

**TOWN OF COLONIE INDUSTRIAL DEVELOPMENT AGENCY
APPLICATION FOR FINANCIAL ASSISTANCE**

Sean M. Maguire, AICP CEcD
CEO/Executive Director
Telephone: 518-783-2741
Fax: 518-783-2888

347 Old Niskayuna Road
Public Operations Center
Latham, NY 12110

DATE: 09/11/2020

APPLICANT: First Colonie Company Limited Partnership (the "Applicant")

ADDRESS: 660 Albany-Shaker Road, Albany, NY 12211

FEDERAL ID #: 23-1888656

CONTACT PERSON: Michael J. Chain TITLE: Vice President-General Partner

TELEPHONE NO.: 215-997-8850 FAX NO.: 215-997-8837

EMAIL ADDRESS: mchain@deltaholdingsinc.com;janet@deltaholdingsinc.com

IF APPLICANT IS REPRESENTED BY AN ATTORNEY, COMPLETE THE FOLLOWING:

NAME OF ATTORNEY: Paul J. Goldman, Esquire

FIRM: Goldman Attorneys, PLLC

ADDRESS: 255 Washington Avenue Extension, Suite 108, Albany, NY 12205

TELEPHONE NO.: 518-431-0941 FAX NO.: 518-694-4821

EMAIL ADDRESS: pgoldman@goldmanpllc.com

PLEASE READ THE INSTRUCTIONS ON PAGE 2 OF THIS APPLICATION
BEFORE FILLING OUT THE REST OF THIS FORM

INSTRUCTIONS

1. The answers to the questions contained in this application are necessary to determine the Company's eligibility for financial assistance from the Town of Colonie Industrial Development Agency (the "Agency"). 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, member, partner or other employee of your firm who is thoroughly familiar with the business and affairs of the Company and who is also thoroughly familiar with the proposed project. This application is subject to acceptance by the Agency.
2. The Agency will not approve any application unless, in the judgment of the Agency, said application contains sufficient information upon which to base a decision whether to approve or tentatively approve the project contemplated therein.
3. Please respond to all items either by filling in blanks by attachment (by marking space "See Attachment Number 1," etc.) or by using "none" or "not applicable" or "N/A" where the question is not appropriate to the project which is the subject of this application.
4. If an estimate is given as the answer to a question, put ("est") after the figure or answer which is estimated.
5. When completed, return five (5) copies of this application to the Agency at the address indicated on the first page of this application.
6. The Agency will not give final approval to this application until the Agency receives a completed environmental assessment form concerning the project that 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 Agency (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 or competitive issues which if disclosed to the public or otherwise widely disseminated would cause substantial injury to the Company'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 shall pay or cause to be paid to the Agency all actual costs and expenses (including legal fees and cost-benefit analysis fees) incurred by the Agency in connection with this application and the project contemplated herein. The costs incurred by the Agency, including the Agency's counsel may be considered as a part of the project.
9. The Agency has established an administrative fee to be paid by the Company said fee being intended to cover the indirect expenses incurred by the Agency in administering the project including compiling reports relating to the project. The administrative fee is 1/2 of 1% of the total project cost. The fee shall be payable upon the earlier to occur of (a) the closing of the straight lease transaction or (b) one (1) year after the Company is appointed agent of the Agency.
10. The Agency has established a **NON-REFUNDABLE** application fee of \$250.00 to cover the anticipated costs of the Agency in processing this application. A check or money order made payable to the Agency must accompany each application. THIS APPLICATION WILL NOT BE ACCEPTED BY THE AGENCY UNLESS ACCOMPANIED BY THE APPLICATION FEE.
11. **ALL ESTIMATES OF FINANCIAL ASSISTANCE AND ALL OTHER INFORMATION WILL BE RELIED UPON BY THE AGENCY. ANY REQUEST FOR CHANGES TO THIS APPLICATION MUST BE MADE IN WRITING AND MAY IMPACT THE GRANT OF FINANCIAL ASSISTANCE TO THE PROJECT.**

PART I. PROPOSED PROJECT OWNER ("COMPANY")

1) Company Name: First Colonie Company Limited Partnership
Address: 660 Albany-Shaker Road, Albany, NY 12211
Federal ID No.: [REDACTED]
If the Company differs from the Applicant, give details of relationship: _____

2) Business Organization of the Company

Type of business organization: Limited Partnership
State incorporated in: NY

3) Company Ownership

a) Is the Company publicly held? _____ Yes X No

i) If yes, list exchanges where stock of the Company is traded: _____

ii) If no, list all stockholders, partners, members or managers having an interest in the ownership or profits of the Company:

Name	Address/Telephone/Email	Percentage of Holding
<u>Delta Holdings, Inc.</u>	<u>600 Horizon Drive, Chalfont, PA 18914</u>	<u>100%</u>
	<u>215-997-8850</u>	
<u>Estate of John K. Desmond, Jr.</u>	<u>same address as above</u>	<u>owns 100% of Delta Holdings, Inc.</u>

iii) Has any person listed in Section 3(a)(ii) above ever been convicted of a criminal offense (other than a minor traffic violation)? _____ Yes X No

iv) Has any person listed in Section 3(a)(ii) above or any concern with whom such person has been connected ever been in receivership or been adjudicated a bankrupt? _____ Yes X No

v) If yes to (iii) or (iv), please furnish detail in a separate attachment.

4) Company Management

a) List all officers, directors, members, managers, partners and general counsel:

Name	Address/Telephone/Email	Office Held	Principal Business Affiliations
<u>Lee A. Stranburg</u>	<u>28 Farber Dr, Chalfont PA 18914, 215-880-2441, leestran@designandsupply.com</u>		<u>President</u>
<u>Michael J. Chain</u>	<u>1033 Stevens Dr., Ft. Washington, PA 19034 267-264-7888, mchain@deltaholdingsinc.com</u>		<u>Vice President</u>
<u>Janet L. Hauschild</u>	<u>5420 Hoppenville Rd, Green Lane, PA 18054, 215-997-8850, janet@deltaholdingsinc.com</u>		<u>Secretary</u>

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

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

d) Is the Company or management of the Company now a plaintiff or a defendant in any criminal litigation? _____ Yes X No

- e) If yes to (b), (c) or (d) above, please furnish detail in a separate attachment.
- (c) Lee A. Stranburg - Bankruptcy Discharged 09/04/1996 - Chapter 7
 - (c) Janet L. Hauschild - Bankruptcy Discharged 05/17/2001 - Chapter 7

5) Company Affiliates and Service Providers

- a) Please list the name of and relationship to any subsidiary or direct or indirect affiliate of the Company: _____
Delta Holdings, Inc. – Sole shareholder of First Colonie Company Limited Partnership
Estate of John K. Desmond, Jr. – Sole shareholder of Delta Holdings, Inc.
- b) Company's Principal Bank : Pioneer Bank
- c) Commercial real estate broker the Company is utilizing for this project: N/A
- d) Please list a few locally based suppliers you use during the course of business operation. These could be raw material, packaging, supplies, equipment vendors, etc.: _____
Bette & Cring, Design & Supply Co., Inc.

