. The balance of their companies include development and ownership of an array of commercial enterprises including, golf facilities, pharmacies, medical and professional office space including retail.

The Soules and Dunn Development Group would entail housing at the new "Plaza of the Arts" their existing offices at 69 South Street, along with their two satellite offices in Virginia and Pennsylvania; thus creating nearly 25 new positions, directly or indirectly, that would report through their national head quarters in Auburn N.Y.

In summary, the new and/or related office employees that would come to, or be employed at this location by Soules & Dunn, would be between 20 and 25 positions. The added NEW jobs from the many other tenants would add another 100 to 125 jobs within the complex. ***This one new exciting state of the art project could and can provide as many as 120 to 150 new, relocated, or saved jobs to the City of Auburn.***

Exhibit G:

Economic Reasons for Relocation of Soules & Dunn Corporate Offices

Savings to Soules & Dunn if Relocated to Virginia	
Corporate Salaries run 10 to 15% less in Virginia	\$225,000
Yearly Auto & Fuel Savings (126,500 miles * \$.50 per mile)	\$ 63,250
Property Tax Savings on Corporate Headquarters assessed at \$2M (Virginias Property Taxes are 1/3 of those in NY)	\$ 25,000
Incidental Expenses Savings by Corporate (Utilities, Insurance, Controllables)	\$ 18,000
Discretionary Spending Value in Virginia is 20% more than in NY (Savings based on 20 employees @ avg. salary of \$75,000=\$1.5M* 20%)	\$300,000
Property Values "Hold" Due to Strong Market Conditions	?????
Total Corporate Savings to Relocate	\$631,250

Loss to the City of Auburn if Relocation Occurs

General Spending by 20 Corporate Employees at Roughly \$7,500/yr	\$150,000
Soules & Dunn Philanthropic Annual Donations	\$100,000
Miscellaneous Corporate Expenditures (lunch's, parties, etc.)	\$ 65,000
Indirect Misc. Factors (banking & service personnel, board affiliations, & general community involvement that is lost)	\$ 50,000
Training Expenses Spent within the Community	\$270,000
Total Loss to the City of Auburn	\$635,000

NOTE: This does not include the \$1.3M in Soules & Dunn Payroll

EXHIBIT I:

PLAZA of the ARTS 20,000 SF

Construction and Pre-Operation Costs

Land and Building Acquisition	675,000
Site Work - Paving/Lanscaping	175,000
Arhitectural & Engineering	90,000
Environmental Clean-up	35,000
Carrying Costs (2%, 1yr, \$3mil)	60,000
Closing Costs	40,000
1st Floor - \$82SF	820,000
2nd Floor - \$82SF	820,000
Sprinklers	15,000
Parking Lot/Lighting	45,000
Exterior Finishes	70,000
Dump Fees	30,000
Demolition	55,000
Miscellaneous	75,000
	<hr/>
TOTAL	<u><u>3,005,000</u></u>

Items Being Requested from AIDA

□ **30 Year PILOT.**

- *In the first 20 years, a fixed property tax amount of \$17,750 is being requested. This is the property tax amount currently being paid by the Auburn Family Restaurant making it*

“TAX REVENUE NEUTRAL” for the city.

- *In Years 21-30, a 5% increase to property taxes each year to reach estimated market value.*

□ **Mortgage Recording Tax Exemption which ranges from .75% to 1.5%.**

□ **Sales and Use Tax Exemption on all Equipment and Material Purchases.**

Negative Impacts

1

- ❑ Blighted Building
- ❑ Back Taxes are Owed (approx. \$40K - \$45K) ^{\$51,000}
- ❑ City will Eventually Own and be Responsible for Upkeep
- ❑ May Become a Parking Lot
- ❑ Neighborhood Hanging in the Balance
- ❑ 40% of Building Empty
- ❑ Property Taxes Presently \$17,750
 - $(\$472,900 * 37.5261)$
- ❑ AFR Sales Tax Presently \$40,000 on \$500K in Sales
 - *Resulting in an Existing Combined Benefit for the City of \$57,750*

Financial Impacts on Our Community

6

*Expected Sales Tax Revenue from Restaurant & Retail Establishments	\$ 320,000
*Downtown Improvement tax (2.8344% of \$472,900)	\$1,340
*Water & Sewer	\$12,390
Expected New Jobs or Retention of Jobs	
High Paying (\$50K * 75)	\$ 3,750,000
Low to Moderate (\$15K * 60)	\$ 900,000
Expected Payroll for Soules & Dunn (Retained or New Jobs)	\$ 1,300,000
Estimated Restaurant Sales	\$ 3,000,000
Estimated Retail Sales	\$ 1,000,000
Construction Brick & Mortar	\$ 2,000,000
Construction Labor	\$ 2,000,000
Training Expenses Spent within the Community	\$ 270,000
Employee's General Spending within the Community	\$ 225,000
Philanthropy by Soules & Dunn	\$ 100,000
Banking Relationships/Deposits	\$33,000,000
Total Impact	\$49,503,730

***Direct source of income for the City of Auburn**

Our “NEED” for Property Tax Relief

7

Cost of Building vs. Potential Rental Income

To build today, it is estimated that the prevailing wages and construction material costs are 66% greater than the amount of potential leasable income that can be generated.

