

Market Feasibility

To evaluate the potential for success of this resort concept, Hotel & Leisure Advisors conducted a Market Feasibility Study (August 2011). The indoor waterpark (WP) resort industry has grown considerably since 2000 due to its popularity with children and the desire of parents and grandparents to select lodging locations that will be fun for their children. Indoor waterpark resort properties are increasingly popular for weekends and short 2-3 day getaways for families. The primary growth of indoor waterparks in hotels and resorts is in historically resort locations, although they are being developed in suburban and urban locations as well. Based on the strong performance of more recently developed resorts and the demographic profile of indoor waterpark resort guests, there is strong documentation to support new facilities being developed near or in northeastern resorts.

The proposed resort's location within the Catskills region and its close proximity to Albany are strong attributes. The site has very good visibility from I-87, the New York State Thruway, and is 120 miles north of New York City. With its 80,000 square foot indoor waterpark, 400 themed rooms, meeting facilities, restaurants and other amenities, it will be a large and convenient resort for leisure travelers from throughout the New York, New Jersey, Pennsylvania, Connecticut and Massachusetts region. The resort will offer all of the standard Great Wolf Lodge amenities to create a true resort destination and is expected to duplicate the success of the Great Wolf Lodge Poconos. The resort will represent the newest generation resort hotel among the properties in the Northeast and within its competitive set.

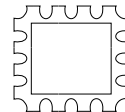
While Greene County has several successful and well known destinations, it lacks the critical mass of leisure destinations, amusement parks or larger tourist attractions to categorize it as a premier destination. Although the surrounding area is very scenic in natural beauty, there are limited numbers of attractions for family travelers to visit.

Greene County IDA
270 Mansion Street
Coxsackie, NY 12051

With resort properties, success is most directly influenced by demographics and income levels within the resort's targeted service area. The service area was evaluated at 120 and 180 miles from the proposed site. The table below summarizes key demographic, income and competitive resort data within 180 mile radius. The proposed New Baltimore site was compared to successful waterpark markets at the Wisconsin Dells and Sandusky Ohio.

Summary of Market Feasibility Analysis (HL&A August 2011)			
Market Influence Metrics ⁽¹⁾	New Baltimore	Wisconsin Dells	Sandusky Ohio
Population (millions)	42.0	17.2	24.2
Households (millions)	15.7	6.5	9.5
Family Households ⁽²⁾ (millions)	10.4	4.3	6.3
Household Income	\$63,619	\$60,578	\$53,2252
Supply of water park facilities	9	42	18
Total WP square footage	348,500	1,478,840	750,000
Households per water park S.F .	45.1	4.4	12.6
Waterpark hotel rooms	2,613	9,671	4,749
Family households per room	3,976	447	1338
<small>(1) Metrics based on 180 mile radius market area & 2010 est. census data (2) Family households are those with children</small>			

The proposed New Baltimore location has very favorable market factors when compared to existing successful waterpark resort areas. The proposed site has less competition from existing facilities while having significantly higher population and family households. Ratios of population to water park square footage and existing water park rooms is also more favorable in this market area.



Greene Lodging & Water Park Project

Message from the Greene IDA Chairman,

Over the past 5 years, the IDA has worked on the concept of a "destination" tourism attraction to take advantage of highly visible lands and high traffic volumes along the NYS Thruway. The IDA invested over \$1.5 million in compliance with the NY State Environmental Quality Review Act (SEQRA). Throughout this process we listened to community concerns and tailored a project that would bring real benefits to the Greene County with minimal impact on the community.

The project represents what is likely the largest tourism attraction investment in the Hudson Valley in many years. In addition to the direct benefits of jobs, property and sales tax revenues, the project will create secondary economic impacts and bring significant numbers of new visitors to the County.

The project will not advance without the proper infrastructure to support the development. Providing water, sewer, and roads is traditionally a public role and in the absence of a real investment in expanding our infrastructure base. Greene County will not see any significant new development. If Greene County wants economic growth, it is necessary to acknowledge that we will need to make our own investment to develop the infrastructure necessary to attract new private investment. If we ignore these required investments, economic opportunities will continue to pass us by.

The IDA understands these are difficult times and shares the general frustration of citizens in the slow economic recovery. Economic development requires infrastructure. Decisions to make public investments; are never easy; they require a thorough vetting to insure that each dollar invested gets the maximum return. The IDA believes it has developed a sound project that will provide numerous benefits to Greene County well into the future.

