

APPENDIX A

Hotel & Leisure Advisors Economic Report Executive Summaries

Market Feasibility Study Report for Proposed Indoor Waterpark Resort

Economic Impact Study Report for Proposed Indoor Waterpark Resort

Highest and Best Use Analysis for Proposed Alternate Leisure Attraction



HOTEL & LEISURE ADVISORS

**EXECUTIVE SUMMARY OF THE
MARKET FEASIBILITY STUDY REPORT
FOR THE
PROPOSED INDOOR WATERPARK RESORT
SOUTHWEST QUADRANT OF INTERSTATE 87 AND ROUTE 23B
CATSKILL, GREENE COUNTY, NEW YORK**



Date of Summary:

October 27, 2016

FOR

Mr. Rene VanSchaack
Executive Director
Greene County Industrial Development Agency
270 Mansion Street
Coxsackie, New York 12051



HOTEL & LEISURE ADVISORS

October 27, 2016

Mr. Rene VanSchaack
Executive Director
Greene County Industrial Development Agency
270 Mansion Street
Coxsackie, New York 12051

**RE: Executive Summary of the Proposed Indoor Waterpark Resort Market Feasibility Study
Catskill, Greene County, New York**

Dear Mr. VanSchaack:

As per your request, we prepared an executive summary of our study of the market demand and economic feasibility to develop a proposed indoor waterpark in the southwest quadrant of Interstate 87 and Route 23B, Catskill, Greene County, New York, and bordered by State Route 23 to the west, Interstate 87 to the south, County Road 23B to the east, and Catskill Creek to the north. . The study is based upon market conditions observed as of the date of our market inspection on May 24, 2016, and research conducted in May through August, 2016. The standard conditions, extraordinary assumptions, and certification from the full report dated August 30, 2016 apply to this executive summary.

Assumptions

The report's conclusions were based upon a review of information provided by representatives from the Greene County IDA and on-site field work in the market area. As in all studies of this type, the conclusions do not take into account or make provisions for the effect of any sharp rise or decline in local or general economic conditions not presently foreseeable. The estimated results are based on competent and efficient management of the proposed indoor waterpark resort, as well as an aggressive marketing program. We assumed the proposed indoor waterpark resort will open January 1, 2019. We did not presume any significant change in the competitive position of the hotel and indoor waterpark industries in the area from that as set forth in this report. We do not warrant that the estimates will be attained, but they have been conscientiously prepared on the basis of information obtained and our experience in the hotel and waterpark industries.

Our study did not include the possible impact of zoning regulations, licensing requirements, or other restrictions concerning the project, except where such matters have been brought to our attention and are set forth in this report.

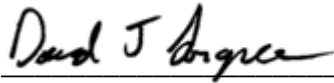
The report and its contents are intended solely for the information of our client (Greene County IDA) for internal use relative to determining the project's feasibility. However, per the request of the Greene County IDA, we prepared this executive summary to allow them to include our conclusions as part of a larger investigation under the New York State Environmental Quality Review Act (SEQRA). This summary should be relied upon for

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October 27, 2017
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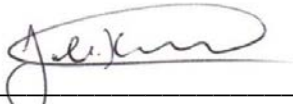
reference purposes only and not be relied upon for any other purpose. A full review of the report is necessary to understand the basis of our conclusions.

Respectfully submitted,

Hotel & Leisure Advisors, LLC



David J. Sangree, MAI, ISHC
President



John A. Kelley III, CHIA
Associate

Introduction

The Greene County IDA has an option to purchase 64.05 acres in the southwest quadrant of Interstate 87 and Route 23B. It consists of eight parcels on which they plan to develop the necessary infrastructure for development of an indoor waterpark resort and other commercial businesses. Most of the subject site is undeveloped forestry; however, there are six houses on six of the eight parcels that would be razed to accommodate the proposed development. The Town of Catskill is extending the public sewer line to provide access for the subject development to connect. Within a 180-mile radius, the proposed resort will cater to the New York City and other regional metropolitan markets that have a population exceeding 44.5 million.

There is potential for the subject development to be affiliated with Great Wolf Lodge or be developed as an independently themed indoor waterpark resort. We recommend the subject development have 400 guest rooms attached to an 80,000 square foot indoor waterpark and 25 cabins in a wooded area that is detached from the main resort structure. Additionally, we recommend an adjacent outdoor waterpark area; 20,500 square feet of flexible meeting space; food and beverage outlets; outdoor adventure park; 25,000 square foot FEC; spa; retail shops; and other attractions and amenities that will create a destination resort.

The following table profiles our recommendations for the proposed indoor waterpark resort in Catskill, Greene County, New York:

Proposed Indoor Waterpark Resort - Catskill Recommended Facility			
Number of Units		425	
Room Mix	Units	Room Breakdown %	Size (S.F.)
Double-Queen	250	59%	400-450
Kings	50	12%	400-450
Suites	100	24%	500-700
Cabins	25	6%	900-1,200
Potential Franchise Affiliation			
Great Wolf Lodge			
Meeting Rooms	Square Feet	Banquet Seating Capacity	
Ballroom (Divisible Into 8 Rooms)	10,000	830	
Junior Ballroom (Divisible Into 4 Rooms)	4,000	330	
Additional Banquet/Meeting Rooms	3,000		
Pre-function Space	3,000		
Boardroom	500		
Total	20,500		
Food and Beverage Outlets			
Themed Restaurant			
Buffet-Style Three-meal Restaurant			
Bar with Limited Food Offerings			
Coffee Shop			
Ice Cream and Sweets Shop			
Snack Bars in FEC and Waterpark Areas			
Waterpark Features			
Indoor Square Footage (net)	80,000		
Outdoor Square Footage	10,000		
Birthday Party Rooms Square Footage (Divisible Into 3)	1,500		
# of Cabanas	10		
# of Lockers	300		
Potential Themes			
Northwoods			
Adirondacks			
Additional Revenue Centers		Square Feet	
Family Entertainment Center (FEC)		25,000	
Gift Shops & Stuffed Animal Station		5,000	
Spa		5,000	
Adventure Park			
Ropes Course	Rock Climbing	Free Fall Attraction	
Zip Line	Canopy Tour	Tubes or Water Bikes	
Miniature Golf	Maze		
Petting Zoo	Mountain Bike Rentals		
Treasure Hunt	Shuffle Board		
Kayaking	Fishing		
Additional Amenities and Activities			
MagiQuest-type Interactive Games		Business Center Kiosk	
Kids Club		Sport Courts (Volleyball and Basketball)	
Hiking Trail			
Complimentary High-Speed Internet Access			
Complimentary Parking			
Movie Theater			
Source: Hotel & Leisure Advisors			

Development Budget

The Greene County IDA has not prepared a formal development budget. Based on our review of construction costs at other indoor waterpark resorts, we projected the proposed subject development costs would range from \$350,000 to \$450,000 per room or between \$150 million to \$190 million. Our development budget range assumed the extension of the public sewer line to the site.