Cost of Building Project vs. Market Value

As an example, the construction cost for this building is estimated at \$3 million dollars, the market value would equate to roughly 1/3 of this cost, therefore using common appraisal factors and leasing income projections, the building would be valued at less than \$1 million.

NOTE: Using comparable equalization values per square foot for type ‘A’ buildings in the city, (i.e. 110 Genesee St. assessed at \$1,337,900 / 34,200 sq ft = \$39.12 sq ft and 144 Genesee St. assessed at \$1,613,200 / 51,960 sq ft = \$31.05 sq ft) the assessed value per square foot averages out to \$35.09 therefore, on a 20,000 sq ft building the assessed value would be \$701,800.

Our “NEED” for Property Tax Relief Continued....

8

Marketing to New Potential Tenants

New York State's disadvantage of competing with costs such as labor, material, utilities, property taxes and controllables, forces developers to charge 20 to 30 percent higher than the market prices bear. Understanding this, developers would have to charge over \$20 sq. ft. in a market that can only bear \$12 to \$15 sq. ft., resulting in unfilled spaces and stagnant growth. Therefore, unless the playing field is leveled by adjusting costs, tenants will locate to more competitive cities and/or states.

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

9

INCOME	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEARS 5 - 20
Expected Occupancy %	75%	80%	85%	90%	95%
Rental Income @ \$15/SF	\$225,000	\$240,000	\$255,000	\$270,000	\$285,000
EXPENSES					
Loan Payment – 100% of Projected cost of 3M at 5.5% for 20 yrs	\$247,644	\$247,644	\$247,644	\$247,644	\$247,644
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	(\$44,194)	(\$29,270)	(\$14,348)	\$534	\$15,412

Projected Annual Operating Summary

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- In Years 1-20 this projected profit and loss statement is applying the same property tax amount currently being paid by Auburn Family Restaurant of \$17,750, thereby making it **TAX REVENUE NEUTRAL** for the City. Using this tax amount, the project breaks even in Year 4 and doesn't make a meaningful profit until Year 5 and **ONLY** if we reach our near-maximum occupancy level of 95% .
- Moving our cash flow projections out beyond Year 5, we anticipate rents and expenses to increase equally, therefore we do not anticipate any significant increases or decreases in profitability. If anything, we have some negative bottom line exposure if the real estate market is not as robust as we anticipate. This could result in lower-than-planned occupancy rates or an inability to raise rents in proportion to rising expenses.
- *We believe the “cost” to the city of the tax relief that we are requesting, should be viewed from the position of what the city is currently receiving in tax dollars at that property, which is \$17,750 per year. The positive economic impact of our proposal, detailed in other parts of this presentation, far outweigh (in sales tax dollars alone!) this number.*

Projected Annual Operating Profit and Loss Statement – Continued....

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INCOME	YEAR 21	YEAR 22	YEAR 23	YEAR 24	YEAR 25	YEAR 26	YEAR 27	YEAR 28	YEAR 29	YEAR 30
Expected Occupancy %	90%	90%	90%	85%	85%	85%	80%	80%	80%	80%
Rental Income @ \$15/SF	\$270,000	\$270,000	\$270,000	\$255,000	\$255,000	\$255,000	\$240,000	\$240,000	\$240,000	\$240,000
EXPENSES										
Capital Reinvestment Loan \$600K @ 5.5% for 5 years	\$137,520	\$137,520	\$137,520	\$137,520	\$137,520					
Property & Casualty Insurance	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
Property Taxes (increasing 5% each year)	\$17,750	\$18,638	\$19,569	\$20,548	\$21,575	\$22,654	\$23,787	\$24,976	\$26,225	\$27,536
Cash Flow after Taxes	\$109,230	\$108,342	\$107,411	\$91,432	\$90,405	\$226,846	\$210,713	\$209,524	\$208,275	\$206,964

Projected Annual Operating Summary

12

- We anticipate that between years 15 – 25 of the building's life, we will need approximately \$600,000 in capital reinvestment in the building (roofs, HVAC, etc) to keep it at the high level that our tenants and the city demands. We believe that much of the deterioration in various structures in-and-around Auburn are apparent because of this failure to re-invest. So, even though our initial mortgage is retired after Year 20, we will still need significant resources to maintain the structure at a triple-A level.
- In years 21 – 30 we are proposing an increase in increments of 5% each year, starting at the property tax amount currently being paid by AFR of \$17,750 .

