

RESOLUTION

(Deer Haven Park LLC 2020 Project)

A regular meeting of the Seneca County Industrial Development Agency was convened on December 4, 2020.

The following resolution was duly offered and seconded, to wit:

Resolution No. 2020 – 20

RESOLUTION OF THE SENECA COUNTY INDUSTRIAL DEVELOPMENT AGENCY (THE "AGENCY") MAKING FINDINGS PURSUANT TO PUBLIC AUTHORITIES LAW SECTION 2897(7)

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 63 of the Laws of 1972 of the State of New York, as amended (hereinafter collectively called the "Act"), the **SENECA COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (hereinafter called "Agency") was created with the authority and power to own, lease and sell property for the purpose of, among other things, acquiring, constructing and equipping civic, industrial, manufacturing and commercial facilities as authorized by the Act; and

WHEREAS, the Agency is the owner of approximately 172 acres of real property and improvements located in the Town of Varick, Seneca County, New York, consisting of a portion of the former Seneca Army Depot (the "Property"); and

WHEREAS, Deer Haven Park, LLC (the "Company") has contracted to purchase the Property pursuant to that certain Agreement of Purchase and Sale for Real Property dated September 14, 2020 (the "Contract"); and

WHEREAS, the Agency has caused an appraisal of the Property to be conducted (the "Appraisal"), a copy of which is attached hereto as Exhibit A; and,

WHEREAS, the Appraisal includes a complete description of the Property; and

WHEREAS, an explanatory statement of the transfer of the Property to the Company is attached hereto as Exhibit B (the "Explanatory Statement"); and

WHEREAS, the Explanatory Statement includes a description of the purpose of the transfer of the Property, a reasonable statement of the kind and amount of the benefit to the public resulting from the transfer, the statement of the value received by the Agency compared to the fair market value as determined by the Appraisal, and the names of private parties to the transaction.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE SENECA COUNTY INDUSTRIAL AGENCY AS FOLLOWS:

Section 1. The Agency hereby finds and determines that:

(A) The Agency has received and reviewed the Explanatory Statement, which contains a full description of the Property and a complete explanation of the transfer;

(B) The Agency has received and reviewed the Appraisal, which contains a full description of the Property; and

(C) The purpose of the transfer of the Property to the Company is to facilitate the redevelopment and repurposing of the Property in conjunction with the Company's existing and contemplated development of adjacent sites, restore the Property to the tax rolls as an economically productive and viable commercial site, and relieve the Agency of the burden of carrying ownership of the Property; and

(D) The public will benefit from the Property serving as generator of economic activity as opposed to a vacant and deteriorating former group housing facility, and from the Property's eventual restoration of the Property to the tax rolls; and

(E) As noted by the Appraisal, the true fair market of the Property is difficult to ascertain, and the Property may have no value given its condition; and

(F) The Appraisal and the Explanatory Statement collectively contain all the information described in Public Authorities Law section 2897(7)(b); and

(G) There is no reasonable alternative to the proposed transfer of the Property to the Company, pursuant to the terms as described in the Explanatory Statement, which would achieve the same purpose as such transfers.

Section 2. These Resolutions shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to vote on roll call, which resulted as follows:

	Yea	Nay	Abstain	Absent
Valerie Bassett	X			
Steve Brusso	X			
Menzo Case	X			
Thomas Kime	X			
Erica Paolicelli	X			
Jeff Shipley	X			
Don Trout	X			
Stephen Wadhams				X

The Resolutions were thereupon duly adopted.

SECRETARY'S CERTIFICATION
(Deer Haven Park LLC 2020 Project)

STATE OF NEW YORK)
COUNTY OF SENECA) ss.:

I, the undersigned, Secretary of the Seneca County Industrial Development Agency DO HEREBY CERTIFY:

That I have compared the annexed extract of minutes of the meeting of the Seneca County Industrial Development Agency (the "Agency"), including the resolution contained therein, held on December 4, 2020, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolution set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

I FURTHER CERTIFY, that all members of said Agency had due notice of said meeting, that the meeting was in all respects duly held and that, pursuant to Article 7 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public, and that public notice of the time and place of said meeting was duly given in accordance with such Article 7.

I FURTHER CERTIFY, that there was a quorum of the members of the Agency present throughout said meeting.

I FURTHER CERTIFY, that as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or modified.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Agency this 3rd day of December 2020



Secretary

EXHIBIT A

THE APPRAISAL

(Attached)

MIDLAND APPRAISAL ASSOCIATES, INC.

APPRAISAL REPORT

Former Seneca Army Depot Barracks
SBL#: 07-1-16.2
1887 State Route 96A
Town of Varick
Seneca County, New York

AS OF

July 8, 2020

MADE FOR

Ms. Patricia Jones
Deputy Executive Director
Seneca County IDA
One DiPronio Drive
Waterloo, NY 13165

MADE BY

JEFFREY S. JAMES, MAI
MIDLAND APPRAISAL ASSOCIATES, INC.
349 West Commercial Street, Suite 2290
East Rochester, New York 14445
585-381-5425

MIDLAND APPRAISAL ASSOCIATES, INC. REAL ESTATE COUNSELING & APPRAISAL SERVICES



Ovid C. Schwaber, MAI
Jay J. Luper, MAI
David H. Ruchalsky, MAI, SRA
James A. Schultz
Stephen V. Ferrara, SRA
Jeffrey S. James, MAI
David R. Ciroula
Nathan T. Gabbert, SRA, IAO

August 5, 2020

Ms. Patricia Jones
Deputy Executive Director
Seneca County IDA
One DiPronio Drive
Waterloo, NY 13165

Re: Former Seneca Army Depot Barracks
SBL#: 07-1-16.2 - Town of Varick
Seneca County, New York

Dear Ms. Jones:

Pursuant to your request, I have inspected the above described property on July 8, 2020 in conjunction with the valuation estimation. My observations and conclusions are set forth in the following report in which the market value estimate of the subject parcel is estimated at **\$850,000**.

The value estimate within the report is made subject to the General Assumption, (General Limiting Conditions contained herein.

Thank you for providing me the opportunity to complete this assignment. If you have any questions please do not hesitate to call.

Very truly yours,

MIDLAND APPRAISAL ASSOCIATES, INC.

JEFFREY S. JAMES, MAI

MIDLAND APPRAISAL ASSOCIATES, INC.

NOTICE TO READER

This report sets forth certain factual data, which is verifiable in the marketplace. Based upon the investigation and analysis of this data, the appraiser has exercised judgment and developed conclusions of Highest and Best Use, and Value. (The term Highest and Best Use, and the specified value, are defined within the report.)

The conclusions contained within this report represent the **opinions** of the appraiser. Further, they are **valid only as of a specified date of value**. All properties and markets are unique. There can be no assurance that the appraised value will remain stable, decline or appreciate, although judgments of the perceived probability of such are often necessary in the valuation process.

The opinions of Highest and Best Use, and specified value, by necessity, are based upon certain Assumptions and Limiting Conditions, which are set out within the report. It is essential that the user of this report reads carefully and fully understands the Assumptions and Limiting Conditions upon which the conclusions of Highest and Best Use and Value are based.