6) Company's Prior Benefits

- a) Please list any prior industrial development agency assistance or any other municipal incentives including, but not limited to, New York State or Local Economic Development Assistance Programs in which the Company (or any Company affiliate) has been involved: N/A
- b) Please list any New York State or utility economic development benefits for this project for which the Company has applied: N/A
- c) Has the Company or any related person applied to another IDA in regard to this Project? _____ Yes
X No
 If yes, please provide details of any action taken with respect to and the current status of such application: N/A

PART II. PROJECT COST

- 1) State the costs reasonably necessary for the acquisition of the project site and the construction of the proposed project:

<u>Description of Cost.....</u>	<u>Amount</u>
Purchase of land (Acquisition of Former Exit Ramp)....	<u>\$ 170,000</u>
Purchase of existing buildings	<u>\$ ---</u>
Renovations/additions to existing buildings.....	<u>\$ 13,950,000</u>
New building construction	<u>\$ ---</u>
Machinery & equipment cost.....	<u>\$ 100,000</u>
Utilities, roads and appurtenant costs.....	<u>\$ 230,000</u>
Architects & engineering fees.....	<u>\$ 375,000</u>
Legal fees.....	<u>\$ 50,000</u>
Construction loan fees & interest.....	<u>\$ 1,653,000</u>
Other (specify).....	<u>\$ _____</u>
TOTAL PROJECT COST	<u>\$ 16,528,000</u>

PART III. COST/BENEFIT ANALYSIS

ALL ESTIMATES OF FINANCIAL ASSISTANCE AND ALL OTHER INFORMATION WILL BE RELIED UPON BY THE AGENCY. ANY REQUEST FOR CHANGES TO THIS APPLICATION MUST BE MADE IN WRITING AND MAY IMPACT THE GRANT OF FINANCIAL ASSISTANCE TO THE PROJECT.

1) Estimated value of each type of exemption sought (indicate N/A if not being requested):

Mortgage amount \$ n/a
Mortgage recording tax exemption \$ n/a

Project costs subject to sales and use taxes \$ 5,500,000
Sales and use tax exemption \$ 440,000

Real property tax exemption/PILOT \$ n/a

(a) fill out the chart below based on the Agency's UTEP; or

(b) if a deviation is being requested, please call Chris Kelsey at 783-2708

PILOT ESTIMATE WORKSHEET: N/A

Dollar Value of New Construction and Renovation Costs	Estimated New Assessed Value of Property Subject to IDA Financial Assistance*	County Tax Rate/1000	Local Tax Rate (Town/City/Village)/1000	School Tax Rate/1000

**Apply equalization rate to value*

PILOT Year	% Payment	County PILOT Amount	Local PILOT Amount	School PILOT Amount	Total PILOT	Full Tax Payment w/o PILOT	Net Exemption
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
TOTAL							

3) Location of Proposed Project

Street Address: 660 Albany-Shaker Road
Tax Map No.: 30-5-5, 30-5-7, 30-5-8
City: _____ Town: Colonie
Village: N/A School District: North Colonie Central
Fire District: Shaker Road-Loudonville County: Albany

Please attach a map or sketch of the project site.

4) Project Site

- a) Approximate size (in acres or square feet): 13.5 acres
b) Number and approximate size (in square feet) of each existing building: 1 building at approx. 230,000 square feet
c) Present legal owner: Village Square of Rensselaire, Inc.
d) Business operation currently at project site: Hotel/Catering/Meetings
e) Is project site currently vacant or underutilized and if so, for how many years? N/A
f) If the Company (or Sublessee) owns the project site, please indicate the purchase price: _____
g) If the Company is not the owner of the project site, is there an option signed with owner to purchase?
N/A
If yes, indicate date option signed with owner: N/A Date option expires: N/A
Purchase Price: N/A Proposed Closing Date: N/A

- h) Is the project located within a federally-designated flood zone? No

5) Project Site Plans

- a) Does part of the project consist of construction of a new building or buildings? Yes ☒ No
If yes, indicate number and size of new buildings N/A
b) Does part of the project consist of additional and/or renovations to the existing buildings? ☒ Yes
No
If yes, indicate nature of expansion and/or renovation New finishes for public spaces and rooms. Revised layout and partitions for restaurant, bar and lobby plus a significant increase in the quality and space coverage of life safety systems and ADA accommodations.
c) Will you be leasing the entire project site or a portion of it? No
Proposed lease term in years: N/A
If a portion, provide the square footage of proposed rented space: N/A

Please provide a copy of lease if available.

6) Zoning

- a) Zoning District in which project site is located: Airport Business Area
b) 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: _____
c) Will the project meet current zoning requirements? ☒ Yes No
If no, please provide the details/status of any change of zoning request: _____

7) Project Equipment

- a) 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: Furniture, Fixtures, Kitchen Equipment and Hotel appurtenances

- b) Will any of the Equipment have been previously used? ☐ Yes ☒ No

If yes, please provide detail: _____

8) Project Use

- a) What are the principal products to be produced and/or principal activities to be conducted at the project? Hotel/Catering/Meetings

- b) Is there a likelihood that the Company, but for the contemplated financial assistance from the Agency, would be unable to undertake the project? ☒ Yes ☐ No

In process, but will not be able to finish or acquire the IHG franchise.

Please explain why the Agency should undertake the project: _____

Attachment A sets for the necessity for the financial assistance. Specifically, the loss of revenues from March 2020 to the present has left the Property with insufficient funds to complete the renovation work and to obtain the IHG Crowne Plaza flag

- c) 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, what percentage of the cost of the project will be expended on such facilities or property primarily used in making such retail sales? 100 %

If greater than 33.33% please respond to the following:

Is the project a "tourism destination" that is likely to attract a significant number of visitors from outside the economic development region in which the project will be located? ☒ Yes ☐ No

If yes, please explain: Regional and state meetings and the ability to compete with surrounding towns and counties who have taken millions of dollars of revenues (Exhibit A) (historically housed in the Town of Colonie) as a result of their more modern and up-to-date facilities. Additionally these location changes are as a result of booking trends of customers that buy location when incentivized by loyalty points offered by franchised hotels. The CBRE materials and our past history demonstrates that 90% of visitors to the hotel came outside the economic development region

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 Town of Colonie because of a lack of reasonably accessible retail trade facilities offering such goods or services? ☒ Yes ☐ No

Will the project be located in a "highly distressed area"? A "highly distressed area" is (i) an area designed as an economic development zone pursuant to Article 18-B of the General Municipal Law; or (ii) 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

However, COVID rendered our industry as distressed and because the Town of Colonie retains such an abundance of hospitality units, we consider this area distressed for purposes of this application.

