BCIDA **Broome County Industrial Development Agency** P.O. Box 1510, Binghamton, NY 13902-1510

APPLICATION FOR TAX EXEMPTION – LEASE TRANSACTIONS

Date: February 4, 2010

Company Name: Washington Development Associates, LLC

Address: 3101 Shippers Road

Vestal, New York 13850

Contact Person: Marc Newman Telephone: 607-770-1010

List the name and address of the individual or company to appear on the lease

Name: Washington Development Associates, LLC

Address: 3101 Shippers Road

Vestal, New York 13850

BUSINESS INFORMATION

Date Established July 29, 2004

Principal Business Activity Real Estate Development

Number of Present Employees 0 Full-time _____ Part-time _____

Type of Organization: Corporation ☐ Public ☐ Private ☐ Partnership ☐
Sole Proprietorship ☐ Other ☒ Limited Liability Company

Name of Affiliates and/or Subsidiaries None.

COMPANY OFFICERS			
Name	Office	% Ownership	SS #
Marc Newman	Managing Member	16 2/3%	
Barry Newman	Member	16 2/3%	
David Newman	Member	16 2/3%	
Ronald Akel	Member	16 2/3%	
Ferris Akel	Member	16 2/3%	
George Akel	Member	16 2/3%	

Total amount of tax exempt industrial revenue bonds presently outstanding in the name of the individual(s), company, and any parent, affiliate or subsidiary

Not Applicable.

Legal Counsel
Levene Goudlin & Thompson, LLP
Name: Howard M. Rittberg, Esq.
Address: 450 Plaza Drive
Vestal, NY 13850
Phone: 607-763-9200

Accountant
Piaker & Lyons
Name: James Lewis
Address: 92 Hawley Street
Binghamton, New York 13902
Phone: 607-729-9373

PROJECT DATA

1. Attach complete narrative description of project including location, proposed product lines and market projections, square feet by usage, type construction, machinery for products, machinery for building, office, parking HVAC, and any items for which bond proceeds will be expended.
   See Attached.
2. Attach a photo of the site or existing facility to be improved.
   See Attached.
3. Attach copies of preliminary plans or sketches of proposed construction of floor plan of existing facility.
   See Attached.
4. Attach environmental assessment form.
   See Attached.

5. Are utilities on site or must they be brought in? If so, which ones?

Utilities are available to the site.

6. Who presently is legal owner of building or site? Washington Development Associates, LLC and Newman Development Group of Water Street, LLC

7. Is there an existing or proposed lease for all or a portion of the project? Yes ☐ No ☐ If so, attach copy.

8. Is there a purchase option in force or other legal or common control in the project which is described under the bond proposal? If so, detail on attached sheet. No.

9. If Applicant will not occupy 100% of the building in a real estate related transaction, provide a list of all tenants. Applicant will lease to students.

10. Is owner or tenant(s) responsible for payment of real property taxes? Owner.

EMPLOYMENT AND TAX INFORMATION

All applicants must answer the following as they pertain to the County in which the project is located. For start up companies or new real estate projects, please provide estimates for #9. If a question is not applicable, answer N/A. **Provide total employment of each tenant in building for multi-tenant properties.**

IF ALL QUESTIONS ARE NOT ANSWERED, THE APPLICATION CAN NOT BE CONSIDERED.

1. Project location (county) Broome
2. Current employment in county 0
3. Projected 1st year new employment in county* 5
4. Projected 3rd year total employment in county* 5
5. Current payroll in county 0
6. Projected 1st year new payroll in county $180,000.00
7. Projected 3rd year total payroll in county $191,000.00

*To be employed by Company or Company's Managing Agent.

8. Current annual real property tax payments made within county (include total of taxes paid to County, Town/ Village/City, School District and any Special District Charges or PILOT Payments) $106,200.00

9. Additional estimated tax payments (for start-ups/new real estate projects only) Unknown.

PROJECT COSTS

1. Give an accurate estimate of cost or value of all items whose title will be transferred to the Broome County IDA.

	Amount
Land & building (current value or cost if new construction)	$18,797,000.00*
Proposed Additions	$0
Renovations	$0
Engineering Fees	$1,203,100.00
Legal & Financial Charges	$1,129,000.00
Other (specify)	$2,870,900.00
TOTAL PROJECT COST (OR VALUE)	$24,000,000.00
Project related costs subject to sales tax	$3,730,000.00
Total amount of mortgage(s) currently outstanding on property	$3,605,000.00
Amount of new mortgage(s) required for project	$20,395,000.00

* Includes land acquisition, demolition, abatement, off-site work, utilities etc...