Subject Hotel Forecasts

The following forecasts of income and expenses reflect the subject's anticipated performance for calendar years beginning in 2019. We forecasted that the subject's operations will stabilize in the third year and all income and expense items will increase thereafter at the underlying inflation rate of 2.5%. We note that departmental expense ratios are expressed as a percentage of departmental revenues. All other expense ratios are expressed as a percentage of total revenues. We presented rounded figures to the nearest thousand.

FORECASTED FINANCIAL PERFORMANCE
PROPOSED INDOOR WATERPARK RESORT - CATSKILL

	Base Year 2019				Base +1 2020				Base +2 2021				Base +3 2022			
	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm
Number of Rooms	425				425				425				425			
Occupancy	62.1%				65.6%				69.2%				71.0%			
Average Rate	\$339.00				\$352.56				\$363.14				\$372.22			
Days Open	365				365				365				365			
Rooms Occupied	96,318				101,757				107,330				110,161			
Annualized Rooms	155,125				155,125				155,125				155,125			
Operating Revenue	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm	\$(000)	Percent	\$/Avail Rm	\$/Occ Rm
Rooms	\$ 32,652	60.9%	\$ 76,828	\$ 339.00	\$ 35,875	61.8%	\$ 84,412	\$ 352.56	\$ 38,975	62.4%	\$ 91,706	\$ 363.13	\$41,004	62.6%	\$ 96,480	\$ 372.22
Food and Beverage	\$ 11,000	20.5%	\$ 25,882	\$ 114.21	\$ 11,657	20.1%	\$ 27,428	\$ 114.56	\$ 12,350	19.8%	\$ 29,059	\$ 115.07	\$12,867	19.6%	\$ 30,275	\$ 116.80
Other Operated Departments	\$ 2,600	4.8%	\$ 6,118	\$ 26.99	\$ 2,748	4.7%	\$ 6,466	\$ 27.01	\$ 2,903	4.6%	\$ 6,831	\$ 27.05	\$ 3,021	4.6%	\$ 7,108	\$ 27.42
Miscellaneous Income	\$ 1,600	3.0%	\$ 3,765	\$ 16.61	\$ 1,696	2.9%	\$ 3,991	\$ 16.67	\$ 1,796	2.9%	\$ 4,226	\$ 16.73	\$ 1,872	2.9%	\$ 4,405	\$ 16.99
Spa (net)	\$ 230	0.4%	\$ 541	\$ 2.39	\$ 244	0.4%	\$ 574	\$ 2.40	\$ 258	0.4%	\$ 607	\$ 2.40	\$ 269	0.4%	\$ 633	\$ 2.44
Retail	\$ 2,250	4.2%	\$ 5,294	\$ 23.36	\$ 2,397	4.1%	\$ 5,640	\$ 23.56	\$ 2,553	4.1%	\$ 6,007	\$ 23.79	\$ 2,667	4.1%	\$ 6,275	\$ 24.21
FEC/Arcade	\$ 2,500	4.7%	\$ 5,882	\$ 25.96	\$ 2,664	4.6%	\$ 6,268	\$ 26.18	\$ 2,837	4.5%	\$ 6,675	\$ 26.43	\$ 2,963	4.5%	\$ 6,972	\$ 26.90
Indoor Waterpark	\$ 814	1.5%	\$ 1,915	\$ 8.45	\$ 816	1.4%	\$ 1,920	\$ 8.02	\$ 836	1.3%	\$ 1,967	\$ 7.79	\$ 857	1.3%	\$ 2,016	\$ 7.78
Total Operating Revenue	\$ 53,646	100.0%	\$126,226	\$ 556.97	\$ 58,097	100.0%	\$ 136,699	\$ 570.94	\$ 62,508	100.0%	\$147,078	\$ 582.39	\$65,520	100.0%	\$ 154,165	\$ 594.77
Departmental Expenses																
Rooms	\$ 5,877	18.0%	\$ 13,828	\$ 61.02	\$ 6,211	17.3%	\$ 14,614	\$ 61.04	\$ 6,563	16.8%	\$ 15,442	\$ 61.15	\$ 6,830	16.7%	\$ 16,071	\$ 62.00
Food & Beverage	\$ 7,700	70.0%	\$ 18,118	\$ 79.94	\$ 8,138	69.8%	\$ 19,148	\$ 79.97	\$ 8,599	69.6%	\$ 20,233	\$ 80.12	\$ 8,948	69.5%	\$ 21,054	\$ 81.23
Other Operated Departments	\$ 1,040	40.0%	\$ 2,447	\$ 10.80	\$ 1,096	39.9%	\$ 2,579	\$ 10.77	\$ 1,155	39.8%	\$ 2,718	\$ 10.76	\$ 1,200	39.7%	\$ 2,824	\$ 10.89
Retail	\$ 1,463	65.0%	\$ 3,442	\$ 15.19	\$ 1,550	64.7%	\$ 3,647	\$ 15.23	\$ 1,642	64.3%	\$ 3,864	\$ 15.30	\$ 1,711	64.2%	\$ 4,026	\$ 15.53
FEC/Arcade	\$ 1,250	50.0%	\$ 2,941	\$ 12.98	\$ 1,325	49.7%	\$ 3,118	\$ 13.02	\$ 1,403	49.5%	\$ 3,301	\$ 13.07	\$ 1,462	49.3%	\$ 3,440	\$ 13.27
Indoor Waterpark	\$ 3,487	428.4%	\$ 8,205	\$ 36.20	\$ 3,697	453.1%	\$ 8,699	\$ 36.33	\$ 3,916	468.4%	\$ 9,214	\$ 36.49	\$ 4,077	475.7%	\$ 9,593	\$ 37.01
Total Dept. Expenses	\$ 20,817	38.8%	\$ 48,981	\$ 216.13	\$ 22,017	37.9%	\$ 51,805	\$ 216.37	\$ 23,278	37.2%	\$ 54,772	\$ 216.88	\$24,228	37.0%	\$ 57,007	\$ 219.93
Total Departmental Profit	\$ 32,829	61.2%	\$ 77,245	\$ 340.84	\$ 36,080	62.1%	\$ 84,894	\$ 354.57	\$ 39,230	62.8%	\$ 92,306	\$ 365.51	\$41,292	63.0%	\$ 97,158	\$ 374.83
Undistributed Operating Expenses																
Administrative & General	\$ 4,250	7.9%	\$ 10,000	\$ 44.12	\$ 4,492	7.7%	\$ 10,569	\$ 44.14	\$ 4,746	7.6%	\$ 11,167	\$ 44.22	\$ 4,939	7.5%	\$ 11,621	\$ 44.83
Management Fees	\$ 1,609	3.0%	\$ 3,786	\$ 16.71	\$ 1,743	3.0%	\$ 4,101	\$ 17.13	\$ 1,875	3.0%	\$ 4,412	\$ 17.47	\$ 1,966	3.0%	\$ 4,626	\$ 17.85
Sales and Marketing	\$ 4,463	8.3%	\$ 10,501	\$ 46.34	\$ 4,703	8.1%	\$ 11,066	\$ 46.22	\$ 4,956	7.9%	\$ 11,661	\$ 46.18	\$ 5,151	7.9%	\$ 12,120	\$ 46.76
Prop. Oper. & Maintenance	\$ 2,338	4.4%	\$ 5,501	\$ 24.27	\$ 2,464	4.2%	\$ 5,798	\$ 24.21	\$ 2,596	4.2%	\$ 6,108	\$ 24.19	\$ 2,698	4.1%	\$ 6,348	\$ 24.49
Utilities	\$ 2,338	4.4%	\$ 5,501	\$ 24.27	\$ 2,464	4.2%	\$ 5,798	\$ 24.21	\$ 2,596	4.2%	\$ 6,108	\$ 24.19	\$ 2,698	4.1%	\$ 6,348	\$ 24.49
Total UDOEs	\$ 14,998	28.0%	\$ 35,289	\$ 155.71	\$ 15,866	27.3%	\$ 37,332	\$ 155.92	\$ 16,769	26.8%	\$ 39,456	\$ 156.24	\$17,452	26.6%	\$ 41,064	\$ 158.42
Income Before Non-Opr. Expenses	\$ 17,831	33.2%	\$ 41,955	\$ 185.13	\$ 20,214	34.8%	\$ 47,562	\$ 198.65	\$ 22,461	35.9%	\$ 52,849	\$ 209.27	\$23,840	36.4%	\$ 56,094	\$ 216.41
Non-Operating Expenses																
Property Tax	\$ 465	0.9%	\$ 1,094	\$ 4.83	\$ 469	0.8%	\$ 1,104	\$ 4.61	\$ 670	1.1%	\$ 1,576	\$ 6.24	\$ 677	1.0%	\$ 1,593	\$ 6.15
Insurance	\$ 553	1.0%	\$ 1,301	\$ 5.74	\$ 566	1.0%	\$ 1,332	\$ 5.56	\$ 580	0.9%	\$ 1,365	\$ 5.40	\$ 595	0.9%	\$ 1,400	\$ 5.40
Reserve for Replacement	\$ 1,073	2.0%	\$ 2,525	\$ 11.14	\$ 1,743	3.0%	\$ 4,101	\$ 17.13	\$ 2,500	4.0%	\$ 5,882	\$ 23.29	\$ 2,621	4.0%	\$ 6,167	\$ 23.79
Total Non-Opr. Expenses	\$ 2,091	3.9%	\$ 4,920	\$ 21.71	\$ 2,778	4.8%	\$ 6,536	\$ 27.30	\$ 3,750	6.0%	\$ 8,824	\$ 34.94	\$ 3,893	5.9%	\$ 9,160	\$ 35.34
Net Income/EBIDTA	\$ 15,740	29.3%	\$ 37,035	\$ 163.42	\$ 17,436	30.0%	\$ 41,026	\$ 171.35	\$ 18,711	29.9%	\$ 44,026	\$ 174.33	\$19,947	30.4%	\$ 46,934	\$ 181.07