- d) Are there facilities within the State of New York that will close or be subject to reduced activity as a result of the project? No

If yes, please indicate whether the project is reasonably necessary for the Company to maintain its competitive position in its industry or to prevent the Company from moving out of New York State:

N/A

- e) 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: Prior to Covid The Desmond employed approximately 150 full time and 50 part-time jobs. We currently employ less than 40 people. Fully completed and flagged with Crowne Plaza will generate immediate results and as the pandemic mitigates, the Crowne/Desmond will be in a position to recoup revenues and jobs (pre-COVID levels) and then grow to estimated revenues in jobs anticipated from the conversion.

9) Project Construction Status

- a) Please discuss the approximate extent of construction and/or acquisition which has commenced and the extent of completion. Indicate whether such specific steps have been completed as site clearance and preparation; completion of foundations; installation of footings; etc.: Renovation work has commenced. The entire building is in the process and is involved in the improvements. 60% of the construction has been completed and most of the
- b) What is the scheduled completion date of the project? 11/30/2020
- c) Building/Contractor Name and Address: Bette & Cring, 22 Century Hill Drive, #201, Latham, NY 12110
- d) Architect and/or Engineer Address: SEI Design Group, 187 Wolf Road, Suite 304, Albany, NY 12205

PART V. LESSEE OR SUBLESSEE

- 1) 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) Lessee/Sublessee name: N/A
- b) Present address: _____
- c) Relationship to the Company: _____
- d) Percentage of project to be leased or subleased: _____
- e) Date of lease or sublease to Sublessee: _____
- f) Use of project intended: _____

PART VI. EMPLOYMENT IMPACT

Indicate the number of full time equivalent ("FTE") jobs presently at the Company and the number of FTE jobs that will be employed at the project at the end of the first and second years after the project has been completed, by category, including full time equivalent independent contractors or employees of independent contractors that work at the project location. Do not include construction workers. Indicate the salary and fringe benefit averages or ranges for each category of jobs.

	Present	Post-Covid Year 1	Post-Covid Year 2
Number of Professional/ Managerial/ Technical Jobs	9	20	35
Estimated Average Salary or Salary Range for Professional/ Managerial/ Technical Jobs	\$70,000 (avg.) (\$630,000) Total	\$1,400,000	\$2,450,000
Estimated Average Benefits or Benefits Range for Professional/ Managerial/ Technical Jobs	\$28,000 (40% of salary including payroll taxes) (\$252,000) Total	\$560,000	\$980,000
Number of Skilled Jobs	---	---	---

Estimated Average Salary or Salary Range for Skilled Jobs	---	---	---
---	-----	-----	-----

Estimated Average Benefits or Benefits Range for Skilled Jobs	---	---	---
Number of Unskilled or Semi-Skilled Jobs	30	100	200
Estimated Average Salary or Salary Range for Unskilled or Semi-Skilled Jobs	\$20,000 (Avg.)* (\$600,000) Total	\$3,000,000	\$6,000,000
Estimated Average Benefits or Benefits Range for Unskilled or Semi-Skilled Jobs	\$8,000 (Avg.) (\$240,000) Total	\$1,200,000	\$2,400,000

*Occupancies and the ability to fill public spaces with all the restrictions/regulations from the state regarding COVID factor into a reduced wage and hour average.

Professional/ Managerial/ Technical Jobs includes jobs which involve skill or competence of extraordinary degree and may include supervisory responsibilities (*Examples:* architect, engineer, accountant, scientist, medical doctor, financial manager, programmer).

Skilled Jobs includes jobs that require specific skill sets, education, training and experience and are generally characterized by high education or expertise levels (*Examples:* electrician, computer operator, administrative assistant, carpenter, sales representative).

Unskilled or Semi-Skilled Jobs includes jobs that require little or no prior acquired skills and involve the performance of simple duties that require the exercise of little or no independent judgment (*Examples:* general cleaner, truck driver, typist, gardener, parking lot attendant, line operator, messenger, information desk clerk, crop harvester, retail salesperson, security guard, telephone solicitor, file clerk).

Please describe or list each job title or position that will be created and/or retained and whether such position is a professional/managerial/technical job, skilled job or unskilled or semi-skilled job: Typical job titles for professional/managerial include department managers and sales and accounting staff. Unskilled include housekeepers, cleaners, cooks and food prep, maintenance, bell persons, and food and beverage bus wait staff and barkeeps.

Please detail how many residents of the Economic Development Region as defined by the State Department of Economic Development or the Labor Market Area (defined by the Agency to consist of Albany County, Schenectady County, Rensselaer County, and Saratoga County) will fill such jobs: 100%

Estimate of number of construction jobs to be created and timeframe(s) for such jobs Currently 50+ over approximately 1 year since the interior room renovation will proceed in blocks of rooms and construction must take place coincidentally with occupancy.

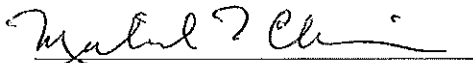
PART VII. COMPANY AFFIRMATIONS

The Company understands and agrees as follows:

- a) Truth of Statements. Submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any financial assistance and the reimbursement of an amount equal to all or part of any tax exemptions claimed by reason of the Agency's involvement in the project.
- b) General Municipal Law Compliance. The provisions of Article 18-A, including Sections 859-a and 862(1), of the New York General Municipal Law will not be violated if financial assistance is provided for the proposed project.
- c) Job Listings and Consideration for Employment. In accordance with Section 858-b(2) of the New York General Municipal Law, if the project receives any financial assistance from the Agency, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the project must be listed with the New York State Department of Labor Community Services Division (the "DOL") and with the administrative entity (collectively with the DOL, the "JTPA Entities") of the service delivery area created by the federal job training partnership act (Public Law 97-300) ("JTPA") in which the project is located. Further, except as otherwise provided by collective bargaining agreements, where practicable, the Company will first consider persons eligible to participate in JTPA programs who shall be referred by the JTPA Entities for new employment opportunities created as a result of the project.
- d) Annual Sales Tax Filings. In accordance with Section 874(8) of the New York General Municipal Law, if the project receives any sales tax exemptions as part of the financial assistance from the Agency, the Company will file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the Company and all consultants or subcontractors retained by the Company.
- e) Annual Employment Reports. If the project receives any financial assistance from the Agency, the Company will file, or cause to be filed, with the Agency, on an annual basis, a certified statement and documentation (i) enumerating the full time equivalent jobs retained and the full time equivalent jobs created as a result of the financial assistance, by category, including full time equivalent independent contractors or employees of independent contractors that work at the project location and (ii) indicating the salary and fringe benefit averages or ranges for categories of jobs retained and jobs created that was provided in this application is still accurate and if it is not still accurate, providing a revised list of salary and fringe benefit averages or ranges for categories of jobs retained and jobs created.
- f) Absence of Conflicts of Interest. The Company has received from the Agency a list of the members, officers and employees of the Agency. No member, officers or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this application, except as hereinafter described:
- g) Payment of Fees and Expenses. The Company shall pay all reasonable legal fees and expenses paid or incurred by the Agency arising out of or connected with the Agency's undertaking or attempting to undertake the acquisition, construction, equipping or financing of the project or the Agency's granting or attempting to grant any financial assistance (within the meaning of Article 18-A of the General Municipal Law) with respect to the project, regardless of whether any such acquisition, construction, equipping or financing or granting is consummated.
- h) Compliance. The Company is in substantial compliance with all applicable local, state and federal tax, worker protection and environmental laws, rules and regulations.

IN WITNESS WHEREOF, the Applicant has duly executed this application this 11th day of September, 2020.

Applicant: **FIRST COLONIE COMPANY LIMITED PARTNERSHIP**
By: Village Square of Penna, Inc., as General Partner

By: 
Name: Michael J. Chain
Title: Vice President -- General Partner

APPLICANT MUST COMPLETE THE VERIFICATION AND HOLD HARMLESS AGREEMENT
APPEARING BELOW BEFORE A NOTARY PUBLIC.

VERIFICATION AND HOLD HARMLESS AGREEMENT

STATE OF ~~NEW YORK~~ ^{NEW YORK})
COUNTY OF ~~NEW YORK~~ ^{ALBANY})

Michael J. Chain, deposes and says that s/he is the
(Name of Individual)

Vice President-General Partner of First Colonie Company Limited Partnership
(Title) (Applicant Name)

that s/he has read the foregoing application and knows the contents thereof and that the same is true, accurate and complete to the best of her/his knowledge, as subscribed and affirmed under the penalties of perjury. The grounds of deponent's beliefs relative to all matters in the said application which are not stated upon his own personal knowledge are investigations which the deponent has caused to be made concerning the subject matter of this application as well as, if applicable; information acquired by deponent in the course of her/his duties for the applicant and from the books, and papers of the applicant.

Deponent on behalf of applicant hereby releases the Town of Colonie Industrial Development Agency and the members, officers, servants, agents and employees thereof (herein collectively referred to as the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (i) the Agency's examination and processing of; and action pursuant to or upon, the attached Application, regardless of whether the Application or the project described therein are favorably acted upon by the Agency and (ii) the Agency's granting of financial assistance to the Applicant; including without limiting the generality of the foregoing, all causes of action and attorneys' 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, then, and in that event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns all actual costs incurred by the Agency in the processing of the Application, including attorneys' fees, if any.

Michael J. Chain
(Applicant Representative's Signature)

Sworn to before me this
11th 30 day of September, 20 20

Paul J. Goldman
Notary Public

PAUL J. GOLDMAN
Notary Public, State of New York
Qualified in Albany County
Reg. No 4864023
Commission Expires 6/14/2022

ADDENDUM A

SELECTION CRITERIA BY PROJECT TYPE

Manufacturing, Warehouse, Distribution

1. Alignment with local planning and development efforts
2. Wage rates (as compared to median wage for area)
3. Regional wealth creation (% sales/customers within municipality)
4. Regional purchases (% of overall purchases)
5. Research and development activities
6. Investments in energy efficiency
7. Location, land use, including use of brownfields or locally designated development areas
8. Use of LEED/renewable resources
9. Retention/flight risk

Agricultural, Food Processing

1. Alignment with local planning and development efforts
2. Wage rates (as compared to median wage for area)
3. Regional wealth creation (% sales/customers outside area)
4. Regional purchases (% of overall purchases)
5. Research and development activities
6. Investments in energy efficiency
7. Location, land use factors, proximity to local agricultural production
8. Use of LEED/renewable resources
9. Retention/flight risk

Adaptive Reuse, Community Development

1. Alignment with local planning and development efforts
2. Location within distressed census tract
3. Age of structure
4. Elimination of slum and blight
5. Building or facility vacancy
6. Redevelopment supports local community development plan
7. Environmental or safety issues
8. Use of LEED/renewable resources
9. Building or site has historic designation
10. Site or structure has delinquent property or other local taxes
11. Project developer's return on investment
12. Ability to obtain conventional financing

Tourism

1. Alignment with local planning and development efforts
2. Market study (documenting demand and impact on existing tourism and businesses)
3. Regional wealth creation
4. Proximity to and/or support of regional tourism attractions/facilities
5. Support of local official(s), convention visitors bureau
6. Regional purchases, support of local vendors
7. Use of LEED/renewable resources
8. Generation of additional local revenues (such as hotel bed taxes)

Retail

1. Alignment with local planning and development efforts
2. Meets all requirements of General Municipal Law Section 862
3. Market study documenting need
4. Goods or services not readily available
5. Impact on existing businesses
6. Regional wealth creation
7. Location within highly distressed census tract
8. Location in urban or town center
9. Elimination of slum and blight
10. Alignment with local planning and development efforts

High Tech

1. Alignment with local planning and development efforts
2. Wage rates (as compared to median wage for area)
3. Regional wealth creation (% sales/customers outside area)
4. Regional purchases (% of purchases from local vendors)
5. Research and development activities
6. Investments in energy efficiency
7. Support of local business
8. Retention/flight risk
9. Use of LEED/renewable resources

Back Office, Data, Call Centers

1. Alignment with local planning and development efforts
2. Wage rates (as compared to median wage for area)
3. Regional wealth creation (% sales/customers outside area)
4. Regional purchases (% of purchases from local vendors)
5. Support of local business
6. Retention/flight risk
7. Use of LEED/renewable resources

Senior Housing

1. Alignment with local planning and development efforts
2. Market study (documenting unmet need and impact on existing housing facilities)
3. Location within a highly distressed census tract
4. Urban, town/village center location
5. Local official(s) support
6. Located in areas that provide support for below median income seniors
7. Location promotes walkable community areas
8. Project developer's return on investment
9. Ability to obtain conventional financing
10. Provision of senior-specific amenities (community rooms, health services, etc.)
11. Income level of potential residents (at or below median income)