The writer of this report, by virtue of specialized education and years of valuation experience, is a qualified appraiser of real estate. The function of this report is to provide an **opinion of value** of the real property as herein defined. Under no circumstances should this report be considered as providing any service or recommendation commonly performed by a building inspector, structural engineer, architect, pest control inspector, or other qualified professional possessing specialized knowledge and experience. A valuation premise related to the function of any such professional, such as that there are no toxic or hazardous materials or wastes within or adjacent to the appraised property, should in no circumstances be interpreted as a judgment by the undersigned.

MIDLAND APPRAISAL ASSOCIATES, INC.

CERTIFICATION

I, Jeffrey S. James, do hereby certify to the Seneca County IDA and Patricia Jones that I have personally inspected the property identified as:

Former Seneca Army Depot Barracks
SBI#: 07-1-16.2 - Town of Varick, NY

and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and that I am in compliance with the Competency Provision.

To the best of my knowledge and belief, the statements of fact contained in this report and upon which the opinions herein are based are true and correct, subject to the "General Assumptions" and "General Limiting Conditions" herein set forth. This report has been made in conformity with and is subject to the Uniform Standards of Professional Appraisal Practice and supplemental requirements of the Code of Professional Ethics and Standards of Valuation Practice of the Appraisal Institute. I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Employment in and compensation for making this appraisal are in no way contingent upon the value reported or direction in value that favors the cause of the client, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal. I certify that I have no interest, either present or contemplated, in the subject property. I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.

This appraisal report sets forth all of the reported assumptions and limiting conditions (imposed by the terms of the assignment or by the undersigned) affecting the analyses, opinions and conclusions contained in this report, and represent our personal, impartial and unbiased professional analyses, opinion and conclusions. I have not performed appraisal services related to the subject property within the three-year period immediately preceding acceptance of the assignment, as an appraiser.

The Appraisal Institute conducts a program of continuing professional education for its designated members. As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute. I am also state certified in the nonresidential category, in conformance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

No one other than the undersigned prepared the analyses, opinions or conclusions concerning real estate that are set forth in this appraisal report.

JEFFREY S. JAMES, MAI
State Certified General
Real Estate Appraiser
Certificate #46000043019

August 5, 2020

MIDLAND APPRAISAL ASSOCIATES, INC.

GENERAL ASSUMPTIONS

This appraisal report has been made with the following General Assumptions:

- No responsibility is assumed for the legal description or legal matters, and title to the property is assumed to be good and marketable unless otherwise stated.
- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable; however, no warranty is given for its accuracy.
- All engineering is assumed to be correct. The plot plans and exhibits in this report are included only to assist the reader in visualizing the property.
- Except as otherwise noted, it is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover them.
- Except as otherwise noted, it is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
- It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the appraisal report.
- It is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the report.

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GENERAL LIMITING CONDITIONS

This appraisal report has been made with the following General Limiting Conditions:

- The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with proper written qualification and only in its entirety.
- The appraiser herein by reason of this appraisal is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made therefore.
- Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected), shall be disseminated to the public through advertising, public relations, news, sales or other media without the prior written consent of and approval of the appraiser.
- Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the subject property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the subject property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the subject property. The value estimate is predicated on the assumption that there is no such material on or in the subject property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field if desired.
- The Americans with Disabilities Act ("ADA") became effective January 26, 1992. Midland Appraisal Associates, Inc. has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since Midland Appraisal Associates, Inc. has no direct evidence relating to this issue, Midland Appraisal Associates, Inc. did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

MIDLAND APPRAISAL ASSOCIATES, INC.

PURPOSE, USE AND DATE OF APPRAISAL

The purpose of this appraisal is to render an opinion of value of the subject property identified as the former Seneca Army Depot Barracks located on the east side of Route 96A in the town of Varick including parcel number SBI#: 07-1-16-2. The subject property was inspected on July 8, 2020, the date of valuation. The intended use of the appraisal is for purchase and sale decision making.

INTENDED USERS

The intended users of this appraisal are the client and includes the Seneca County Industrial Development Agency (IDA).

PROPERTY RIGHTS APPRAISED

Fee Simple Estate - defined as: " Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."¹

IDENTIFICATION OF PROPERTY

The subject property consists of a single parcel totaling 172.60± acres according to a the most recent county tax maps. The parcel is located in the town of Varick and is identified as SBI# 07-1-16-2. Various maps of the property are included in the body of this report. The land is mostly level and generally cleared with a small number of mature shade trees scattered throughout the property. The property is improved with several structures built for use by the United States Army in the 1950's including barracks, gymnasium, medical clinic, food service, cafeteria and others.

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal* 6th ed (Chicago, IL: Appraisal Institute, 2015), 46.

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MARKET VALUE DEFINED

Market value is defined as "the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."²

APPRAISAL PROBLEM

This report is intended specifically for use by the client, Seneca County IDA to assist in the estimating and negotiations of purchase and sale proceedings of the subject property. The subject property was inspected on July 8, 2020 with the accompaniment of Patricia Jones, representative for the owner, Seneca County IDA.

The appraisal utilizes the sales comparison approach exclusively for valuing older vacant properties consistent with the highest and best use of the subject parcel. While the subject property was leased from 2004 to 2019 to Hillside Children's Center, the lease amount was not reflective of any particular market rate. The parties agreed that much investment would be required to maintain and operate the property and that this investment would be borne by the lessee in lieu of any type of market lease rate. As a result, the income capitalization and cost approaches would provide no credible support for a valuation estimate of the subject property and therefore have not been developed.

² Appraisal Institute, *The Appraisal of Real Estate*, 14th ed. (Chicago, IL: Appraisal Institute, 2012), 20.

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SCOPE OF THE APPRAISAL

Within the scope of the appraisal report, the appraiser has completed the following:

- Reviewed and updated the area analysis of Seneca County and the towns of Varick and Romulus.
- Defined the neighborhood and other predominant features and characteristics.
- Personally inspected and photographed the subject property.
- Researched and analyzed sales of older vacant institutional, educational or health related properties throughout western and central New York from 2013 to 2020.
- Analyzed the market data to yield a valuation estimate range for the subject property by the sales comparison approach.
- Reconciled the sales comparison approach for the subject property with a conclusion of market value as of August 5, 2020.

Judgment, knowledge, and experience have been utilized in the gathering of comparable sales. The reporting of comparable information is realized by:

1. Obtaining leads, i.e. from newspapers, assessors' records, data contained within the files of Midland Appraisal Associates, Inc., and others knowledgeable in real estate.
2. Reading/summarizing public documents, i.e., deeds and mortgages found in the County Clerk's Office.
3. Having knowledge of the comparable sales by locating and analyzing each property.
4. Verifying transaction data with an agent or a specific party who has or had an interest in the property or involved in the sale of the property.