Source: Hotel & Leisure Advisors

Our analysis indicated that the development of the proposed 425-key indoor waterpark resort with approximately 80,000 square feet of waterpark area produces a positive return. We analyzed the discounted cash flow result for the resort utilizing an 11.0% discount rate and a 9.0% terminal capitalization rate. The discounted cash flow as completed indicates a conclusion of \$200,000,000 or \$470,588 per available hotel room for the development. The discounted cash flow as stabilized indicates a conclusion of \$218,000,000 or \$512,941 per available hotel room for the development. The value conclusions are not meant to be market value because there are still many unknowns concerning the subject project, but they are presented as an analysis of value utilizing typical parameters performed in the income capitalization approach for an appraisal.

Area Review

The neighborhood surrounding the subject site has uses primarily related to agriculture, residential, and hospitality. The largest retail store in the vicinity is the Home Depot on the opposite side of Interstate 87. Additionally, the closed and dilapidated Quality Inn near the thruway toll booth was acquired by Greene County in June 2016 by foreclosure for unpaid taxes. The County's foreclosure is under appeal and the County is evaluating strategies to make the property productive. The client is also soliciting a developer to construct a franchised limited-service hotel to target commercial and leisure demand, chain restaurant, and convenience store/gas station at the subject's exit. Large tracts of land surrounding the subject site are undeveloped forestry. The subject site is visible from State Route 23 and Interstate 87 (New York State Thruway), which connects the New York City metropolitan area to Albany and other regional destinations. Major tourist attractions in the area include Hunter and Windham Mountains, Kaaterskill Falls, Zoom Flume outdoor waterpark, Historic Downtown Catskill, Thomas Cole National Historic Site, and the Hudson River.