Affordable Housing

1. Alignment with local planning and development efforts
2. Market study (documenting unmet need and impact on existing housing facilities)
3. Location within a highly distressed census tract
4. Alignment with local planning and development efforts
5. Urban, town/village center location

6. Local official(s) support
7. Located in areas that provide support for below median income individuals
8. Location promotes walkable community areas
9. Project developer's return on investment
10. Ability to obtain conventional financing
11. Income level of potential residents (at or below median income)

Commercial Housing

1. Alignment with local planning and development efforts
2. Market study (documenting unmet need and impact on existing housing facilities)
3. Location within a highly distressed census tract
4. Alignment with local planning and development efforts
5. Location within urban or town/village center
6. Support from local official(s) and the community
7. Location within areas that have inadequate housing supply
8. Promotion of transit-oriented or walkable community areas
9. Project developer's return on investment
10. Ability to obtain conventional financing

Student Housing

1. Alignment with local planning and development efforts
2. Market study (documenting unmet need and impact on existing housing facilities)
3. Location within a highly distressed census tract
4. Alignment with local planning and development efforts
5. Location within urban or town/village center
6. Support from local official(s) and the community
7. Location within areas that have inadequate housing supply
8. Promotion of transit-oriented or walkable community areas
9. Project developer's return on investment
10. Ability to obtain conventional financing

Energy Production

1. Alignment with local planning and development efforts
2. Wage rates (above median wage for area)
3. In region purchases (% of overall purchases, local construction jobs/suppliers)
4. Advances renewable energy production/transmission goals
5. Provides capacity or transmission to meet local demand or shortage

Miscellaneous Projects

1. Alignment with local planning and development efforts
2. Location within a highly distressed census tract
3. Alignment with local planning and development efforts
4. Location within urban or town/village center
5. Support from local official(s) and the community
6. Promotion of transit-oriented or walkable community

**COLONIE – IDA APPLICATION
ATTACHMENT A**

Part III. Question 7 – Benefit to Town of Colonie

The Desmond has been a regional draw as a hotel and conference facility since its inception in 1974. The Desmond traditionally hosted greater than 1,000 conferences and association business events annually. Since 2016, much of the association conference business has left the Town of Colonie for other areas of the region. The attached report from CBRE demonstrates that the Desmond can reposition itself as the regional conventional facility in New York if it were “renovated and flagged” with a national brand (see Exhibit C). This is consistent with local planning efforts as a conference facility proximate to the new interchange for the Northway is consistent with the development of the Airport. Greater tourism and group overnights drives dollars spent in the town and expands the economic impact of that investment.

Since 1974, The Desmond has generated over \$500,000,000 in revenues and has paid out in excess of \$200,000,000 in payroll, payroll taxes and benefits. The hotel has employed as many as 325 people at one time over those years. Sales and occupancy taxes collected during that time period has been in excess of \$40,000,000. The recent years have seen drops in revenues for the hotel annually from \$20,000,000 dipping to a low of \$13,500,000 as a result of groups utilizing the new modern and flagged properties instead of the Desmond that was considered to be tired and outdated.

Non-flagged commercial hotel properties cannot survive in the world of franchised hotels whose marketing and reservation systems have a national audience that attract travelers nationwide that have a significantly broader reach that far exceed the capabilities of non-franchise hotels like the Desmond. To that end, the Estate of John K. Desmond, Jr. decided to align with IHG (Intercontinental/Holiday) and become a Crowne Plaza. The COVID-19 pandemic entered the world four months after the start of this conversion, and as a result, annualized revenues have dropped from \$14,000,000 annualized to less than \$2,000,000.

The trustees of the Estate believe recovery will occur, but without some financial assistance, the project cannot be completed, and the franchise will not be acquired due to incomplete franchise requirements.

The trustees of the Estate believe that without the acquisition of the IHG franchise, which is one of the three strongest worldwide, and a completion timeframe commensurate with the improved economy as it rebounds from the effects of the COVID-19 pandemic, all of the benefits to the Town and its residents to this conversion project will fall well short of the potential. The loss of this iconic business to the Town of Colonie is preventable so that we hope avoid the blight of having a closed flagship at the gateway to the Airport and the Town of Colonie.

Sales taxes, occupancy taxes and property taxes as well as jobs are at risk. The health of this “meeting center” of the Town of Colonie and its importance to the community touches all the criteria outlined in the criteria for tourism and retail development emphasized in the Selection Criteria for a Tourism Facility of the Agency Nos. 1, 2, 3 (Preservation of Private Sector Jobs), 4 (Airport), 5 (Airport), 6 (Bette & Cring is the contractor and preservation of existing supply chain) and 8 (Preservation of Albany County Hotel Tax).

**COLONIE – IDA APPLICATION
ATTACHMENT B**

Part IV. Question 1 – Summary

The Company is requesting the financial assistance in the form of an exemption from sales and use taxes so that the Desmond can complete the entire project necessary in order to acquire the franchise designation from IHG. This designation allows for the repositioning of the Desmond to compete for and accommodate the vast number of associations and groups that have sought convention facilities outside of the region. Many of those groups have departed our area and sought other venues due to outdated facilities and the lack of a franchise designation which is vital in order to attract tourists and group-related activity from the outside area. They include but not limited to the following:

- New York State Association groups
- Tourism-related groups
- Fraternal groups
- Youth/Sports travel
- New York State union-related groups

As set forth on **Exhibit A** hereto, but for the New York State sales and use tax exemption and as a result of the substantial decline in revenue resulting from the COVID-19 pandemic, the Company needs the sales and use tax exemption in order to complete the project for the property with the goal of attracting these groups back into the area. The subject property did not generate substantial revenue from March 2020 to the present which would have provided cash flow funds to complete the work needed for the IHG flag. This is a small listing of the association and conference business that can be brought into the area.

Part IV. Question 8(b) – Project Use

The Company proposes to continue to use and develop the subject Property as a modern conference and hotel facility that will be a regional tourism draw since the Company will be able to attract New York Association conference business. Prior to the substantial increase in competition with the development of several flagged hotels proximate to the Airport and the northern end of Wolf Road, The Desmond was able to attract and retain substantial amounts of New York State Association and other group business noted above.

EXHIBIT A

The Desmond Hotel and Conference Center has been a part of the Town of Colonie for over 45 years. What started as a quant airport hotel soon became an iconic meeting facility hosting hundreds of meetings and conventions per year and generating over a one million dollars per year in sales taxes. After the recession our business had not recovered to pre-recession levels and when looking deeper into what happened to the business, we found that many of our long-time customers were not returning due to the dated condition of the property and our lack of a nationally known brand. That is why we have undertaken a complete renovation of the property investing over \$16,000,000.00 and have affiliated with IHG to convert to Crowne Plaza/The Desmond Hotel.