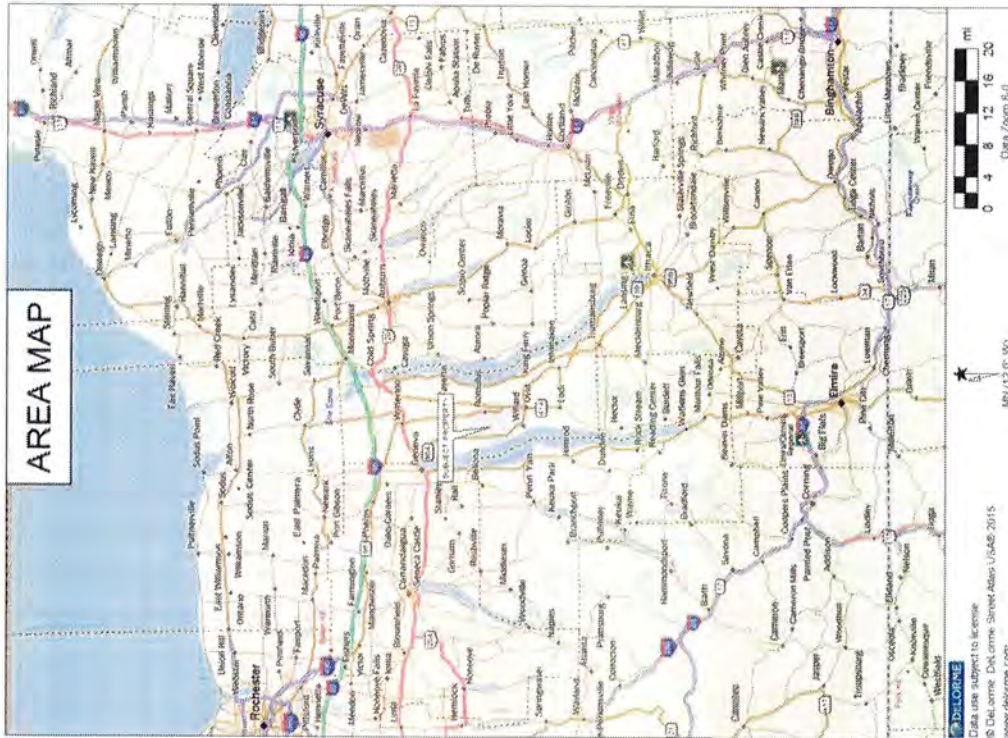
Standards Rule 2-2 of the 2020-2021 edition of the Uniform Standards of Professional Appraisal Practice states "Each written property appraisal report must be prepared under one of the following options and prominently state which option is used: Appraisal Report or Restricted Appraisal Report."

The enclosed document is an Appraisal Report and includes a complete analysis in which the three traditional approaches to value were considered. Furthermore, the reporting set forth and contained within this document is presented with the appropriate level of information to constitute compliance with and is consistent with the intended use of the appraisal.

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Competency Provision of Uniform Standards of Professional Appraisal Practice

No additional steps were necessary to comply with the competency provision of the USPAP, as the undersigned have the necessary appraisal education and experience to complete the appraisal assignment. Prior assignments completed over the past 25± years have included various vacant properties with similarities to the subject property.



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AREA ANALYSIS – SENECA COUNTY

Seneca County is located in the Finger Lakes Region of Upstate New York State between the metropolitan areas of Rochester and Syracuse and two of the largest Finger Lakes, Cayuga Lake on the east and Seneca Lake on the west. Seneca County is bordered by Wayne County on the north, Cayuga County on the east, Schuyler County on the south along with Ontario and Yates Counties on the west. There are ten towns and five villages with a total population of 35,251 residents according to the 2010 U.S. Census Bureau. The census estimates a population of 34,777 for 2016. The villages and towns of Seneca Falls and Waterloo, located along Routes 5 and 20, are the two major population centers.

Seneca County is primarily agricultural in nature with a significant portion of the county's land area utilized for farming. Major employers include Gould Pumps/TTT, New York Chiropractic College, Hillside Children's Center, Waterloo Premium Outlets, Seneca Cayuga ARC, and Seneca County. In addition, many residents commute to Rochester and Syracuse for employment. Tourism has also become an important factor in the economy of Seneca County. Seneca Falls gained fame as the birth place of Women's Suffrage Movement in the last century and has become home of the National Women's Hall of Fame. In 1982, the National Parks Service dedicated the opening of the Women's Rights National Historic Park in Seneca Falls. The Montezuma National Wildlife Refuge is located in the northeast corner of Seneca County where tourists are able to drive through and observe wildlife. In addition, the growth of winery and brewery outlets on the east side of Seneca Lake and the west side of Cayuga Lake has also increased tourism for the county over the past 20+ years.

East-west access within Seneca County is provided by the New York State Thruway (I-90) and NYS Routes 5 and 20. North and south accessibility is provided by NYS Routes 89, 96, 96A and 41. The county is located 45± miles west of Syracuse and 50± miles east from Rochester. The typical commute time to each city is 45-60± minutes.

In summary, Seneca County is a primarily rural-agricultural area located within the Finger Lakes region of Upstate New York. Although the Seneca County economy relies heavily on agricultural resources, several local employers along with the tourism industry are also major economic influences. In addition, the recent and ongoing redevelopment of the former Seneca Army Depot will continue to provide additional employment and positive economic benefits.

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Town of Romulus:

The town of Romulus is located in central Seneca County north of the town of Ovid and south of the town of Varick. Elm Beach, Hayts Corners, Kendaia, Lake Shore Landing, Poplar Beach, Romulus, Spring Meadows, and Willard are the communities that make-up the town. The population of the town of Romulus was 4,316 people according to the 1990 Census, making it the fourth most populated town in the county. This 2010 population figure represents a 112% increase from the 2000 Census of 2,036 people. Major north/south arterials through the town of Romulus include Route 89 to the east along Cayuga Lake, Routes 414 and 96 through the central portion of the town, and Route 96A to the west. Both the Sampson State Park and a portion of the Seneca Army Depot are located in the town of Romulus.

Town of Varick:

The town of Varick is located in north/central Seneca County north of the town of Romulus and south of the town of Payette, Kings Corners, McDuffie Town, Yale and East Varick are the communities that make-up the town. The population of the town of Varick was 2,161 people according to the 1990 Census and 1,729 for 2000. The 2010 population of 1,857 represents a 7.4% increase from the 2000 Census. Major north/south arterials through the town of Varick include Route 89 to the east along Cayuga Lake, Routes 414 and 96 through the central portion of the town, and Route 96A to the west. A portion of the Seneca Army Depot is located in the town of Varick and is the location of the world's largest population of white deer.

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OWNERSHIP AND OCCUPANCY DATA

According to the tax rolls for the Town of Varick, the reputed owner of the subject property identified as SBL# 07-1-16.2 is the Seneca County Industrial Development Agency (IDA). As of the date of valuation, the subject property consisted of several vacant structures of significant age.

SALES HISTORY

The subject property was conveyed from the United States of America to the Seneca County IDA in early 2000 at no cost. On April 1, 2000 a lease and option to purchase was signed with Kidspiece National Centers of New York, Inc. On December 1, 2004, Hillside Children's Center took over the lease and occupancy of the property which continued through 2019. According to Seneca County IDA, lease payments of \$15,000 per quarter (\$60,000 per year) have been received over the course of the lease since 2002. The lease payment was not based on any particular value of the property or market lease rate for the area. Reportedly, it was agreed between the Seneca County IDA and Hillside Children's Center that the considerable costs associated with maintaining the aging military barracks would take precedence over a market lease payment for the property. Due to the substantial ongoing maintenance costs and the remote location of the property, Hillside Children's Center vacated the property in September of 2019. The subject has been vacant since. There have been no other sales of the subject property during the past five years.