Competitive Hotel Market

The proposed indoor waterpark resort would be the first of its kind in the Catskills market; however, there are several competitors that serve the New York City metropolitan market, including the Great Wolf Lodge, Kalahari Resort, and Camelback Lodge & Indoor Waterpark in the Pocono Mountains, the Great Wolf Lodge New England, and Six Flags Great Escape Lodge, which generate demand from the Boston and Albany metropolitan markets. We analyzed a grouping of competitive resorts and hotels, including those with similar segmentation, amenities, and attractions to the proposed subject. The following table provides their historical operating performance:

Proposed Indoor Waterpark Resort - Catskill Historical Performance of Competitive Set			
Total Market Demand Segment	Historical		
	2013	2014	2015
Commercial	6,830	7,035	7,447
Group	56,316	64,198	94,484
Leisure	274,874	324,361	448,965
Total Room Night Demand	338,019	395,595	550,897
Total Room Demand Growth	-	17.0%	39.3%
Total Room Nights Available	593,855	693,135	936,590
Total Room Supply Growth	-	16.7%	35.1%
Adjusted Market Occupancy	56.9%	57.1%	58.8%
ADR	\$322.78	\$323.66	\$313.84
ADR Growth	-	0.3%	-3.0%
RevPAR	\$183.73	\$184.72	\$184.60
RevPAR Growth	-	0.5%	-0.1%
Source: Hotel & Leisure Advisors			

The existing competitive supply is primarily focused on leisure and group demand with commercial demand generated by the one hotel in Coxsackie, New York off Interstate 87 (66-room Holiday Inn Express & Suites West Coxsackie). The market achieves its highest occupancy levels in the summer and lowest occupancy in the winter.

Indoor Waterpark Attendance

We analyzed the potential demand for an 80,000 square foot indoor waterpark facility attached to a 425-room hotel. The following table indicates our forecasts of indoor waterpark attendance from the subject hotel, groups, and birthday parties and revenue generated from the group day passes and cabana and locker rentals. We project the indoor waterpark to be exclusive for hotel guests, similar to Great Wolf Lodge properties, allowing only groups during slower periods.

Forecasted Attendance and Indoor Waterpark Revenue					
Proposed Indoor Waterpark Resort - Catskill					
80,000 square feet					
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Proposed Indoor Waterpark Resort - Catskill</u>					
Subject property occupied rooms	96,318	101,757	107,330	110,161	110,161
Waterpark package occupied rooms	91,786	96,969	102,280	104,978	104,978
Property attendance	367,143	387,877	409,120	419,911	419,911
<u>Birthday Party and Group Packages</u>					
Attendees	11,871	11,277	11,277	11,277	11,277
Waterpark admission average	\$30.00	\$30.75	\$31.52	\$32.31	\$33.11
Forecasted revenue	\$356,121	\$346,772	\$355,442	\$364,328	\$373,436
<u>Total</u>					
Subject property attendance	379,013	399,154	420,398	431,188	431,188
Available capacity (2,000/day)	730,000	730,000	730,000	730,000	730,000
Usage percentage	52%	55%	58%	59%	59%
Total ticket revenue (rounded)	\$356,000	\$347,000	\$355,000	\$364,000	\$373,000
<u>Cabanas and Locker Rentals Revenue</u>					
	\$458,000	\$469,000	\$481,000	\$493,000	\$505,000
<u>Total Revenue</u>					
	\$814,000	\$816,000	\$836,000	\$857,000	\$878,000
<u>Statistical information:</u>					
Forecasted attendance per square foot	4.7	5.0	5.3	5.4	5.4
<u>Demand segmentation:</u>					
Subject property occupied rooms	97%	97%	97%	97%	97%
Birthday Party and Group Packages	3%	3%	3%	3%	3%

Source: Hotel & Leisure Advisors

Conclusion

Overall, our study revealed that the proposed subject indoor waterpark resort development is feasible depending upon construction costs and tax incentives provided. Our analysis assumed real estate tax abatements. The subject's location in Catskill off Interstate 87 within 120 miles of the New York City and Albany metropolitan markets is one of its strongest attributes due to the large number of households with high levels of disposable income. The immediate market area surrounding the subject site contains no indoor waterpark resorts. According to our analysis, there are 2,718.2 family households per indoor waterpark hotel room in Catskill, New York compared to 424.8 in Wisconsin Dells, Wisconsin and 1,578.5 in Sandusky, Ohio, two areas that have successful indoor waterpark operations. This suggests the market could be able to support the subject development since there is a larger and more affluent population to draw demand. The proposed indoor waterpark resort is forecasted to earn a positive rate of return and out-penetrate the competitive set of hotels.

Competency of the Consultants

Hotel & Leisure Advisors, LLC is a national hospitality consulting firm specializing in appraisals, feasibility studies, economic impact studies, and impact analyses for hotels, outdoor and indoor waterparks, resorts, ski resorts, golf courses, restaurants, conference and convention centers, and other leisure real estate. We work exclusively in the hospitality industry and concentrate our efforts on in-depth understanding of the trends and factors related to this industry. Our participation in industry associations and trade groups keeps us abreast of developments affecting our clients and gives us access to rich sources of data. We follow news and transactions occurring in the hospitality industry on a daily basis. The consultants have performed more than 2,000 hotel studies since 1987 at various firms. Mr. David J. Sangree, MAI, CPA, ISHC has written articles about hotels, resorts, and waterparks for *Hotel Management*, *Lodging Hospitality*, *World Waterpark Magazine*, *Midwest Real Estate News*, *Aquatics Magazine*, *Hotel Online*, and *Cornell Hotel and Restaurant Administration Quarterly* and is a national expert on these types of properties. He has appeared on Good Morning America and CNBC concerning shows on resorts and waterparks. He has inspected most of the open indoor waterpark resorts in North America. We maintain databases and files concerning various types of hospitality properties. Therefore, we possess the knowledge and experience to conduct the inspection, analysis, and reasoning necessary to estimate the feasibility of the subject.



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**EXECUTIVE SUMMARY OF THE
ECONOMIC IMPACT STUDY REPORT
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CATSKILL, GREENE COUNTY, NEW YORK**

Date of Summary:

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Executive Director
Greene County Industrial Development Agency
270 Mansion Street
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**RE: Executive Summary of the Proposed Indoor Waterpark Resort Economic Impact Study
Catskill, Greene County, New York**

Dear Mr. VanSchaack:

Per your request, we prepared an executive summary of our study of the economic impact of developing an indoor waterpark resort on a 64.05-acre site in the southwest quadrant of Interstate 87 (New York State Thruway) and Route 23B in Catskill, Greene County, New York. This study utilized the financial projections contained in the market feasibility study we prepared dated August 30, 2016 as well as additional information collected. The standard conditions, extraordinary assumptions, and certification from the full report dated August 30, 2016 apply to this executive summary.