Below is a list of the larger meetings and conventions that left us in 2017/2018 (many smaller groups not listed) due to the tired and worn look of the hotel. We are confident that with a brand new product as we recover from COVID 19 that we can bring many of these groups and their economic impact back to Crowne Plaza The Desmond and the Town of Colonie for the benefit of our economic development region. Because of the impact that COVID has had on our business we find that we will need help to complete the project and bring this business back. Without help, we will not be able to complete the project.

2018 Over 100 rooms lost due to condition

Group	Lost to	Room Nights Lost	Lost Room Revenue	Lost Banquet Revenue	Total Lost
Totals		2,296	\$285,420.00	\$194,517.08	\$479,937.08
SUNY AIRPO	Buffalo	131	\$15,065	\$17,548.09	
Healthy Families Training Institute	Lake Placid	398	\$45,770	\$46,213	
NY Public Transit Association	Rochester	265	\$36,835	\$39,647.49	
Association of Fire Districts, State of New York	Syracuse	393	\$49,125	\$44,251.50	
FASNY Convention	Syracuse	1,109	\$138,625	\$46,857.00	

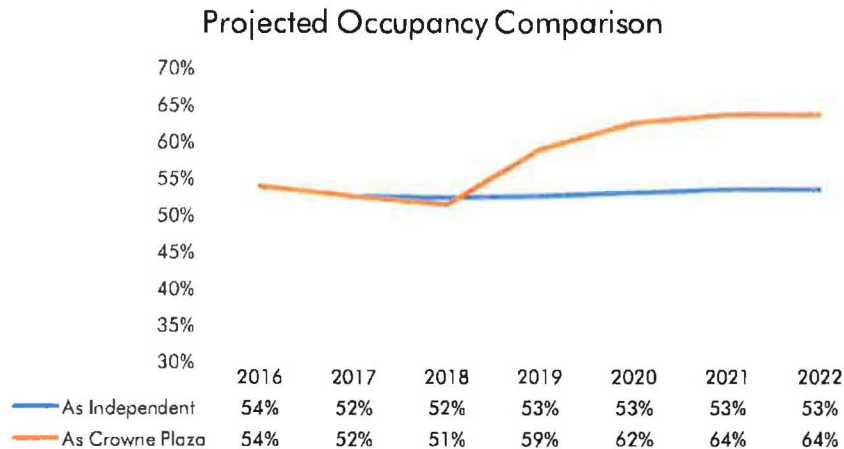
EXHIBIT B

All Counties	County	Open Date	Rooms
CrestHill Suites Albany	Albany	2001	94
Scottish Inn Albany	Albany	2003	31
Hampton Inn Latham	Albany	2005	85
Hampton by Hilton Inn & Suites Albany-Dc	Albany	2005	175
La Quinta Inns & Suites Latham	Albany	2006	78
Homewood Suites by Hilton Albany	Albany	2006	133
Fairfield Inn & Suites Albany Downtown	Albany	2006	75
SpringHill Suites Albany-Colonie	Albany	2007	0
Hilton Garden Inn Albany SUNY Area	Albany	2007	126
Holiday Inn Express & Suites Latham	Albany	2008	161
TownePlace Suites Albany Downtown Me	Albany	2008	106
Residence Inn Albany Washington Avenue	Albany	2013	106
Staybridge Suites Albany Wolf Rd-Colonie	Albany	2014	112
Home2 Suites by Hilton Albany Airport Wc	Albany	2015	90
Renaissance Albany Hotel	Albany	2015	203
TownePlace Suites Latham	Albany	2016	114
Homewood Suites by Hilton Albany Cross	Albany	2018	96
Tru by Hilton Albany Crossgates Mall	Albany	2018	96
Courtyard Albany Airport	Albany	2019	130
Residence Inn Albany Airport	Albany	2019	85
Tru by Hilton Albany Airport	Albany	2020	106
Hampton Inn Clifton Park	Saratoga	2002	80
Park Manor Clifton Park	Saratoga	2002	75
Comfort Inn Saratoga	Saratoga	2002	83
Fairfield Malta	Saratoga	2004	114
Courtyard Saratoga	Saratoga	2004	146
Holiday Inn Express Clifton Park	Saratoga	2005	76
Best Western Plus Saratoga	Saratoga	2005	73
Residence Inn Saratoga	Saratoga	2005	100
Hyatt Place Malta	Saratoga	2008	120
Hampton Inn Saratoga	Saratoga	2008	123
Hiton Garden Clifton Psrk	Saratoga	2011	104
Brentwood Hotel Saratoga	Saratoga	2012	12
Residence Inn Clifton Park	Saratoga	2014	112
Pavillion Grand Saratoga	Saratoga	2014	48
Homewood Suites Clifton Psrk	Saratoga	2015	95
Embassy Suites Saratoga	Saratoga	2015	149
Home2Suites Malta	Saratoga	2016	107
Courtyard Clifton Psrk	Saratoga	2016	130
Saratoga Casino Hotel	Saratoga	2016	117
LaQuinta Clifton Park	Saratoga	2017	104
Adelphi Hotel Saratoga	Saratoga	2017	32
Homewood Suites Saratoga	Saratoga	2017	113
The Parker Inn	Schenectady	2002	22
Mallozzi's Belvedere Inn	Schenectady	2002	31

Hampton Inn Schenectady	Schenectady	2007	93
Courtyard Mohawk Harbor	Schenectady	2016	124
Homewood Suites by Hilton Schenectady	Schenectady	2017	106
The Landing Hotel	Schenectady	2017	165
Comfort Inn & Suites Schenectady Scotia	Schenectady	2018	65
Holiday Inn Express East Greenbush	Rensselaer	2001	82
Comfort Inn	Rensselaer	2004	89
Residence Inn East Greenbush	Rensselaer	2005	78
Hilton Garden Troy	Rensselaer	2007	127
Hampton Inn East Greenbush	Rensselaer	2016	101
Courtyard Downtown Troy	Rensselaer	2019	140
			5538

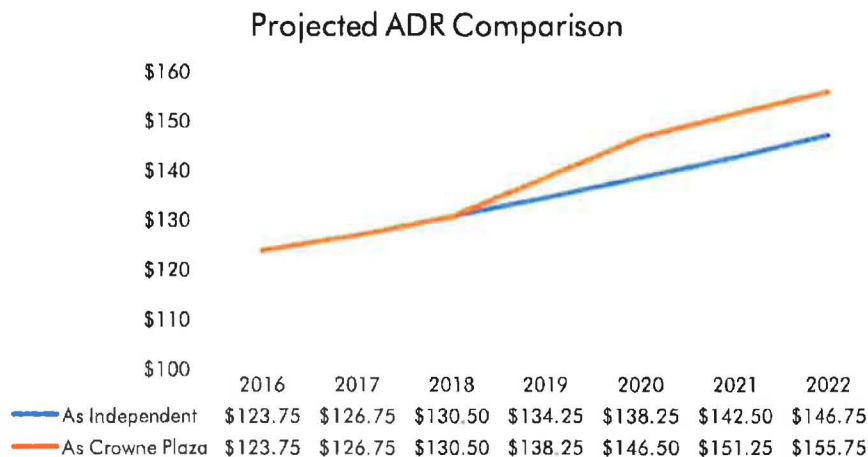
is consistent with the actual experience of comparable conversions and is considered reasonable in light of the scope of PIP work that is related to the guestroom inventory and food and beverage outlets.