SITE DESCRIPTION

The subject property consists of a single parcel totaling 172.60± acres with several paved parking lots, access roads, and open fields supporting fifteen (15) structures formerly known as the Seneca Army Depot barracks. The parcel contains 139.2± ft. of road frontage on the east side of Route 96A. The land is generally level to slightly sloped with a small number of mature deciduous trees throughout the property. There are several large paved parking lots and access roads that are mainly in fair to average condition, however some parking areas are suffering from weed growth along seam lines. The property contains a full sized pool (unfilled at time of inspection) and several playing fields and other open land. The property is served by water, electrical and natural gas service. A waste water treatment plant is located onsite and is reportedly still operating, however at or near the end of its life cycle.

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TAX MAP EXCERPT



MIDLAND APPRAISAL ASSOCIATES, INC.

AERIAL PHOTOGRAPH



MIDLAND APPRAISAL ASSOCIATES, INC.

**SCHEDULE #1
FORMER SENECA ARMY DEPOT
BARRACKS BUILDINGS**

<u>BLDG. IDENTIFICATION</u>	<u>BLDG. SIZE</u>
Bldg.# 701 Langsten Hughes Hall School Bldg.	9,600 SF
Bldg.# 702 E.C. Stanton Residence	13,500 SF
Bldg.# 703 Finger Lakes Center Residence	12,000 SF
Bldg.# 704 Wilderness Center Residence	14,500 SF
Bldg.# 705 Vocational Education Building	10,000 SF
Bldg.# 706 Auditorium/Theater	5,000 SF
Bldg.# 707 Medical Clinic/Kitchen/Cafeteria	21,000 SF
Bldg.# 708 Old Army Barracks Building	10,000 SF
Bldg.# 710 Administration Building	5,000 SF
Bldg.# 733 Pool House	1,200 SF
Bldg.# 744 Gymnasium and Rec Center	18,000 SF
Bldg.# 750 Office Building	3,000 SF
Bldg.# 751 Facilities Management Building	6,000 SF
Bldg.# 752 Critical Care Residence	8,000 SF
Bldg.# 755a Pole Barn	1,500 SF
Bldg.# 755b Backup Generator Building	1,500 SF
Total Area:	139,800 SF

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DESCRIPTION OF IMPROVEMENTS

The subject property is improved with fifteen (15) structures totaling nearly 140,000± sq. ft. that were vacant at the time of inspection. The appraiser was also provided a copy of a decommissioning report performed by Fisher Associates detailing the condition of the various buildings as well as recommendations for repairs and ongoing maintenance to preserve the building conditions. These plans estimated investments over the one, three and five year time frames calculated at \$177,000, \$2,082,000 and \$130,000 respectively as well as ongoing yearly maintenance of approximately \$96,000 per year. The vast majority of these estimated expenses resulted from roof repairs or replacements to nearly all buildings. It was noted that during inspection, little or no water intrusion was observed, however according to the Fisher report, roof repairs and replacements would become necessary in the near future. It is also noted that the on-site waste water treatment plant is at or near the end of its useful life and will need to be overhauled at an estimated cost of \$1,000,000.

The subject buildings were primarily constructed by the United States Army during the 1950s and 1960s to house personnel that supported the Seneca Army Depot which maintained a significant munition reserve after World War II. The buildings consist of residence halls, cafeterias, warehouses, classrooms, offices, and a gymnasium/recreation center as well as a pool and support building. A detailed description of each of the buildings is not specifically beneficial for purposes of this analysis based on the highest and best use of the property. The property was recently occupied by Hillside Children's Center, a home for troubled and neglected youth, from 2004 through 2019. The property was vacated primarily due to the excessive cost of continued maintenance to the property as well as its somewhat remote location. It is noted that most of the structures remain in fair to average condition with only Barracks Building 708 considered in poor condition. This building was not occupied by Hillside Children's Center.

BUILDING SITE PLAN
(from Fisher Associates Report)



ZONING

The town of Varick is designated mostly as Conservation/Agricultural Residential (C/AR) with several overlays including Environmental Restriction, Small Business, Professional, Institutional and Warehouse, Industrial, Transportation and Energy. The town of Varick has setback and structure height requirements for each of the overlay districts

The subject property is located in the Small Business Park and Institutional District which is intended to create an environment favorable to small businesses and institutions that create little disturbance, and no deleterious effects on the natural environment. Preferred uses are those that benefit from a campus-like setting, such as assembly, laboratories, research and development, electronic data storage, light manufacturing, printing and publishing. The subject property institutional use is consistent with the purpose of the districts and is a legal conforming use.

ASSESSED VALUATION AND TAXES

The property is identified municipally by the town of Varick as the Depot with a municipal address for the barrack area of 4887 State Route 96A. (SBL#: 07-1-16.2). The (2019/20) total assessed valuation as follows:

Improvement Assessment:	\$6,929,000
Land Assessment:	571,000
Total Assessment:	\$7,500,000

The subject property is under the ownership of the Seneca County Industrial Development Agency (IDA) with no required tax burden.

HIGHEST AND BEST USE

Highest and best use may be defined as

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.³

The subject property consists of 172.60± acres of land area improved with several structures originally constructed and occupied by the United States Army to serve the Seneca Army Depot and a large munitions storage facility. The parcel is located in the town of Varick within Seneca County, New York and is generally level with several paved access roads and parking lots surrounded by maintained landscape, playing fields and open minimally maintained land. The property was inspected on July 8, 2020 and revealed most of the buildings to be in fair to average condition. One of the barracks buildings (Bldg. #708) was in poor condition and reportedly has not been occupied in several decades.

The remainder of the property, including 14 other buildings had been occupied by the Hillside Children's Center from 2004 through 2019. Due to extensive repairs and upkeep costs associated with maintaining the aging former military barracks buildings that were constructed in the 1950s, the property was vacated in September of 2019.

It is not atypical for special use properties with aging buildings that have exceeded their life spans to have difficulty finding interested parties to purchase or lease due to the same reasons facing the subject property. An additional challenge is created by the subject's remote location several miles from any significant population center.

Comprehensive research has been performed throughout central and western upstate New York to analyze and review sales of older, vacant institutional, educational, religious or health care related properties. Ten sales were identified with most sale prices ranging from \$10,000 to \$400,000 and far below the cost to replace the structures included with the properties. One transaction reflected an adjusted sale price of \$1,350,000, however the property was primarily purchased for the 1,000 ft. of waterfrontage on Seneca Lake. Many of the properties were purchased for conversion to an alternative private or semi-public use.

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal* 5th ed. (Chicago, IL: Appraisal Institute, 2010), 93.

As noted in the Description of Improvements section, preservation of the property would cost several million dollars over the next five years. Demolition of the buildings could cost several hundred thousand dollars which could exceed the value of the land as vacant. As a result of these constraints, the highest and best use of the property is a conversion or repurposing to an alternative private or semi-public use.