Assumptions

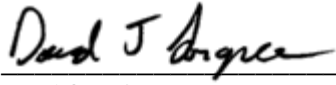
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The report and its contents are intended solely for the information of our client (Greene County IDA) for internal use relative to determining the project's feasibility. However, per the request of the Greene County IDA, we prepared this executive summary to allow them to include our conclusions as part of a larger investigation under the New York State Environmental Quality Review Act (SEQRA). This summary should be relied upon for reference purposes only and not be relied upon for any other purpose. A full review of the report is necessary to understand the basis of our conclusions.

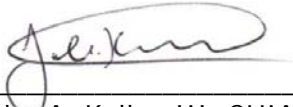
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Respectfully submitted,

Hotel & Leisure Advisors, LLC



David J. Sangree, MAI, ISHC
President



John A. Kelley III, CHIA
Associate

Introduction

The Greene County IDA retained Hotel & Leisure Advisors, LLC to estimate the economic impact of the development of an indoor waterpark resort on a 64.05-acre site in the southwest quadrant of Interstate 87 (New York State Thruway) and Route 23B in Catskill, Greene County, New York.

Economic impacts of projects such as the proposed indoor waterpark resort will be experienced on a temporary and permanent basis throughout many levels of the economy. Temporary impacts will include jobs and revenues created from the construction of the facility as well as related costs of construction. Permanent economic impacts will be generated by permanent jobs created, ongoing revenues realized by service providers, and other sources. The county, town, and state will realize new tax revenues generated from incremental visitor spending, additional employment-related taxes, potentially reduced unemployment costs, and net returns realized through higher utilization of state operated public services.

Our feasibility study recommended that the proposed subject development in Catskill include 425 guest rooms with approximately 80,000 square feet of indoor waterpark area, restaurant and lounge, 20,500 square foot conference center, FEC/arcade, gift shop and other amenities.

Methodology

We made a number of independent investigations and analyses in preparing this study. We estimated the economic impacts that may be generated by the construction and operation of the indoor waterpark resort. We utilized the Regional Input-Output Modeling System II (RIMS II) – generated by the U.S. Department of Commerce’s Bureau of Economic Analysis – which provides multipliers for output, earnings, and employment by industry aggregation for Greene County, New York. We reviewed and analyzed visitor spending statistics, including the Tourism Economics reports titled *The Economic Impact of Tourism in New York: 2015 Calendar Year* and *The Economic Impact of Tourism in New York: Catskills Region 2014 Calendar Year*. We reviewed similar studies for tourist destinations with resorts. We utilized data and financial projections from H&LA’s market feasibility study dated August 30, 2016.

H&LA estimated three types of economic impacts of the proposed subject in Catskill, Greene County, New York:

- *Direct-Effect Impact* includes the jobs and spending directly created by the construction and operations of the resort and conference center.
- *Indirect or Induced Impacts* result from production changes in downstream industries associated with the initial direct spending and employment at the facility. For example, a direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. These restaurant purchases are an example of indirect economic impact.
- *Final Impact* represents the overall economic impact of a change in final demand on output, earnings, and employment on a region’s economy. The final impact calculations represent the increased output, earnings, and employment, which occur in an economy because of spending caused by the proposed resort.

The following formula shows the derivation of the final impact conclusion.

$$\text{Final Impact} = \text{Direct-Effect Impact} + \text{Indirect or Induced Impacts}$$

Conclusions

The following table indicates our estimates of the direct impact associated with the construction and development costs of the subject indoor waterpark resort:

Estimated Preliminary Construction and Development Costs Proposed Indoor Waterpark Resort - Catskill	
Development budget per room	\$400,000
Projected number of rooms	425
Total development budget	\$170,000,000
% for construction	70%
Construction budget	\$119,000,000
% of construction budget for payroll	40%
Direct payroll budget	\$47,600,000
Source: Hotel & Leisure Advisors	

Our analysis indicated that the construction of the indoor waterpark resort will result in the following direct and indirect economic impacts in Greene County, New York:

Proposed Indoor Waterpark Resort - Catskill	
Construction	
Earnings	\$58,400,000
Jobs	1,084
Total Output	\$160,000,000
Source: Hotel & Leisure Advisors	

Our analysis indicated that the operation of the subject indoor waterpark resort will result in the following direct and indirect economic impacts in the first year of the projection in Greene County, New York:

Proposed Indoor Waterpark Resort - Catskill	
Operations Impact	
Earnings	\$21,017,000
Jobs	649
Total Output	\$83,026,000
Source: Hotel & Leisure Advisors	

Our analysis indicated that the operation of the subject indoor waterpark resort will result in the following direct and indirect economic impacts from visitor spending outside of the resort in the first year of the projection in Greene County, New York:

Proposed Indoor Waterpark Resort - Catskill	
Visitor Spending Outside of Resort	
Earnings	\$4,590,250
Jobs	152
Total Output	\$18,374,000
Source: Hotel & Leisure Advisors	

Our analysis indicated that the development of the subject indoor waterpark resort will result in the following combined operation and visitor spending economic impacts over a 10-year period:

10-Year Combined Resort and Visitor Spending Impact	
Direct Impact	
Output (annual business created)	\$831,407,000
Earnings	\$215,875,250
Employment per year	570
Indirect Impact	
Output (annual business created)	\$431,127,000
Earnings	\$102,987,000
Employment per year	345
Final Demand Impacts	
Output (annual business created)	\$1,262,534,000
Earnings	\$318,862,250
Employment per year	914
Source: Hotel & Leisure Advisors	

Our analysis indicated that the development of the subject indoor waterpark resort will result in the following additional taxes for the town, county and state over a 10-year period:

Projected 10-Year Taxation Impact		
Proposed Indoor Waterpark Resort - Catskill		
<u>Taxing Authority</u>	<u>Projected Taxes</u>	<u>Ratio</u>
State of New York	\$73,004,000	55.4%
Greene County	\$48,682,000	37.0%
Town of Catskill	\$655,000	0.5%
Special Districts	\$6,351,000	4.8%
Catskill School District	<u>\$3,052,000</u>	2.3%
Total for 10 years (rounded)	\$131,744,000	
Total annually (divided by 10)	\$635,100	