We present our occupancy projections for the Hotel graphically in the following exhibit.



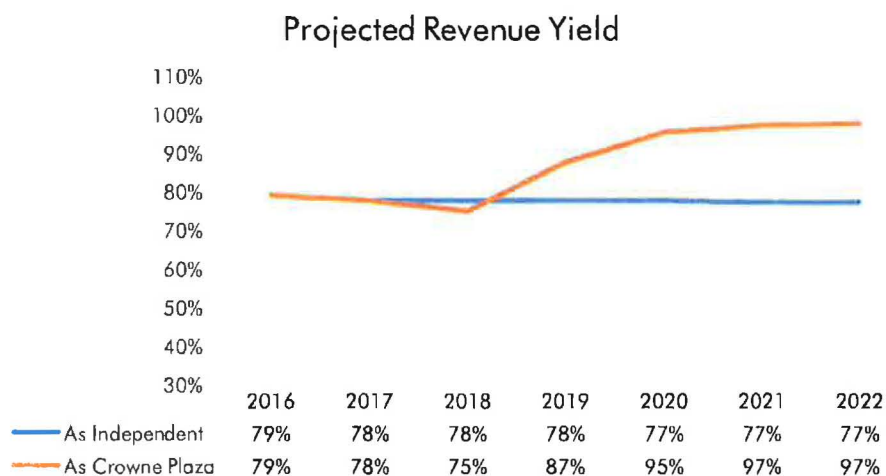
Source: CBRE Hotels

We also project an affiliation with the Crowne Plaza chain will enable a degree of incremental ADR appreciation due primarily to InterContinental global distribution system bookings and an increase in commercial segment penetration, both of which tend to be relatively highly-rated sources of business. The following graph illustrates our projections of ADR (in inflated dollars) for the Hotel under both scenarios.



Source: CBRE Hotels

The following graph incorporates our occupancy and ADR projections for the Hotel into a revenue yield forecast under the As Independent and As Crowne Plaza scenarios.



Source: CBRE Hotels

As indicated, we project a stabilized revenue yield index of approximately 97 percent under the As Crowne Plaza scenario, equating to an approximately 20-point premium above the As Independent scenario.

We have prepared estimated statements of cash flow available for debt service for the Hotel under both projection scenarios for the 10-year period commencing in 2019, the assumed first year when the Hotel will officially affiliate with the Crowne Plaza chain. These projections are expressed in fiscal years and are in general conformity with the *Uniform System of Accounts for the Lodging industry*, recommended by the American Hotel & Lodging Educational Institute and in general use throughout the industry.

Economists differ in their estimates of inflationary pressure in the foreseeable future. To portray price-level changes, we have assumed a 3.0 percent annual inflation rate over the projection period. While current inflation rates are lower due to the recent recession, we believe that this rate reflects the current mid-term and long-term outlooks for the future movement of prices.

The projections are presented on the following pages and for reference are preceded by actual historical results for the Hotel from 2013 through 2016 and the budget for 2017 as provided by you and compiled by us.

Subject Desmond Hotel: as Independent VALUATION - DISCOUNTED CASH FLOW				
Period	Number of Months	Projected NOI	10.50% PV Factor	Unrounded Present Value
2019	12	\$ 722,000	0.904977	\$ 653,394
2020	24	845,000	0.818984	692,042
2021	36	952,000	0.741162	705,586
2022	48	978,000	0.670735	655,979
2023	60	1,013,000	0.607000	614,891
2024	72	1,060,000	0.549321	582,280
2025	84	1,077,000	0.497123	535,402
2026	96	1,103,000	0.449885	496,223
2027	108	1,141,000	0.407136	464,542
2028	120	1,191,000	0.368449	438,823
Reversion		13,846,412	0.368449	5,101,695
				\$ 10,940,856
				Rounded \$ 10,900,000
Value of the Reversion				
Year 11 NOI				\$ 1,201,000
Terminal Capitalization Rate				8.500000%
Indicated Value at Reversion (Fee Simple Interest)				\$ 14,129,412
Less Selling Costs				(283,000)
Net Reversion				13,846,412
Value (Rounded)				\$ 10,900,000
Value Per Room				\$ 33,956
Source: CBRE Hotels				

Subject Desmond Albany Hotel VALUATION - DISCOUNTED CASH FLOW				
Period	Number of Months	Projected NOI	10.50% PV Factor	Unrounded Present Value
2019	12	\$ 2,398,000	0.904977	\$ 2,170,136
2020	24	2,738,000	0.818984	2,242,378
2021	36	2,829,000	0.741162	2,096,747
2022	48	2,563,000	0.670735	1,719,093
2023	60	2,525,000	0.607000	1,532,675
2024	72	2,656,000	0.549321	1,458,997
2025	84	2,679,000	0.497123	1,331,793
2026	96	2,751,000	0.449885	1,237,634
2027	108	2,835,000	0.407136	1,154,231
2028	120	2,967,000	0.368449	1,093,188
Reversion		34,668,471	0.368449	12,773,559
				\$ 28,810,431
				Rounded \$ 28,800,000
Value of the Reversion				
Year 11 NOI				\$ 3,007,000
Terminal Capitalization Rate				8.500000%
Indicated Value at Reversion (Fee Simple Interest)				\$ 35,376,471
Less Selling Costs				(708,000)
Net Reversion				34,668,471
Value (Rounded)				\$ 28,800,000
Value Per Room				\$ 89,720
Source: CBRE Hotels				

As indicated, the resulting difference between these two projected values of approximately \$17.9 million significantly exceeds the anticipated costs of conversion, which would indicate that the conversion is justifiable/desirable from an economic standpoint. We also note that premium in market value is driven in part by the 2019 valuation date, which coincides with the conversion of the Hotel from an independent to the Crowne Plaza chain.