Projected Annual Operating Summary Continued.....

13

- In Years 1-20 the projected profits would total approximately \$159,314 which averages to be \$7,965 per year over this 20-year period.
- When you incorporate Years 21-30 projected profits, the total is approximately \$1,728,456 over this 30-year period, and averages to be \$57,615 per year or 1.9% return on total risk.
- **In most cases, typical development projects may not accept a \$3M exposure for a 1.9% return.**

In Conclusion...

The *Plaza of the Arts* will be the anchor that draws the young professionals and workforce back into Auburn, providing unsurpassed opportunity and future growth stimulation for downtown.

This multi-use building is the new industry of today; encompassing many different businesses into one incredible destination point for all to enjoy.

The investment by the City and WST33, LLC will provide a “jump start” to the new renaissance within the community.

Items Being Requested from the City of Auburn

15

- ❑ Tipping Fee's, at no cost to the developer, for disposal of debris from the one-story 7600 square foot building that will be demolished.
(Note: All environmental debris will be disposed of properly)
- ❑ A light pole for our new "pedestrian corridor" matching the existing light poles throughout downtown.
- ❑ Two Locus Trees to be planted in the pedestrian corridor.
- ❑ The same brick that is currently being used throughout the downtown area, to be placed in front of the Plaza of the Arts building from sidewalk to the curb; continuing this look will extend downtown.
- ❑ To relocate the fire hydrant located on the parcel of land we are in the process of purchasing from St. Peter & John Church. This is where the proposed roadway would be located for ingress & egress.
- ❑ A low interest Façade Improvement Loan of \$200,000 at 2.5% for 20 years.

Exhibit 2

617.20
Appendix C
State Environmental Quality Review
SHORT ENVIRONMENTAL ASSESSMENT FORM
For UNLISTED ACTIONS Only

PART I - PROJECT INFORMATION (To be completed by Applicant or Project Sponsor)

1. APPLICANT/SPONSOR <u>WST33, LLC</u>	2. PROJECT NAME <u>Plaza of the Arts</u>
3. PROJECT LOCATION: Municipality _____ County <u>Cayuga</u>	
4. PRECISE LOCATION (Street address and road intersections, prominent landmarks, etc., or provide map) <u>161 Genesee Street</u> <u>Auburn, NY 13021</u> <u>Between Lynch's Furniture and</u> <u>St. Peter's John Church and across</u> <u>from Cayuga County Office Building</u>	
5. PROPOSED ACTION IS: <input checked="" type="checkbox"/> New <input type="checkbox"/> Expansion <input type="checkbox"/> Modification/alteration	
6. DESCRIBE PROJECT BRIEFLY: <u>Construction of a 20,000 sq ft two-story building</u> <u>wood framed with brick & glass exterior</u>	
7. AMOUNT OF LAND AFFECTED: Initially <u>.769</u> acres Ultimately <u>.974</u> acres	
8. WILL PROPOSED ACTION COMPLY WITH EXISTING ZONING OR OTHER EXISTING LAND USE RESTRICTIONS? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe briefly	
9. WHAT IS PRESENT LAND USE IN VICINITY OF PROJECT? <input type="checkbox"/> Residential <input type="checkbox"/> Industrial <input checked="" type="checkbox"/> Commercial <input type="checkbox"/> Agriculture <input type="checkbox"/> Park/Forest/Open Space <input type="checkbox"/> Other Describe: _____	
10. DOES ACTION INVOLVE A PERMIT APPROVAL, OR FUNDING, NOW OR ULTIMATELY FROM ANY OTHER GOVERNMENTAL AGENCY (FEDERAL, STATE OR LOCAL)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, list agency(s) name and permit/approvals: <u>City of Auburn for Building Permit</u> <u>Property Tax Exemption (PILOT) from AEDA</u>	
11. DOES ANY ASPECT OF THE ACTION HAVE A CURRENTLY VALID PERMIT OR APPROVAL? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, list agency(s) name and permit/approvals:	
12. AS A RESULT OF PROPOSED ACTION WILL EXISTING PERMIT/APPROVAL REQUIRE MODIFICATION? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS TRUE TO THE BEST OF MY KNOWLEDGE Applicant/sponsor name: <u>WST33, LLC / R. Daniel Sauter</u> Date: <u>7/5/12</u> Signature: <u>[Signature]</u>	

If the action is in the Coastal Area, and you are a state agency, complete the Coastal Assessment Form before proceeding with this assessment