2. List Financing Sources

Not yet determined.

3. Is there a commitment for financing? No.

If so, give name, address and copy of commitment, if available.

Name:
Address:
Phone:

PROJECT COSTS

Furniture, Fixtures & Equipment	990,000
Archeological & Environmental	378,000
Property Taxes	215,000
Insurance	120,000
Other Soft Costs	590,600
Utility Company Charges	54,600
Leasing & Marketing	385,700
Municipal Fees	102,000
Property Management	35,000

CERTIFICATION

Marc Newman
(name of managing member of company submitting application) deposes and says that he is the managing member of Washington Development Associates, LLC, the LLC named in the attached application; that he has read the foregoing application and knows the contents thereof; that the same is true to his knowledge.

Deponent further says that the reason for this verification is made by the deponent and not by Washington Development Associates, LLC (company name) is that the said company is an LLC. The grounds of deponent's belief relative to all matters in the said application which are not stated upon his own personal knowledge, are investigation 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 a managing member of, and from the books and papers of, said LLC.

As a managing member of said LLC (hereinafter referred to as the "applicant") deponent acknowledges and agrees that applicant shall be and is responsible for all costs incurred by the Broome County Industrial Development Agency (hereinafter referred to as the "Agency") in processing the application, in negotiating with the applicant and others, in preparing necessary financing documents, and in taking any other action necessary or appropriate toward the issuance of the lease requested in this application. If, for any reason whatsoever, the applicant fails to conclude or consummate necessary negotiations or fails to act 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 Agency or applicant are unable consummate this transaction and execute the lease, then upon presentation of invoice, applicant shall pay to the Agency, its agents, or assignees all actual costs incurred by the Agency with respect to the application, up to that date and time, including fees of general counsel for the Agency.

An origination fee of $1,000.00 shall, at the time of the execution of this certification, be payable to Broome County Industrial Development Agency. This origination fee is nonrefundable, regardless of whether the lease hereunder fails to close for reasons beyond either your control or the control of the Broome County Industrial Development Agency.

If the lease transaction hereunder closes, then upon the happening of that event, the $1,000.00 so paid shall be credited to the agency fee hereinafter referred to.

Upon execution of the lease applied for herein, the applicant agrees to pay the Agency a fee in such amount as shall be set by the Agency, not to exceed an amount equal to 1% of the aggregate cost of the project or value of the assets outlines on page 4 of this application.

The applicant acknowledges that the project must at all times be in compliance with all Federal, State and Local statues, ordinances, rules and regulations including, but not limited to, Immigration and Naturalization Laws, Civil Rights Laws, Occupational Health and Safety Administration(OSHA), NYS Labor Law, Workers Compensation Law, Unemployment Insurance Law, and Disability Benefits Insurance Law.

CERTIFICATION

The applicant will be required to certify to the Agency quarterly, in such manner as the Agency shall in its discretion require, that the project is full compliance with such statutes, ordinances, rules and regulations. An applicant failing to provide proper and accurate certification as required by the Agency shall be subject to termination of benefits received from, by or through the Agency and may, in the Agency's discretion, be required to reimburse the Agency and/or any effected taxing jurisdictions for benefits received including, but not limited to sales and use tax exemptions, mortgage tax exemptions and real property tax abatements.

The Agency believes that public benefits accruing from the Agency's programs and policies should be used to advance the overall employment and economic opportunities within the Broome County and surrounding areas. This policy is best advanced when companies which benefit from the Agency's programs and policies employ New York State residents in general, and Broome County residents in particular, during the construction phase of any Agency sponsored project.

To the extent practicable, the Agency strongly encourages applicants to employ local labor, contractors and suppliers in the development of projects that benefit from the Agency's assistance and to afford local contractors an opportunity to participate in such projects. The term "local," for purposes of this application, shall be defined to include Broome, Tioga, Chenango, Delaware, Cortland and Tompkins counties. The implementation of this policy will best advance the economic interests of the residents of Broome County.

Marc Newman, managing member

Notary

Sworn to before me this 4th day of February, 2010.