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SCHEDULE #2
SCHOOL/RELIGIOUS BUILDING SALES
UPSTATE NEW YORK - 2013-2020

SALE #	LOCATION	LAND AREA	BLDG SIZE	BLDG AGE	SALE DATE	SALE PRICE	UNIT PRICE \$ PER SF	REMARKS
S-1	55 Cox Road Williamstown NY	31.00 Ac	33,749 SF	1962	5/6/13	\$35,000	\$1.13	Former school purchased for thrift shop and private commercial use.
S-2	610 Lake St Elmira NY	7.34 Ac	97,029 SF	1930	6/24/16	\$400,000	\$4.08	Purchased for occupancy by Charter School
S-3	Grand Avenue Savannah NY	4.98 Ac	37,000 SF	1973	3/8/17	\$200,000	\$5.41	Clyde-Savannah school purchased for conversion to senior living.
S-4	130 Riva Blvd Nerdale NY	4.90 Ac	19,957 SF	1964	1/31/18	\$250,000	\$12.51	Former school purchased by town
S-5	674 NY Rt. 15 Venona NY	10.40 Ac	14,710 SF	1956	1/11/18	\$100,000	\$7.28	Former School purchased for conversion to senior apartments
S-6	140 Bridge St Constitution NY	13.30 Ac	56,773 SF	1952	8/20/19	\$199,000	\$3.47	Former school purchased by New York DEP
S-7	NY St. Rt. 14 Stanley, NY (Vines City)	196.29 Ac	129,000 SF	1970	12/6/19	\$1,350,000	\$11.25	Former Freedom Village Religious School property with 1,000 sq. ft. front
S-8	55 Cox Road Williamstown NY	31.00 Ac	33,749 SF	1962	10/27/19	\$15,000	\$1.23	Former school purchased for private-commercial use
S-9	574 New Hartford St Wolcott NY	25.49 Ac	15,121 SF	1970	12/18/19	\$225,000	\$1.55	Former school purchased for senior apt's, community ctr, etc.
S-10	Elm St Owego NY	5.50 Ac	29,000 SF	1958	6/18/20	\$19,175	\$0.35	Former School purchased for private use. Previously flanked

Mean
Median

\$283,118
\$199,500

MIDLAND APPRAISAL ASSOCIATES, INC.

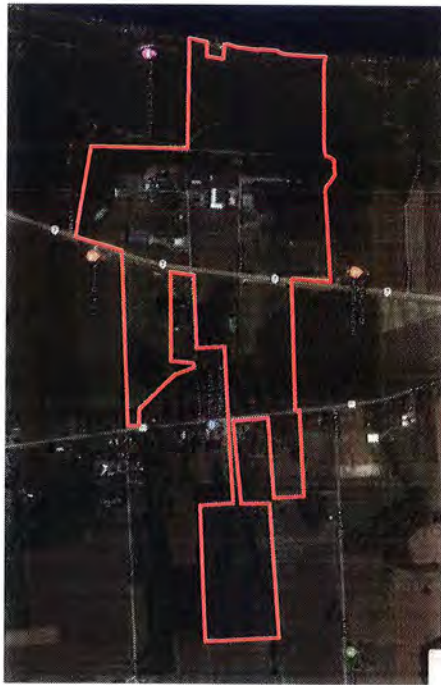
VALUATION - SALES COMPARISON APPROACH

The sales comparison approach is based on the premise that an informed, prudent purchaser/investor would pay no more for a property than the cost of acquiring a comparable substitute property as of the date of valuation. This approach is predicated on the assumption that there is an active market for the property type being appraised and recent sale prices of competitive properties are the best indication of the most probable sale price of the subject as of the date of valuation. Differences in value-affecting characteristics between the comparable sales and the subject are analyzed through market analysis. Adjustments are made to equalize these differences resulting in an indication of what each comparable would have sold for had it possessed the same characteristics as the subject.

In estimating the market value for the subject property utilizing the sales comparison approach, research has been completed of sales of older vacant institutional properties located some distance from large population centers such as Buffalo, Rochester or Syracuse. Due to the absence of any similar property sales in Seneca County or the Finger Lakes Region, the search for these sales was expanded geographically as well as chronologically. All of western and central New York State was considered with a focus on sales occurring in smaller towns or rural areas. As set forth on Schedule #2, ten property sales have been researched and range in size from 5.50± acres to 196.29± acres with building sizes ranging from 13,740± sq. ft. to 120,000± sq. ft. Overall selling prices range from \$10,175 to \$1,350,000 with a mean and median of \$283,118 and \$199,500 respectively.

From the sales researched, three have been selected for direct comparison to the subject property. The three sales are analyzed and compared to the subject property on a price per whole property basis. Individual market data analysis sheets setting forth the transfer and physical data for each of these three sales are as follows:

COMPARABLE SALE #S-8

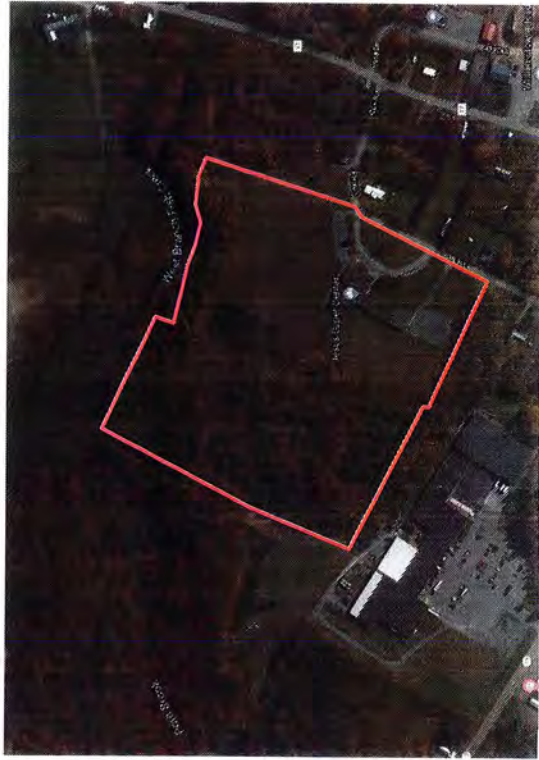


Sale #S-7: New York State Route 14, Starkey, New York (SBL#: 121.02-1-58)

Grantor: Gates Community Chapel of Rochester, Inc.
Grantee: Alvin Zimmerman and Paul Jayne
Confirmed: Grantee - Paul Jayne
Sale Date: 12/6/19 Liber/Page: 762/277 Lot Size: 196.29± acres
Sale Price: \$1,350,000 Floor Area: 120,000± SF Prior use: School

This property known as 'Freedom Village USA' was formerly a religious school for troubled and neglected children. The school was vacant at the time of sale and was sold to pay prior debts of the owner. The property contained three large dormitory buildings, classrooms, church, cafeteria, large indoor riding arena, and several other buildings including single family residences. The property included over 1,000 ft. of water frontage on the west side of Seneca Lake which was the primarily interest of the buyer. The subsequent plan was for subdivision and resale of the water front land and additional sales of the road frontage land and buildings. The new owner has had average to moderate interest in the property since the sale. The recorded sale price is shown as \$1,050,000, however the grantee reported having to pay an additional debtor another \$200,000 to close the sale. The buyer attributed approximately \$550,000 of value to the waterfront land based on input from appraisal consultation and noted that without the waterfrontage, he may not have made the purchase.