Source: Hotel & Leisure Advisors

Competency of the Consultants

Hotel & Leisure Advisors, LLC is a national hospitality consulting firm specializing in appraisals, feasibility studies, economic impact studies, and impact analyses for hotels, outdoor and indoor waterparks, resorts, ski resorts, golf courses, restaurants, conference and convention centers, and other leisure real estate. We work exclusively in the hospitality industry and concentrate our efforts on in-depth understanding of the trends and factors related to this industry. Our participation in industry associations and trade groups keeps us abreast of developments affecting our clients and gives us access to rich sources of data. We follow news and transactions occurring in the hospitality industry on a daily basis. The consultants have performed more than 2,000 hotel studies since 1987 at various firms. Mr. David J. Sangree, MAI, CPA, ISHC has written articles about hotels, resorts, and waterparks for *Hotel Management*, *Lodging Hospitality*, *World Waterpark Magazine*, *Midwest Real Estate News*, *Aquatics Magazine*, *Hotel Online*, and *Cornell Hotel and Restaurant Administration Quarterly* and is a national expert on these types of properties. He has appeared on Good Morning America and CNBC concerning shows on resorts and waterparks. He has inspected most of the open indoor waterpark resorts in North America. We maintain databases and files concerning various types of hospitality properties. Therefore, we possess the knowledge and experience to conduct the inspection, analysis, and reasoning necessary to estimate the feasibility of the subject.



HOTEL & LEISURE ADVISORS

**EXECUTIVE SUMMARY OF THE
HIGHEST AND BEST USE ANALYSIS STUDY
FOR THE
PROPOSED ALTERNATE LEISURE ATTRACTION
SOUTHWEST QUADRANT OF INTERSTATE 87 AND ROUTE 23B
CATSKILL, GREENE COUNTY, NEW YORK**



Date of Summary:

October 27, 2016

FOR

Mr. Rene VanSchaack
Executive Director
Greene County Industrial Development Agency
270 Mansion Street
Coxsackie, New York 12051



HOTEL & LEISURE ADVISORS

October 27, 2016

Mr. Rene VanSchaack
Executive Director
Greene County Industrial Development Agency
270 Mansion Street
Coxsackie, New York 12051

**RE: Proposed Alternate Leisure Attraction Study
Catskill, Greene County, New York**

Dear Mr. VanSchaack:

Per your request, we prepared an executive summary of our study of a highest and best use analysis on a site in Catskill, Greene County, New York for potential alternate leisure attractions. The subject site is in the southwest quadrant of Interstate 87 and Route 23B and bordered by State Route 23 to the west, Interstate 87 to the south, County Road 23B to the east, and Catskill Creek to the north. The study is based upon a site inspection on May 24, 2016 and research completed between May through August, 2016. The standard conditions, extraordinary assumptions, and certification from the full report dated August 30, 2016 apply to this executive summary.

Assumptions

The report's conclusions were based upon a review of information provided by representatives of the Greene County IDA, local government, on-site field work in the market area, and additional research completed by our firm. As in all studies of this type, our conclusions do not consider or make provisions for the effect of any sharp rise or decline in local or general economic conditions not presently foreseeable. The recommended alternate leisure attractions are based on a comparative analysis using qualitative and quantitative data. We assumed the subject will hire appropriate management personnel to operate and market the leisure attraction. We assumed the proposed leisure attraction will open January 1, 2019. We presumed no significant change in the competitive position of the subject attraction and the tourism industry in the Catskill area. Our study did not forecast the alternate leisure attraction's financial operating performance.

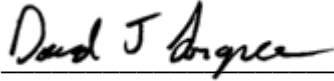
Our report did not include the possible impact of zoning regulations, licensing requirements, or other restrictions concerning the project, except where such matters were brought to our attention.

The report and its contents are intended solely for the information of our client (Greene County IDA) for internal use relative to determining the project's feasibility. However, per the request of the Greene County IDA, we prepared this executive summary to allow them to include our conclusions as part of a larger investigation under the New York State Environmental Quality Review Act (SEQRA). This summary should be relied upon for reference purposes only and not be relied upon for any other purpose. A full review of the report is necessary to understand the basis of our conclusions.

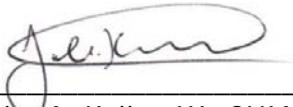
Mr. Rene VanSchaack
October 27, 2016
Page 2

Respectfully submitted,

Hotel & Leisure Advisors, LLC



David J. Sangree, MAI, ISHC
President



John A. Kelley III, CHIA
Associate

Introduction

The Greene County IDA has an option to purchase 64.05 acres in the southwest quadrant of Interstate 87 and Route 23B. It consists of eight parcels on which they plan to develop the necessary infrastructure for future development of a leisure-oriented attraction(s) and other commercial businesses. There is also the potential for development of an indoor waterpark resort, which is Greene County IDA's preferred development. As part of another study, we prepared a market feasibility analysis for a proposed indoor waterpark resort. This study analyzed alternative highest and best uses for the subject site.

A majority of the subject site is undeveloped forestland; however, five houses on five of the seven parcels would be razed to accommodate the proposed development. The Town of Catskill is extending the public sewer line to provide access for the subject development. Within a 180-mile radius, the proposed attraction will cater to the New York City and other regional metropolitan markets that have a population exceeding 44.5 million.

We analyzed a variety of leisure attractions and determined which attraction(s) would generate the highest value. The proposed leisure attractions we analyzed included a retail outlet mall, campground and RV park, family entertainment center (FEC) and adventure park, and a resort without a waterpark component. Each attraction's industry was analyzed and a defined competitive set was selected.

Our highest and best use analysis considered the legal permissibility, physical possibility, and estimated demand relative to comparable and alternate leisure attractions. The study projected preliminary revenue but did not include a detailed financial analysis to derive operating expense levels and resultant net income. Further analysis is necessary to conclude if the recommended leisure attraction(s) is financially feasible and maximally productive.