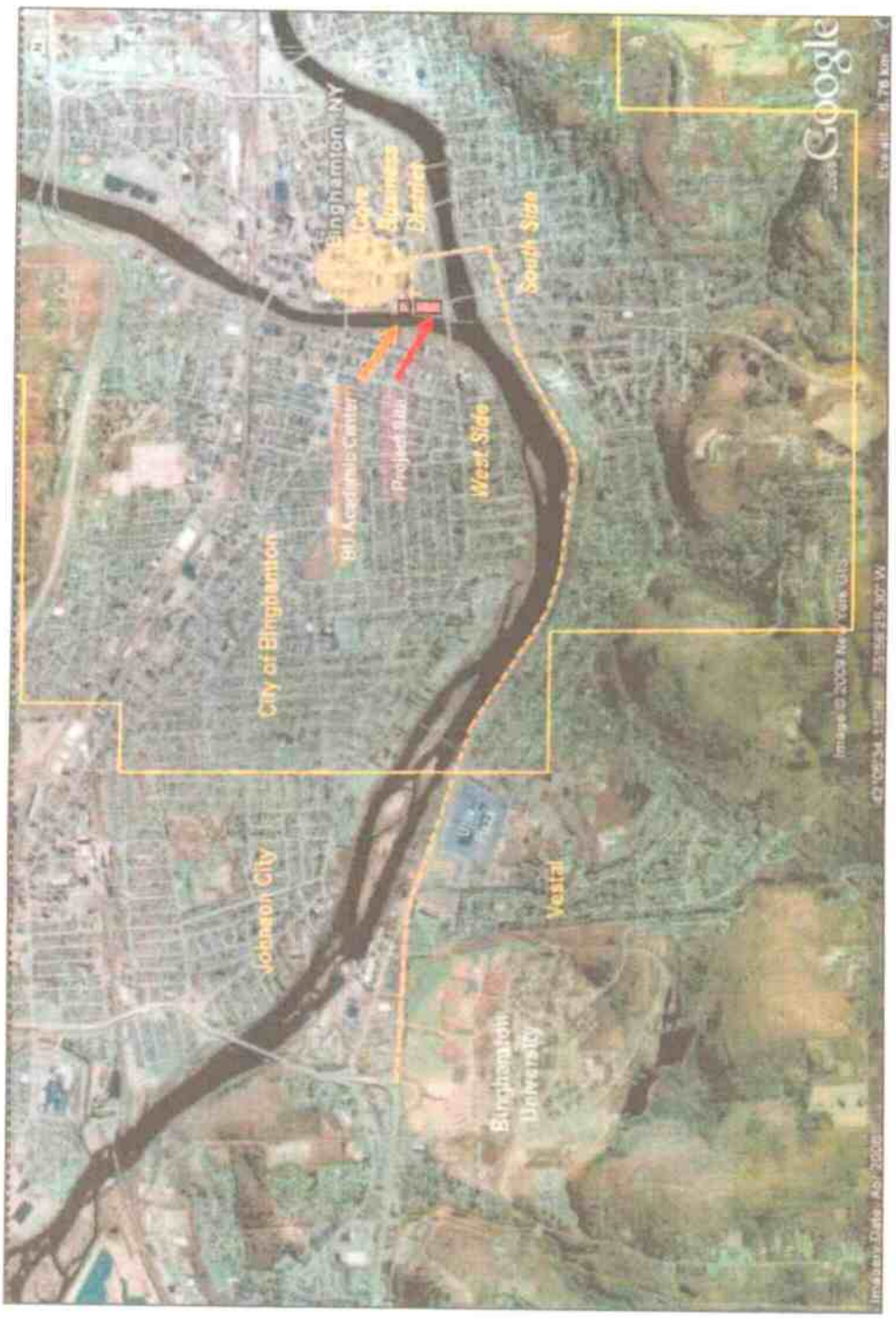
(Seal)

HOWARD M. RITTBERG
Notary Public, State of New York
No. 4623413
Residing in Broome County
My Commission Expires Aug. 31, 2013

Broome County Industrial Development Agency
Application for Tax Exemption—Lease Transactions

College Suites of Binghamton

PROJECT DATA
Area Map



Broome County Industrial Development Agency
Application for Tax Exemption—Lease Transactions