COMPARABLE SALE #S-8

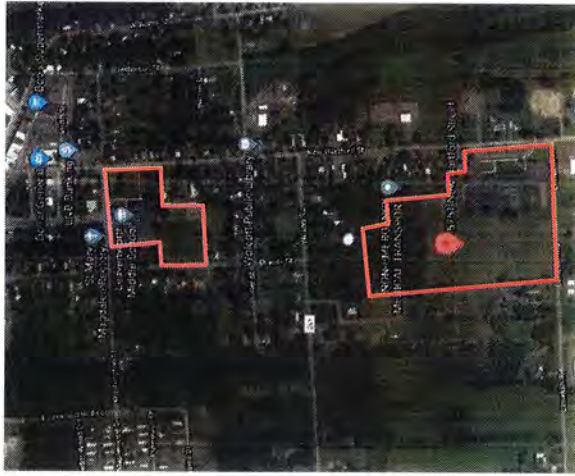


Sale #S-8: 55 Cox Road, Williamstown, New York

Grantor: Oswego County
Grantee: Kenneth Fox
Confirmed: Grantee - Kenneth Fox
Sale Date: 10/5/2019 Liber/Page: 2019/9459 Lot Size: 31.0± acres
Sale Price: \$45,000 Floor Area: 33,749± SF Prior use: School

This sale involved the transfer of 31.0± acre parcel containing a 33,749± sq. ft. school building. According to the grantee, the school district had invested \$2,000,000 in the property in 2005 to replace the roof, abate any asbestos material, replace windows, perform a general renovation and add a new addition to the building. According to the Williamstown Clerk, a former owner had logged the property and leased a small portion of the school to a thrift store. The grantee did not have any immediate plans for the property however is considering many options including senior housing.

COMPARABLE SALE #S-9



Sale #S-9: 5751 New Hartford St, Wolcott, New York

Grantor: North Rose Wolcott Central School District
 Grantee: Upstate New York Property Development, LLC
 Confirmed: Attorney - Douglas Jablonski
 Sale Date: 12/18/2019 Liber/Page: 921/9748 Lot Size: 25.49± acres
 Sale Price: \$225,000 Floor Area: 45,421± SF Prior Use: School

This sale involves the transfer of a combined 25.49± acres consisting of two parcels improved with school buildings. The grantee reportedly has plans for conversion to senior apartments, community center and continuing education.

SCHEDULE #3
 4887 RT 96A, VARICK, NY
 COMPARATIVE SALES ANALYSIS

Sale No / Location	SUBJECT 4887 RT 96A Varick, NY	S7 NY State Rt 14 Sturkey, NY	S8 55 Cov Road Williamstown, NY	S9 5751 New Hartford St Wolcott, NY
Sale Price	---	\$1,350,000	\$45,000	\$225,000
Sale Date	DOV 7/8/20	12/6/19	10/5/10	6/18/20
Land Area	172.00 Ac	196.29 Ac	31.00 Ac	25.49 Ac
Building Age	1950s	1970s	1962	1960
Building Areas (combined)	130,800 SF	120,000 SF	33,740 SF	45,421 SF
Water Frontage	None	1,000 ft	None	None
Condition	Poor/Fair/Average	Fair/Average	Average/Good	Average/Good
Former Use	Military Barrack/ Children's Home	Religious School/ Children's Home	Central School	Central School
Current Use	Vacant	Vacant	Vacant	Vacant
No. Levels	1-3	1-3	1	1
Sale Price Per Property:		\$1,350,000	\$45,000	\$225,000
Conditions of Sale		(27,000)	00	00
Adj. Sale Price Per Property:		\$1,080,000	\$45,000	\$225,000
Adjustments:				
Location		\$0	\$0	\$0
Land Value		(\$30,000)	\$100,000	\$100,000
Water Frontage		(\$55,000)	\$0	\$0
Age & Condition		\$0	(\$10,000)	(\$60,000)
Bldg. Sz & Const		\$0	\$100,000	\$80,000
Net Adjustment		(\$80,000)	\$190,000	\$120,000
Adjusted Price:		\$500,000	\$235,000	\$345,000

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Analysis of Adjustments

As set forth on Schedule #3, all sales were considered for differences with regard to conditions of sale, land area, building areas, age and condition of buildings and other factors. Sale S-7 is the sale of a former religious school for youth that included considerable waterfront on Seneca Lake. The buyer estimated a value for the waterfront land which is considered in a later adjustment, however the buyer also reported that he may not have made the purchase if the waterfront was not part of the sale. This suggests that the buyer would have looked for further discounting in the price in order to motivate him to purchase the property without the waterfront over and above just the value of the waterfront land. Estimating the effect of this condition mathematically is nearly impossible, however recognition of it is necessary when comparing it with the subject property which does not have this feature. For purposes of this analysis, a 20 percent negative adjustment is made to Sale S-7 for conditions of sale. No other condition of sale adjustments were warranted.

The subject property and all sales are located in New York State in semi-rural areas or small towns. As a result no adjustments are warranted for location.

Adjustments were considered for overall land area for each of the sales compared to the subject property. Sale S-7 is larger than the subject by approximately .25 acres warranting a negative adjustment of \$30,000 based roughly on a contributory value of the additional acreage at \$1,200 per acre. Sale S-8 and S-9 are significantly smaller than the subject property. It is noted that none of the comparable sales are particularly sensitive to differences in overall land area. Additionally, an intensive analysis of land values in the comparable sales neighborhoods was not performed. As a result, an approximate \$100,000 positive adjustment is made to both Sales S-8 and S-9 to reflect the land area differences.

Moderate negative adjustments were made to Sales S-8 and S-9 to reflect their superior building conditions at the time of sale compared to the subject. Lastly, it is observed that the building areas of Sale S-8 and S-9 are considerably smaller than the subject warranting some moderate positive adjustment to each on a percentage basis.

A review of the three analyzed sales indicates some narrowing of adjusted sales prices as related to the subject property, however the wide range of prices is acknowledged. The resulting mean and median of the sales are calculated at \$360,000 and \$345,000 respectively. It is important to note that sales of these types of properties are exceptionally inconsistent. Many properties are sold using mail-in bids with some cases yielding only a single bidder. Some properties sell for nearly no consideration (Sale S-10, \$10,175) or for minimal consideration (Sales S-1 \$55,000 and S-8, \$45,000) or for no consideration at all. The analysis of all sales

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shows an overall range of \$10,000 to \$400,000 for these types of properties except for Sale S-7 which contained a particular 'in-demand' attribute with the waterfrontage.

The market for the subject property is extraordinarily small and assigning a value in these instances is difficult to support. Based on the estimated potential preservation costs outlined in the Fisher Report, or considering the costs for demolition of the improvements for land value, the subject property could have zero value in its present state. However, the limited number of sales reviewed does show that some market does exist for properties like the subject. As a result and giving fair weighting to each of the sales directly analyzed, the estimated value of the subject property as of July 8, 2020 is concluded as follows:

Market Valuation Estimate – Sales Comparison Approach: \$350,000

RECONCILIATION AND FINAL VALUE ESTIMATE

In estimating the market value of the fee simple interest in the subject property, the sales comparison approach has been utilized exclusively resulting in an estimate of market value of \$350,000.

The sales comparison approach considered three sales of vacant institutional parcels within the state of New York. The minimal number of sales of these types of large, older vacant properties is recognized. The sales that were identified were verified with a party to the transaction and were considered most appropriate for direct comparison to the subject property.