Conclusions

Our conclusions are based on the preceding cited historical evidence, our discussions with your management team, our understanding of current and anticipated future fundamentals of the competitive hotel market, and our evaluation of the Crowne Plaza brand. Weighing this input, we believe an affiliation of the Desmond Albany Hotel with the Crowne Plaza chain should create significant increases in market penetration, especially within the commercial segment and to more moderate degrees within the leisure and group segments. We also project the potential for moderate incremental growth in "real" (above-inflationary) ADR following affiliation with the Crowne Plaza chain.

The increased revenues generated by the Hotel under the As Crowne Plaza scenario are projected to yield significantly higher net operating income over the projection period. This incremental income stream is projected to result in incremental value creation which exceeds the anticipated costs of conversion. As such, the proposed conversion to Crowne Plaza appears to be a favorable option from a financial investment perspective.

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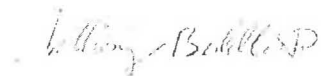
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The report is subject to the attached statement of terms and limiting conditions.

As always, we appreciate this opportunity to be of service.

Very truly yours,



Tony Biddle
Northeast Practice Leader – Philadelphia



Peter R. Tyson
Managing Director, Consulting (Ret.)

Reconciliation and Final Value Opinion

Valuation Methodology Review and Reconciliation

In our valuation of the subject property, we relied primarily on the Income Capitalization Approach to value. The Sales Comparison Approach was applied and is considered to provide reasonable support to the conclusion of the Income Capitalization Approach. We have not utilized the Cost Approach to value in this analysis. Typically, the Cost Approach offers limited utility in the valuation of existing hotels. Along with the difficulty in accurately quantifying physical deterioration, it is our experience that knowledgeable purchasers of complex hotel properties are more concerned with the economics of the investment.

The Sales Comparison Approach reflects an opinion of value as indicated by the actual sales of hotels. In this approach, we searched the regional and national market for transactions of similar property types. Several sales of comparable hotels were examined and this approach was useful in providing value parameters.

In our Income Capitalization Approach to value, the subject property was valued by analyzing the local market for transient accommodations and developing a projection of income and expense that reflects the current and future anticipated income and expense trends over a ten-year holding period. The net income was then discounted to the date of value by an appropriate internal rate of return through a discounted cash flow analysis. Implied direct capitalization rates were also illustrated.

The approaches indicated the following:

Final Value Reconciliation						
Date of Value	As Is Value May 8, 2019	Per Room	Upon Completion May 8, 2021	Per Room	Upon Stabilization May 8, 2023	Per Room
Sales Comparison Approach						
(Low-End of Range)	N/A	N/A	\$33,800,000	\$105,000	N/A	N/A
(High-End of Range)	N/A	N/A	\$37,000,000	\$115,000	N/A	N/A
Income Capitalization Approach						
Discounted Cash Flow	\$20,000,000	\$62,112	\$36,000,000	\$111,801	\$39,000,000	\$121,118
Conclusion	\$20,000,000	\$62,112	\$36,000,000	\$111,801	\$39,000,000	\$121,118
Final Value Conclusion	\$20,000,000	\$62,112	\$36,000,000	\$111,801	\$39,000,000	\$121,118

Compiled by Cushman & Wakefield, Inc.

We have given most weight to the Income Capitalization Approach because this method mirrors the methodology used by purchasers of this property type. We used the Sales Comparison Approach as a check for reasonableness.

Value Conclusions							
Appraisal Premise	Real Property Interest	Date of Value	Value Conclusion	Per Room	Allocation of Value Components		
					Real Property	Personal Property	Business Value
Market Value As-Is	Fee Simple	5/8/2019	\$20,000,000	\$62,112	\$19,310,000	\$690,000	\$0
Prospective Market Value Upon Completion	Fee Simple	5/8/2021	\$36,000,000	\$111,801	\$31,170,000	\$4,830,000	\$0
Prospective Market Value Upon Stabilization	Fee Simple	5/8/2023	\$39,000,000	\$121,118	\$35,230,000	\$3,770,000	\$0

Exposure Time and Marketing Time

Based on our review of national investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been approximately 6 to 12 months. This assumes an active and professional marketing plan would have been employed by the current owner.

EXHIBIT "E"

THE DESMOND HOTEL & CONFERENCE CENTER

REAL PROPERTY TAXES AND ASSESSMENTS

Real Estate Tax Comparables						
No.	Property Name & Location	Rooms	Land Assessment	Improved Assessment	Total Assessment	Assessment per Room
S	SUBJECT PROPERTY	322	\$2,745,350	\$5,718,700	\$8,464,050	\$26,286
1	Marriott Albany	359	\$2,520,000	\$16,730,000	\$19,250,000	\$53,621
2	Red Lion Hotel Albany	312	\$4,410,000	\$4,690,000	\$9,100,000	\$29,167
3	Courtyard Albany Airport	78	\$441,000	\$2,779,000	\$3,220,000	\$41,282
4	Hotel Indigo Albany Latham	107	\$1,426,300	\$4,067,700	\$5,494,000	\$51,346
5	Hilton Garden Inn Albany Airport	155	\$755,600	\$7,244,400	\$8,000,000	\$51,613
Statistics						
Low:		78	\$441,000	\$2,779,000	\$3,220,000	\$29,167
High:		359	\$4,410,000	\$16,730,000	\$19,250,000	\$53,621
Average:			\$1,910,580	\$7,102,220	\$9,012,800	\$45,406

Compiled by Cushman & Wakefield, Inc.

The comparable properties reflect assessments ranging from \$29,167 to \$53,621 per room, with an average of \$45,406 per room. The subject's assessment falls below the low end of the range as indicated by the comparables. Based on the current assessment and proposed renovation of the subject property, we have concluded that the subject property will be re-assessed in 2021 upon completion of the renovation, resulting in an increased tax liability in the future. Based on historical trends, we have assumed taxes will increase 3.0 percent per annum over the projection period. We have utilized the subject's existing assessment in estimating the tax liability in Years 1 and 2 of our analysis and assumed the property will be reassessed in Year 3. The following chart summarizes our projection of the subject's tax liability upon reassessment for the 2021/22 fiscal year.

Estimated Hotel Assessment and Taxes Upon Completion	
Number of Rooms	322
Projected Full Market Value Per Room	\$40,000
Total Real Property Assessment	\$12,880,000
2018/19 Tax Rate	4.1080%
Estimated 2019/20 Tax Rate*	4.2312%
Estimated 2020/21 Tax Rate*	4.3582%
Estimated 2021/22 Tax Rate*	4.4889%
Fiscal May 2021/22 Taxes	\$575,366
Rounded	\$575,000

*Assumes a 3.0 percent growth in tax rate