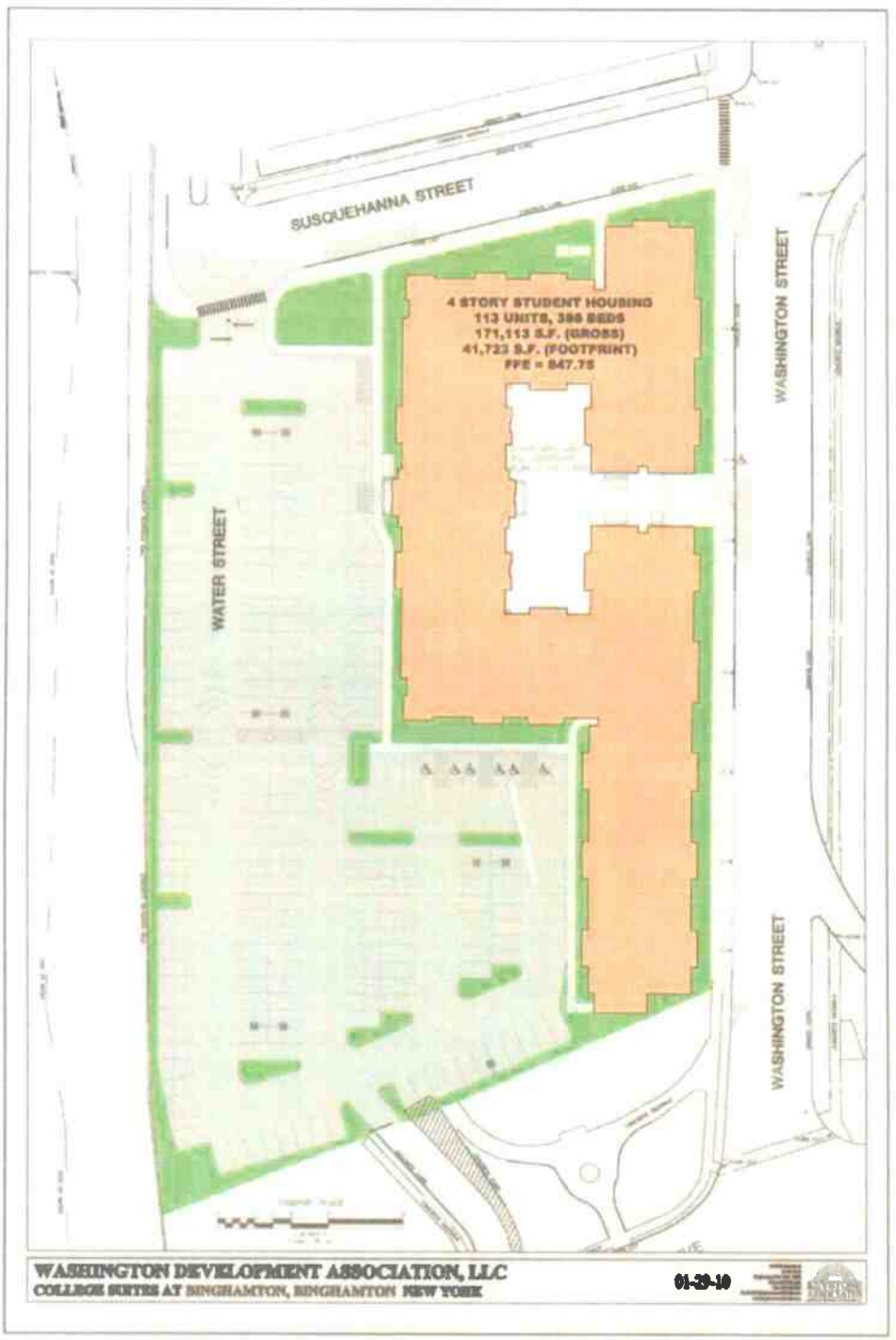
College Suites of Binghamton

PROJECT DATA
Project Site Location

Broome County Industrial Development Agency
Application for Tax Exemption—Lease Transactions