Therefore, giving exclusive consideration to the sales comparison approach to value and rounding to the most significant dollar figure, it is the opinion of the appraiser that the market value of the fee simple interest in the subject property as of July 8, 2020, subject to the (General Assumptions and General Limiting Conditions included in this report is:

THREE HUNDRED FIFTY (\$350,000) DOLLARS

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MARKETING TIME/EXPOSURE TIME

Marketing Time. An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.⁴

Exposure Time. 1 The time a property remains on the market. 2. [The] estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (USPAP, 2018-2019 ed.).⁵

In most instances, there are no known reasonable analytical methods by which an appraiser or real estate consultant can discern the difference between marketing time and exposure time. To the extent that a valuation estimate is made concurrent with the date of the preparation of the appraisal report, the estimate of marketing time going forward from the date of appraisal will be unknown except based on judgments derived from looking at the marketing time for this property type over the past several months. Secondly, the concepts of exposure time and marketing time are predicated upon the estimate of market value(s) set forth within the accompanying appraisal report. In many instances, investment properties such as the subject property are typically marketed or offered for sale at prices that can exceed the sale price from 20% to 30% or more. Accordingly, any estimate or judgment of the exposure time or marketing time derived from an analysis of "days on market" for specific properties, would be compromised by offering prices that exceed market value/sale price by moderate to significant amounts.

In the opinion of the appraiser, the marketing time and exposure time for the subject property as described herein, is estimated in the range of 3 to 5 years.

⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago, IL: Appraisal Institute, 2015), 140.
⁵ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago, IL: Appraisal Institute, 2015), 83.

ADDENDA

MIDLAND APPRAISAL ASSOCIATES, INC.

SUBJECT PHOTOS



BUILDING #701 - LANGSTEN HUGHES HALL SCHOOL BUILDING



BUILDING #702 - E.C. STANTON RESIDENCE

MIDLAND APPRAISAL ASSOCIATES, INC.



BUILDING #703 - FINGER LAKES CENTER RESIDENCE



BUILDING #704 - WILDERNESS CENTER RESIDENCE

MIDLAND APPRAISAL ASSOCIATES, INC.



BUILDING #706 – AUDITORIUM/THEATER



BUILDING #707 – MEDICAL CLINIC/FOOD SERVICE/CAFETERIA

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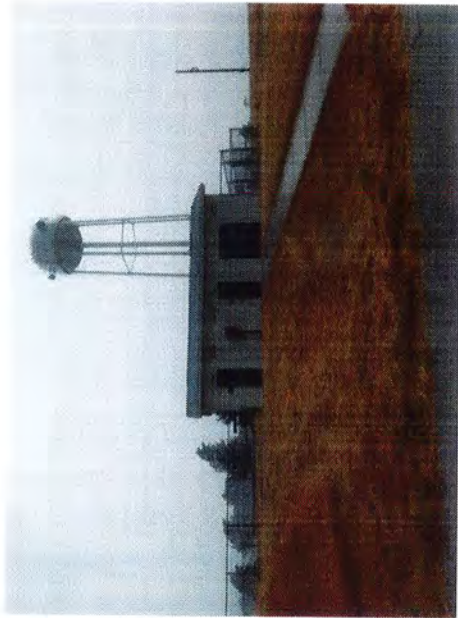


BUILDING #709 – OLD ARMY BARRACKS BUILDING



BUILDING #710 – ADMINISTRATION BUILDING

MIDLAND APPRAISAL ASSOCIATES, INC.

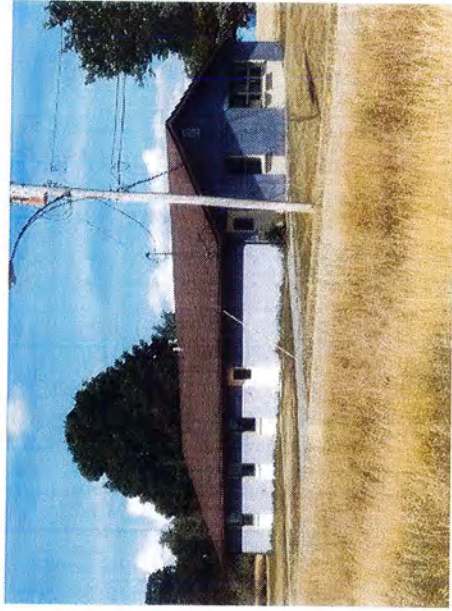


BUILDING #733 – POOL HOUSE



BUILDING #744 – GYMNASIUM/RECREATION CENTER

MIDLAND APPRAISAL ASSOCIATES, INC.



BUILDING #750 – OFFICE BUILDING



BUILDING #751 – FACILITIES MANAGEMENT BUILDING AND GREENHOUSE



BUILDING #752 – CRITICAL CARE RESIDENCE

**PROFESSIONAL QUALIFICATIONS
OF
JEFFREY S. JAMES**

EDUCATION: Rensselaer Polytechnic Institute, Troy, NY
Bachelor of Science in Management 1987

PARTIAL LIST OF COURSES ATTENDED/EXAMS SUCCESSFULLY COMPLETED

Appraisal Principals – 1110 Las Vegas, NV December 2001
Basic Income Capitalization – 1310 Chicago, IL February 2002
Uniform Standards of Professional Appraisal Practice - 410 Dedham, MA June 2002
Advanced Income Capitalization – 1510 New Brunswick, NJ/NY, NY December 2002
Appraisal Procedures – 1120 Columbus, OH February 2003
Condemnation Appraising – SE720 Boca Raton, FL November 2003
Integrating Appraisal Standards – Course 409 Syracuse, NY March 2005
Successful Completion Online - Appraisal Institute
General Market Analysis and Highest & Best Use
40061 – Successfully challenged June 2007
Report Writing and Valuation Analysis – 11540 Denver, CO June 2007
Advanced Applications – 550 Conshohocken, PA December 2009
National USPAP Update – New York September 2010
Business Practices and Ethics – N420DM December 2011
Valuation of Mineral Rights – 3919-05 Utica, NY November 2012
Appraising Retail Shopping Centers and Mortgage Underwriting October 2013
Trial Components: Recipe for Success of Disaster May 2014
7-hour National USPAP Update Course April 2015
16th Annual Case Studies – Valuation of upstate New York properties June 2016
17th Annual Case Studies – Valuation of upstate New York properties June 2017
7-hour National USPAP Update Course April 2018

APPRAISAL EXPERIENCE:

9/15 – Present
3/08 – 11/13
Midland Appraisal Associates, Inc., East Rochester, New York
Industrial and commercial appraisal services including hospitality, nursing homes, stone/sand/gravel quarries and other going concern valuations. Performed tax assessment and estate valuations including court testimony. Performed transportation and utility right-of-way appraisals involving condemnation.

12/13 - 8/15
9/03 – 2/08
James Appraisal, Pittsford/Honeoye Falls, New York
Commercial, Residential and Municipal Appraisal Services in Upstate New York and New Hampshire. Under contract with New York and New Hampshire Departments of Transportation as of July 2004.

MIDLAND APPRAISAL ASSOCIATES, INC.

9/00 - 9/04 **Rausco & Associates**, Concord, New Hampshire
Performed over 150 appraisals for the New Hampshire
Department of Transportation involving partial/full and
before/after acquisitions of commercial, industrial and residential
properties. Appraisals included environmentally contaminated
properties and larger undeveloped land tracts.