Area Review

The neighborhood surrounding the subject site has uses primarily related to agriculture, residential, and hospitality. The largest retail store in the vicinity is the Home Depot on the opposite side of Interstate 87. Additionally, the closed Quality Inn near the Thruway toll booth was acquired by Greene County in June 2016 by foreclosure for unpaid taxes. The County's foreclosure is under appeal and the County is evaluating strategies to make the property productive. The client is also soliciting a developer to construct a franchised limited-service hotel to target commercial and leisure demand, chain restaurant, and convenience store/gas station at the subject's exit. The subject site is visible from State Route 23 and Interstate 87 (New York State Thruway), which connects the New York City metropolitan area to Albany and other regional destinations. Major tourist attractions in the area include Hunter and Windham Mountains, Zoom Flume outdoor waterpark, Historic Downtown Catskill, Thomas Cole National Historic Site, and the Hudson River.

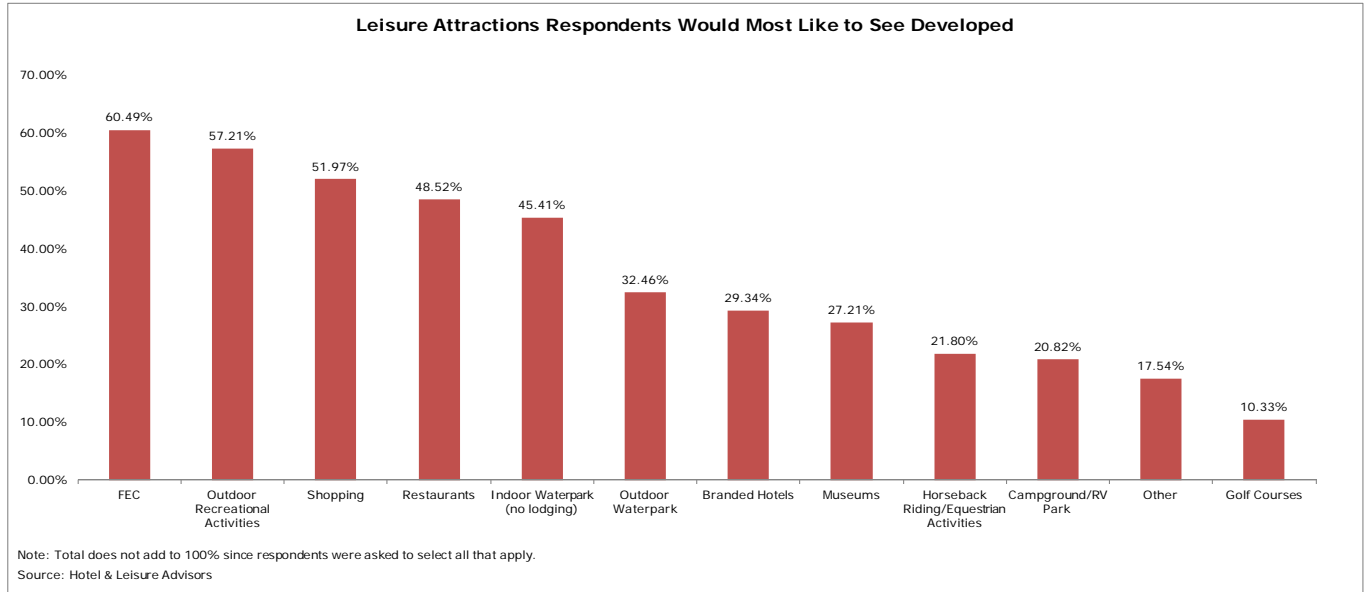
Recommended Leisure Attractions

The client plans to solicit a developer to construct a year-round leisure-oriented attraction on the subject site. We reviewed the types of leisure-oriented attractions and determined which attractions best align with the client's vision and the results of our analysis. The following table is a list of recommended leisure-oriented attractions we considered as viable for the subject site:

- Resort without a waterpark
- Campground and RV Park
- Retail Center Outlet
- FEC and Adventure Park

Preferred Leisure Attractions from Survey Responses

We conducted an online survey of 673 people primarily from Greene County, in addition to two in person focus groups. The following graph presents the leisure attractions survey respondents would most like to see developed at the subject site:



Alternate Leisure Attraction Recommendations and Preliminary Projected Revenues

Each proposed leisure attraction has benefits and challenges. The subject site is a prime location since it is easily accessible and visible from Interstate 87 and has ample acreage to develop a quality, unique attraction. Demographics, preferences, industry trends, and development costs need to be considered.

We developed recommendations for the subject facility based on industry and regional trends and operations for each leisure attraction. Based on these recommendations, we projected preliminary revenues over a five-year period. We note these preliminary projections will be refined as the scopes of the developments are confirmed. The following tables profile our recommendations for the four leisure attractions and our preliminary revenue projections:

Proposed Retail Outlet Center Recommended Facility	
Total Gross Leasable Area (GLA)	350,000
Number of Stores	70
Average Sq. Ft. per Store	5,000
Type of Retail Center Factory Outlet Center	
Potential Outlet Center Affiliations Tanger Factory Outlet Center Premium Outlets	
Potential Design/Theme Main Street Promenade Local Art Infusion Modern/Contemporary	
Recommended Types of Stores	
Accessories	Luggage & Travel
Children's & Infant Fashion	Men's & Women's Fashion
Coffee/Café/Bakery	Shoes & Footwear
Cookware & Kitchen Accessories	Services
Drug Store	Specialty Retail
Electronics	Sunglasses, Optical & Eyewear
Health, Bath & Beauty	Sporting Goods & Athletic Wear
Home Décor	Teen's Fashion
Home Furnishings	Toys, Games & Hobbies
Jewelry & Watches	
Additional Amenities Arcade Information Center Shopping Packages with Local Resorts Food Court with Quick-Serve Restaurants Source: Hotel & Leisure Advisors	