College Suites of Binghamton

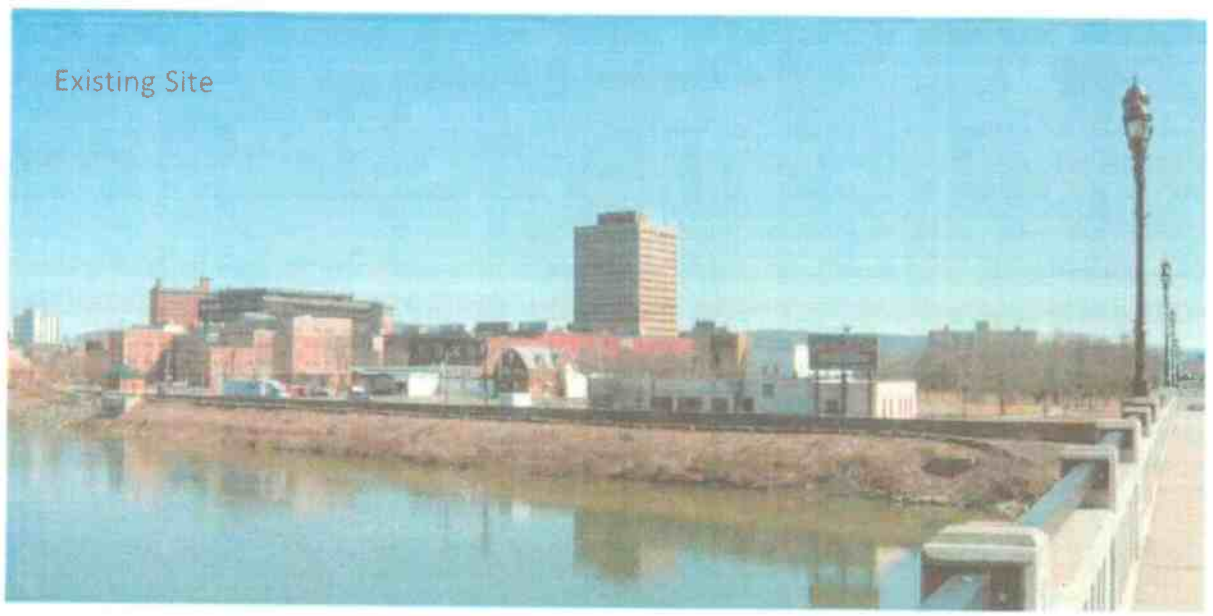
PROJECT DATA
Site Plan

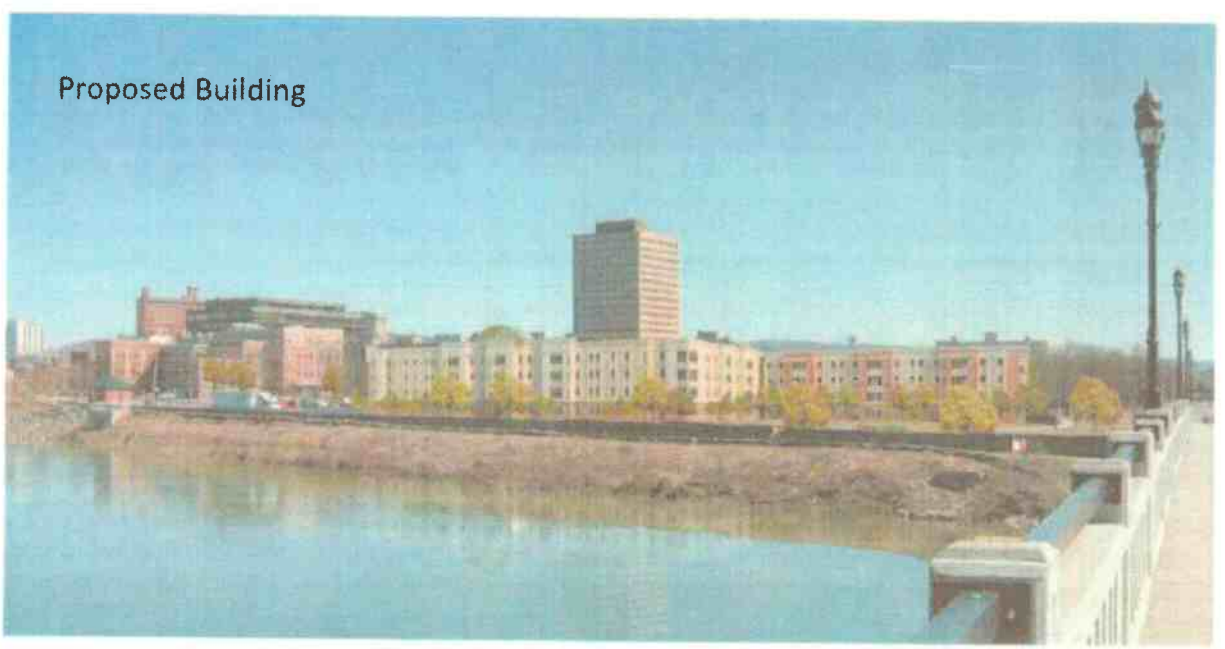


Broome County Industrial Development Agency
Application for Tax Exemption—Lease Transactions