11/02 - 6/03 **Emminger, Hyatt, Newton & Pigeon, Inc.**, West Seneca, NY
Associate Real Estate Appraiser performing New York
Department of Transportation acquisition appraisals,
(Route 104, Ridge Road Project)

LICENSES & APPROVALS:
New York General Certified - Certificate # 46000043019
New York State Department of Transportation Approved Appraiser
New Hampshire Department of Transportation Approved Appraiser
Wells Fargo / Rel's / Chase / Quantrix Approved Appraiser
Federally certified to perform appraisals for FHA insured mortgages

PROFESSIONAL ORGANIZATIONS
Appraisal Institute - Candidate for Designation
International Right of Way Association - Former Member

REPRESENTATIVE LIST OF CLIENTS

FINANCIAL
Bank of Castile
Canandaigua National Bank & Trust Co.
Charter One Bank
Citizens Bank
Custom Mortgage Solutions
Elmira Savings Bank
Five Star Bank
Genesee Regional Bank
HSBC Mortgage Corp.
JP Morgan Chase Bank
KeyBank of New York
Lyons National Bank
M & T Bank
ManhStreet Lender
Mid-Atlantic Financial Partners
Steuben Trust
The Upstate Bank
Tompkins Trust Company
Visions Federal Credit Union
Wells Fargo Bank
Yaeger Treviso & Associates, Inc.

MIDLAND APPRAISAL ASSOCIATES, INC.

CORPORATIONS

Cincinnati Insurance Company
Conifer Development, Inc.
Constellation Brands, Inc.
Cornell University
D&S Pump Supply Co., Inc.
Farash Foundation
Finger Lakes Health
Genesee Valley Real Estate Co.
Holcim US Inc.
Inergy Midstream, LLC
Ithaca Neighborhood Housing Services

Linden Oaks Management Co.
Mark IV Construction
MSP Holding, LLC
Rochester Gas & Electric
S.B. Ashley Management Corp.
Southern Tier Economic Growth
The Nature Conservancy
The Trust for Public Land
University of Rochester
West Ridge OB/GYN

GOVERNMENT

City of Corning
City of Ithaca
City of Rochester
County of Monroe
Fairport Public Library
Town of Brighton
NYS Dept. of Environmental
Conservation (DEC)
Ontario County
Tompkins County
Town/Village of Horseheads
Village of East Bloomfield

LAW FIRMS/ATTORNEYS

Bond Schoeneck & King, PLLC
Davidson Fink LLP
Gates & Adams, PC
Harris Beach, PLLC
Harter Secrest & Emery, LLP
Holmberg, Galbraith, Van Houten &
Miller
Jerald F. Jamata and Associates, PC
Lacy Katzen, LLP
Robert Jacobson, Esq.
Underberg & Kessler, LLP

EXHIBIT B

THE EXPLANATORY STATEMENT

(Attached)



September 11, 2020

Comptroller of the State of New York
110 State Street
Albany, New York 12236

Division of Budget
State Capitol Bldg.
Albany, New York 12210

Commissioner of the New York State
Office of General Services
41st Floor, Corning Tower
Empire State Plaza
Albany, New York 12242

President of the New York State Senate
188 State Street Room 907
Legislative Office Bldg.
Albany, New York 12247

Speaker of the New York State Assembly
Albany Office, LOB 932
Albany, New York 12248

State of New York Authorities Budget Office
P.O. Box 2076
Albany, New York 12220-0076

**RE: Seneca County Industrial Development Agency /Notice of Disposition of Real Property
Former Seneca Army Depot / Former Hillside Campus**

Ladies and Gentlemen:

Pursuant to Section 2897(6)(d) of the New York Public Authorities Law, the following explanatory statement is being delivered at least ninety days prior to disposal of property by negotiation.

EXPLANATORY STATEMENT OF CIRCUMSTANCES OF PROPERTY DISPOSAL

Background: The property disposal involves the conveyance of 172 +/- acres of real property and associated improvements (the "Property") consisting of portions of the former Seneca Army Depot (the "Depot"). The property is currently owned by the Seneca County Industrial Development Agency ("IDA"), which received title to the Property from the United States Army as part of the decommissioning and closing of the Depot pursuant to Federal law. Beginning shortly after acquiring the Property in 2000 the IDA leased the Property to successive non-profit agencies to provide residential services to youth. The last of these lease agreements expired March 31, 2020, and the Property is now vacant.

The improvements to the Property consist of fifteen structures. Nine of the buildings were constructed in the 1940's and 1950's while the remaining six structures were constructed in the 1970's or 1980's. The buildings consist of dormitories, classroom (school) facilities, a gymnasium, administration buildings, a pool, and an on-site sewage treatment plant. All structures are considered in poor condition and functionally obsolete and would require substantial repairs and/or renovations to make them usable. Moreover, the buildings contain significant amounts of asbestos and lead based paint that would need to be remediated as part of any reconditioning. Finally, the wastewater treatment plant servicing the facility is in the process of being decommissioned and shut down by Seneca County, leaving the property without any functioning sanitary sewer infrastructure, such that a new on-site septic system would need to be installed to service any improvements to the property. In short, the Property requires a substantial investment to be restored to a functional level of use, and just maintaining the property in its current condition requires substantial resources that the IDA does not have. As such, the IDA has prioritized transferring the Property to a private party for repurposing.

As part of its economic development mission, the IDA publicly solicited bid proposals to purchase the property. Bidders were instructed to include in their bid proposals their plans for reuse of the Property. The IDA received one complete bid proposal from Earl Martin of Deer Haven Park. The IDA's Governance Committee reviewed the bid, and considered the nature, potential economic impact, feasibility and likelihood of success of the redevelopment proposals in the bid, as well as the necessity for the IDA to divest itself of the Property.

The IDA ultimately determined to approve the bid submitted by Earl Martin. The IDA concluded that Martin's bid met all of its requirements and conditions of sale, and included a sufficient redevelopment proposal that include a mix of tourism and other redevelopment opportunities.

Description of the Parties Involved in the Transaction: The Seneca County Industrial Development Agency (the "IDA"), an industrial development agency created by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 63 of the Laws of 1972. The IDA is the current owner of the Property.

Deer Haven Park, LLC, a New York limited liability company (the "Company") formed by Earl Martin, will take title to the Property.

Justification for Disposing of the Property by Negotiation: The IDA engaged in a modified bid process in the disposal of the Property. In order to appropriately accommodate the needs of the IDA to relieve itself of the burden of the asset while advancing to the extent possible the IDA's economic development mission, it was necessary for the IDA to negotiate the final terms of the transfer, rather than accepting any particular bid outright. The disposition of the Property is within the purpose, mission and governing statute of the IDA and is thereby

exempted from requirements to publicly advertise for bids and obtain fair market value pursuant to Public Authorities Law Section 2897(6)(c)(v) and 2897(7)(ii).

Identification of the Property: The Property consists of portions of the former Seneca Army Depot and is located at 4887 Route 96-A in the Town of Varick, Seneca County.

Estimated Market Value of the Property: Based on a recent appraisal prepared by Appraisal Research, Inc., the market value of the Property is \$350,000.

Proposed Sale Price of the Property: The price the Company is paying for the Property is \$65,000.

Size of the Property: Approximately 172 acres.

Expected Date of Transfer: The transfer to the County should be completed on or about December 15, 2020.

Submitted this 11th day of September 2020.

SENECA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

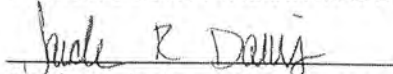

Sarah Davis, Executive Director

EXHIBIT A

THE APPRAISAL

(Attached)

EXHIBIT B

THE EXPLANATORY STATEMENT

(Attached)