Proposed Retail Outlet Center Projected Base Rental Income and Sales						
	Base Year	Base +1	Base +2	Base +3	Base +4	Base +5
Year	2019	2020	2021	2022	2023	2024
Total GLA Sq. Ft.	350,000	350,000	350,000	350,000	350,000	350,000
Average Base Rent per Sq. Ft.	\$28.00	\$28.70	\$29.42	\$30.15	\$30.91	\$31.68
Potential Gross Income (PGI)	\$9,800,000	\$10,045,000	\$10,296,125	\$10,553,528	\$10,817,366	\$11,087,800
Less: Vacancy and Credit Loss	10%	6%	4%	4%	4%	4%
Effective Gross Income (EGI)	\$8,820,000	\$9,442,000	\$9,884,000	\$10,131,000	\$10,385,000	\$10,644,000
Projected Sales per Sq. Ft. of Occ. GLA	\$390.00	\$400.00	\$410.00	\$420.00	\$431.00	\$442.00
Total Projected Sales	\$136,500,000	\$140,000,000	\$143,500,000	\$147,000,000	\$150,850,000	\$154,700,000
% of EGI to Total Proj. Sales	6.5%	6.7%	6.9%	6.9%	6.9%	6.9%
Note: EGI rounded to nearest thousand						
Source: Hotel & Leisure Advisors						

Greene County residents shared their desire for more shopping options in the area for branded products. The closest factory outlet mall is in Lee, Massachusetts, at the Lee Premium Outlets, approximately 55 miles east of the subject. While development of an outlet center has potential at the subject site, the retail industry is facing challenges such as changing purchasing habits, increase of online retailer competition, and saturation of

leasable retail square footage, which has placed downward pressure on lease rates in many markets. Additionally, there is a lot of competition in the outlet mall segment, especially south of the subject in the New York City metropolitan market. However, vacancy rates are lower at regional outlet centers indicating stronger demand.

Proposed Campground and RV Park Recommended Facility		
	Number of Sites	Square Feet
Primitive Sites for Tents	50	3,000 to 4,000
Furnished Yurts	25	3,000 to 4,000
Modern RV Sites	100	5,000 to 6,000
Cabins	<u>25</u>	6,000 to 8,000
Total	200	
Plumbing Outlets		
Men's and Women's Restrooms		
Men's and Women's Showers		
Honey Wagon and Pump Station		
Additional Outlets and Revenue Centers		
Community Center for Registration		
General Store		
Recreation Center		
Activities and Amenities		
Ropes Course	Rock Climbing	
Zip Line	Canopy Tour	
Kayaking	Fishing	
Fire Pits	Mountain Bike Rentals	
Picnic Area	Hiking Trail	
Laundry	Playground	
Propane	Pavilion	
Planned Activities	Dog Park	
Wi-Fi Hotspots	Outdoor Pool with Waterslides	
Interactive Outdoor Treasure Hunt with Smartphone		
Source: Hotel & Leisure Advisors		

Proposed Campground and RV Park Preliminary Projected Annual Occupancy and Revenues					
	Projections				
All Sites	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
# of Days Open	365	365	365	365	365
Number of Sites/Cabins	200	200	200	200	200
Number of Available Sites	73,000	73,000	73,000	73,000	73,000
Number of Occupied Sites	32,120	33,580	35,040	35,040	35,040
Occupancy	44%	46%	48%	48%	48%
Average Rate per Site	\$101.00	\$103.53	\$106.11	\$108.77	\$111.49
Total Revenues	\$3,244,120	\$3,476,370	\$3,718,204	\$3,811,159	\$3,906,438
Source: Hotel & Leisure Advisors					

The natural elements of the subject site would provide a good backdrop for a campground and RV park. Numerous campgrounds and RV parks are in Greene County and the greater region; however, there are few higher-end locations. Greene County residents and those visiting the area enjoy outdoor activities, which this type of attraction would satisfy. Development costs for a campground and RV park would be less than other proposed attractions, which improves the financial feasibility of the development. Differentiating the campground and RV park by offering glamping accommodations and amenities would help it compete with regional competitors.

Proposed FEC and Adventure Park Recommended Facility	
Outdoor Attractions	
Ropes Course	Rock Climbing
Zip Line	Fishing
Miniature Golf	Hiking Trails
Mountain Bike Rentals	Segways
Canopy Tours	Mountain Coaster
Kayaking	Euro Bungee
Interactive Trail Using a Smartphone/Tablet	
Indoor Attractions (20,000 sq. ft.)	
Bowling	Billiards
Laser Tag	Ping-Pong
Arcade Games	Air Hockey
Ticket Redemption Games	Video Game Tournament Area
Food and Beverage Outlets (5,000 sq. ft.)	
Restaurant	
Lounge	
Outdoor Snack Bar	
Adjacent Businesses at Subject Site	
Limited-Service Hotel	
Retail Outlets	
Free-standing Restaurants	
Source: Hotel & Leisure Advisors	

Proposed FEC and Adventure Park Projected Revenues					
	2019	2020	2021	2022	2023
Indoor FEC					
Total Sq. Ft.	20,000	20,000	20,000	20,000	20,000
Proj. Sales per Sq. Ft.	\$90.00	\$93.60	\$96.41	\$98.82	\$101.29
Total Revenue	\$1,800,000	\$1,872,000	\$1,928,160	\$1,976,364	\$2,025,773
Outdoor Adventure Park					
Proj. Visitors	70,000	75,000	78,000	80,000	81,000
\$/per Visitors	\$18.00	\$18.72	\$19.28	\$19.76	\$20.26
Total Revenue	\$1,260,000	\$1,404,000	\$1,503,965	\$1,581,091	\$1,640,876
Combined Total Revenue	\$3,060,000	\$3,276,000	\$3,432,125	\$3,557,455	\$3,666,649
Source: Hotel & Leisure Advisors					

A year-round attraction was a preference among Greene County residents and viewed as a way to attract tourists throughout the year. An FEC such as Dave & Buster's or Lucky Strike Social was considered but determined unfeasible due to the smaller population in the subject area that would not support the operation during the down season. We recommend a smaller indoor FEC that includes an outdoor adventure park open during the peak season. This leisure attraction should be developed in conjunction with one of the other attractions such as the outlet mall or a hotel.

Conclusion

Our analysis revealed the subject site is a viable location for a leisure attraction. We determined the four alternate leisure attractions described and analyzed in our report are most viable out of the numerous attractions available. However, additional analysis is required once one or more of the recommended leisure attractions is selected for development. Demographics, preferences, industry trends, and development costs need to be considered. Additionally, there needs to be consideration of the Greene County IDA's involvement in preparing a shovel ready site, which will be attractive for investors and developers. Completion of various reviews and approvals such as the state SEQRA process and any necessary federal, state or local permits, in addition to investments to ensure the site has a full complement of infrastructure available will reduce the risks normally inherent with large-scale development projects.

Competency of the Consultants

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