College Suites of Binghamton

PROJECT DATA
Existing Site and Proposed Improvements

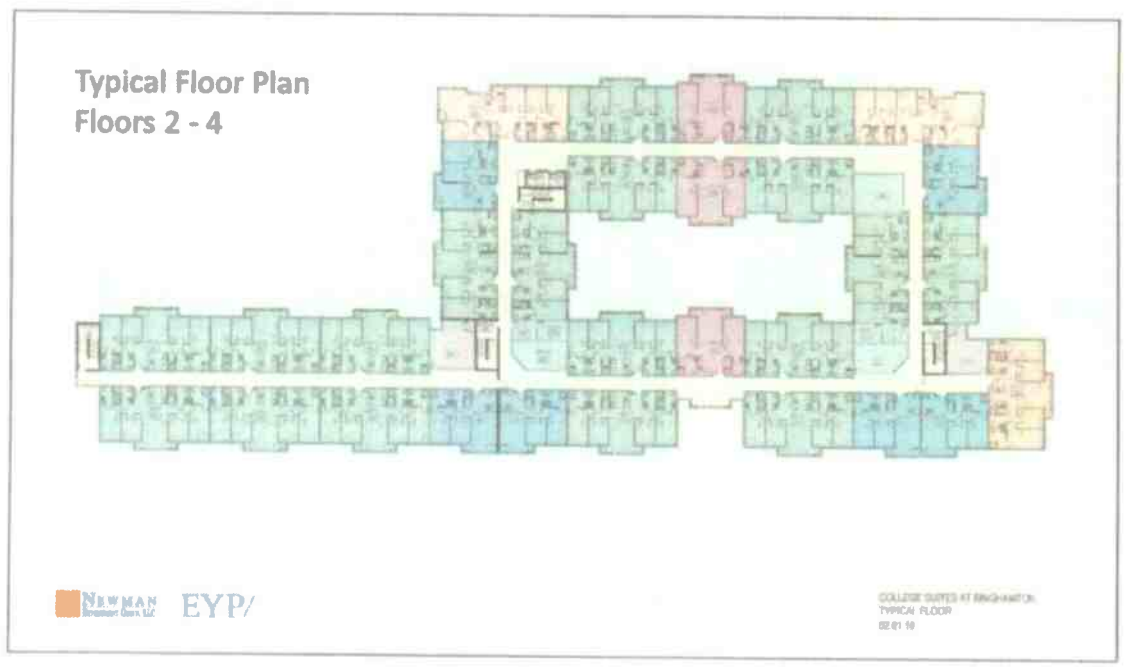




Broome County Industrial Development Agency
Application for Tax Exemption—Lease Transactions

College Suites of Binghamton

PROJECT DATA
Building Floor Plans



INTRODUCTION

In March 2009, Newman Development Group ("Newman") engaged Brailsford & Dunlavey ("B&D") to conduct a market study to determine if sufficient demand exists for developing new student housing. The study examines the downtown area of Binghamton. The purpose of this study is to analyze existing and future conditions with respect to the on- and off-campus markets, quantify demand for the new proposed housing projects, establish unit style preferences, and determine interest in amenities that would attract students to a new complex.

CURRENT SITUATION

In order to assess the market for new housing, it is important to first understand Binghamton University's ("BU") current and future housing plans. At present BU has approximately 6,100 on-campus beds in six residential colleges/communities, offering primarily traditional- and suite-style units. With a total population nearly 15,000 students, the University has capacity to house 52% of all undergraduate students and approximately 41% of all students. BU is in the process of improving and increasing the quantity of on-campus housing, with the replacement of Newing College and Dickinson Community. As the University constructs new housing the current unit mix will change drastically. As it currently stands, there are 40% traditional units, 42% suites, and 18% apartments. By 2013, the unit type mix will change to 12% traditional units, 72% suites and 16% apartments. With the potential increase of students living on campus, the market still remains strong with more than 8,224 students (6,571 full-time, 1,673 part-time) living in the off-campus market. It is also important to reference the downtown campus, home to the College of Community and Public Affairs, situated adjacent to the proposed downtown site. The campus serves approximately 700 undergraduate and graduate students. Although most students take classes at both campuses, there is a population of graduate students who have all their classes exclusively at the downtown location.

SCOPE OF WORK

The scope of work for this project included both qualitative and quantitative analyses of market demand for off-campus housing. B&D initiated the study by meeting with key stakeholders to understand current and future desires with respect to housing. The methodologies employed in this study included the following:

- ***Focus group and intercept interviews*** were conducted with students to gain qualitative information regarding existing housing issues and preferences to inform the survey;
- An ***off-campus market analysis*** was completed to assess the competitive environment for potential new housing, with consideration of off-campus housing occupancy rates, facility conditions, amenities, plans for future development, and pricing;

EXECUTIVE SUMMARY

- An ***electronic survey*** was administered to define demographic characteristics of target markets, quantify overall demand through the housing demand model, and identify price sensitivity, selection criteria, preferred amenities, and current living conditions;

- A ***student housing demand model*** was developed to project demand for new housing based on data collected from the survey.

FINDINGS & RECOMMENDATIONS

The following are key issues from the market analysis relative to student input, off-campus research, and the student survey.

- Focus group participants were very receptive to the idea of a student focused apartment complex in downtown Binghamton. Many believe that it would be an attractive living option because of its unique setting and proximity to BU's downtown center, nightlife, and entertainment.
- In terms of amenities, students were most interested in having private bedrooms. Private bathrooms were also important to students, but many were willing to share a bathroom with one other person. Students expressed interest in a variety of other amenities that include a social lounge, game room, computer/print lab, fitness center, and additional storage. Some students suggested that if the project is built downtown, it should take advantage of the river and the views of Binghamton by incorporating common spaces outdoors along the river or on the roof of the building.
- The percentage of traditionally aged students at Binghamton is high, with 81.2% of the population 24 years or younger. Binghamton University has a relatively even distribution of students by year in school. Freshman and sophomores represent 34.8%, juniors and seniors account for 44.6% and graduate/professional students are 20.7% of the total population. The largest proportion of students comes from Nassau, Broome, and Suffolk Counties where rents are typically higher than traditional markets.
- Overall, the quality of housing and amount of amenities offered by rental properties in Binghamton is minimal. This is primarily a result of the large number of single family homes and duplexes that make up the bulk of the available rental units. Of the amenities that are offered, in-unit washer and dryers were the most popular. Air conditioning and dishwashers are also popular amenities provided by landlords. Amenities that are typically popular with students such as game rooms, fitness centers, computer labs, tanning beds, and clubhouses were not found in the market, with the exception of University Plaza. The market has a virtually no high-quality apartment units, which would make the proposed project unique to the market.
- Current undergraduate student enrollment at Binghamton is approximately 11,821, representing about 80% of the total student population. Binghamton also has a large graduate population of just over 3,000 students to which this project would also be marketed. In total the market for off-campus housing represents over 8,000 students.
- There are a number of new or approved student-focused housing projects coming on-line in Binghamton over the next few years. According to data provided by the city of

Binghamton's Planning Department, a number of developers have approached the city with plans to convert existing buildings in the downtown or its vicinity to student housing. These projects reflect the demand for high-quality housing that currently does not exist in the market.

DEMAND ANALYSIS

B&D analyzed demand using a Demand-Based Programming model based on survey and enrollment data that applies specific filters. Filtered demand is based on developing a target market consisting of survey respondents who would likely be interested in living in the proposed development. The target market was defined to include respondents who met all of the following criteria:

- Full-time students
- Students currently living off campus
- Students who responded that they are not living with a parent or relative and do not own their own home or condo
- Student who are currently paying $500 or more per month in rent

Respondents not meeting the aforementioned criteria were removed from the demand analysis.

The following data represents demand patterns that would likely be exhibited by students within the defined target market. Overall, demand was greater for the four-bedroom unit. Applying the above filters, and assuming the enrollment remains constant, the analysis shows demand for 668 beds in a mix of unit types.

Enrollment Increase	0%
Enrollment	14,898
Demand	2009
One Bedroom/One Bath	187
Two Bedroom/One Bath	93
Two Bedroom/One Bath	168
Four Bedroom/Two Bath	219
Total Demand	668

Executive Summary

Camoin Associates was commissioned by Washington Development Associates, LLC, an affiliate of the Newman Development Group ("Company"), to conduct an economic and fiscal impact study of a proposed downtown student housing complex ("the Project") on the City of Binghamton. The Project is proposed to be built on a deteriorated section of the City's waterfront, between Water and Washington Streets. After full build-out, the Project will consist of 113 units containing 386 beds and approximately 255 parking spaces.

Drawing New Students into the City

The Company previously commissioned Brailsford & Dunlavey (B&) to conduct a market study for the Project, which included a survey administered through Binghamton University's (BU) campus e-mail. Approximately 2,000 BU students responded.

The survey showed that at least 75% of the target market for the Project is comprised of students living in existing rental units located outside the City of Binghamton for which they pay more than $500 per month. In other words, at least 290 of the 386 students who will live at the Project are likely to be new residents to the City that are coming from relatively high-priced existing rental properties located outside the City.

Due to the way in which the survey questions were structured, it is possible that the number is even higher. For example, the survey only allowed students to choose from a list of locations to indicate where they currently live. Only two of the choices were within the City of Binghamton: 6% of the target market indicated they live in downtown Binghamton and another 6% indicated they live on the West Side. 13% chose the "other" category so it is unclear if those students live outside the City or in a City neighborhood other than downtown and the West Side.

In any case, the Project is anticipated to draw significant numbers of new students into the downtown core, a high-priority area in the context of the City's revitalization efforts. The new spending and economic activity these new City residents will create will have a positive impact on downtown Binghamton.

Economic Impact

Camoin Associates' economic impact analysis is based on an assumption that 50% of the Project's tenants will be new residents to the City. Camoin Associates used a lower estimate of the "net new" residents to the City in order to provide a fairly conservative estimate of the economic impacts. The table below summarizes the annual economic impact of the Project on the City's economy. The impact is broken down by jobs, wages and sales generated in the City directly by the new spending of the net new residents and also as a result of their spending re-circulating throughout the local economy as local businesses make additional purchases and local employees spend their wages.

Summary of Annual Impacts	
Total Net New Sales at Local Businesses	$1,695,215
Total Net New Jobs in Study Area	28
Total Net New Earnings	$493,000

Source: Company, EMSI, Camoin Associates

It should be noted that there will also be a one-time contribution to the local economy as a result of the construction effort, including an average of 50 construction jobs on site over the 14-month construction period.

Fiscal Impact

The fiscal impact analysis examines the impact the Project will have on the fiscal resources of the Binghamton City School District and the City of Binghamton.[1] The table below provides a summary of the net fiscal impact under three possible property tax scenarios. The table adds up all the new revenues the Project will provide and subtracts all the new costs the Project will generate to provide the net impact. For example, the "General Fund" line shows the positive fiscal benefit to the City after all new property tax revenues and other fees the Project will generate are added up, and all the costs of providing basic services, including public safety, are subtracted. The net fiscal impact under each of the three property tax scenarios is positive.

Since the Project will exclusively house college students, it is assumed that the only impact to the School District will be the property tax revenues the Project will provide. It is not anticipated that any families will occupy the Project, so Camoin Associates assumes there will be no new costs generated for the School District as a direct result of the Project.

Average Annual Net Impact - School District			
	Full Taxable Value	PILOT	485e
School District	$203,280	$127,050	$113,127
Average Annual Net Impact - All City Funds			
	Full Taxable Value	PILOT	485e
General Fund	$207,118	$131,047	$117,152
Water Fund	$25,401	$25,401	$25,401
Sewer fund	$28,100	$28,100	$28,100
Sub Total	$260,618	$184,547	$170,652
Average Annual Total Net Impact	$463,898	$311,597	$283,779

Source: Camoin Associates

Other Benefits

There are a number of other benefits the Project will provide to the City, including the following:

[1] This analysis examines the fiscal impact to the School District and the City, but it should be noted that the project will also provide property tax and other revenues to Broome County. Of the Project's total property tax bill, approximately 10% goes to Broome County, 45% to the School District and 45% to the City.

- The Project site presently contains abandoned property and requires substantial environmental remediation under the New York State Brownfield Cleanup Program. Remediation is being financed primarily by NYSEG and would likely not occur if not for the Project. Total investigation and remediation costs are estimated by NYSEG at $7.5 million.
- Cultural resources relevant to the City's history are being catalogued through the archaeological assessment being carried out by the Company on the Project site. The Company's investment in this assessment will exceed $250,000.

- The Project will help the City achieve important objectives set forth in the recent report by the Mayor's Commission on Housing and Home Ownership, in the City's Local Waterfront Revitalization Plan, and in the City's Comprehensive Plan.

- The Project will result in more foot traffic, increased consumer spending, and more daily activity overall in downtown Binghamton, all of which are at the core of creating a vibrant downtown.

- The Project will strengthen ties between the City and BU, including solidifying a strong BU presence downtown, which could lead to other BU investments there in the future, as well as providing more students with an opportunity to connect with the Binghamton community, which could enhance the retention of BU graduates as long-term City residents.

- The Project will be the first major private redevelopment activity downtown in the last five years. This could induce other private property owners to reinvest and revitalize their properties and it may change the perception of regional developers as to the value of downtown properties for future projects.