Please take the time to review these materials, visit the project website and review the fiscal studies. We welcome questions and will make every effort to be responsive during the review of this project. This project has been under consideration for a very long time and has included consultations with many partners during its development. From the IDA's perspective this is a significant opportunity for the county tourism economic base and we encourage all citizens of Greene County to consider the long term benefits to the community.

Eric Hoglund
Chairmen, Greene IDA



The Project at a Glance

The Public Investment (\$15,600,000)

- New 150,000 gallon per day Waste Water Treatment Plant, readily expandable for future growth.
- Development of 2,400 feet of new access road from Kalkberg Commerce Park.
- Improvements at 9W/Houghtaling Road intersection by upgrading to a traffic light.
- Extension of utilities including water, electric, telephone, natural gas and cable.
- Completion of environmental mitigation related to wetlands and habitat.

The Private Investment (\$115,000,000)

- 400 guest rooms in Phase I, an additional 200 guest rooms in Phase II projected within 4 years.
- 80,000 square foot indoor water park.
- 25,000 square feet of conference and meeting facilities.
- 2 restaurants, gift shop, game room & other amenities.
- Creation of +/- 577 direct jobs with benefits

For Additional Information

Rene VanSchaack, Interim Executive Director
518-731-5500 or rene@greeneida.com

Visit the Project Website at
www.greenewaterpark.com

Or find us on Facebook

Important Information on a Project in Your Community

What is the Public Investment?

The success of this project hinges on the ability to provide new water, waste water, and transportation infrastructure as well as addressing the necessary environmental mitigation to obtain state and federal permits. The IDA has spent over a year working closely with highly qualified consultants to develop a budget that has a low risk of overruns and has multiple strategies for meeting these needs. The following is a summary of the expenditures that are necessary to move the project forward. While the County is being asked to approve a not to exceed general obligation bonding resolution, actual issuance of any bonds would not occur for another 12-18 months, at which time final engineering designs and permits will be completed and allow for refinement of expenses.

A. Land Acquisitions: Budgeted at \$495,500 this includes payment of the balance owed on the 103 acre parcel the IDA has had under option for this project and acquisition of an additional 2.6 acres of property required for extension of Houghtaling Road into the site. The budget includes closing and legal costs.

B. Utility Extensions: Budgeted at \$300,000, this covers the cost in trench excavation and the provision of conduit and manholes to extend electrical service to the property. Central Hudson will cover the cost of wire, transformers, switches, a natural gas line and installation. It is expected that State Telephone and Mid-Hudson Cable will bear the cost of extending their services to the site though they will use the common utility trench provided by the IDA.

C. Infrastructure: Budgeted at \$8,134,760 approximately 50% of this cost is related to construction of a new water treatment plant (\$4,920,000) and its associated design and construction management costs. The new plant will be designed and constructed such that key components (i.e. the headwork's) will be easily expandable in the future. The initial capacity of the system will be 150,000 gallons per day which can address all sewer requirements of the hotel/water park as well as build-out of the additional shovel ready lands. (This portion of the budget also includes installation of a collection system (pipes/manholes) located along the public roads (\$542,000). The developer is responsible for costs to connect from their site to the public road. Infrastructure costs also include \$442,000 for the extension of a water main to the site and \$2,230,760 to build a 2,400 linear foot extension of Houghtaling Road into the site as well as the addition of a signal at 9W/Houghtaling Road.

D. Environmental Mitigation: Budgeted at \$2,073,162 which covers additional land acquisition for construction of replacement wetlands, establishing permanently protected habitat and the extensive ecological studies, design and management of these features. Vacant lands in the 9W/Thruway corridor present significant environmental challenges. Fallow farm lands such as the project site rapidly revert to wetland features regulated by NYSDEC and the Army Corps of Engineers. This section of Greene County also has extensive grassland areas utilized as habitat by several endangered or threatened species of birds which requires the securing of all requisite permits from NYSDEC.

E. Contingency & Capitalized Interest: Budgeted at \$2,299,578, contingency funds are placed in a project budget to cover unforeseen costs that may arise during design or construction. The final bonding structure will also need to include an allocation for capitalized interest and closing costs estimated at \$1.6 million. These moneys are utilized to pay all legal and financing costs and debt service during the construction period and prior to projected revenue sources anticipated to pay debt service on the county bond issue.

The project costs also include payments related to water system improvements undertaken by the Village of Coxsackie and long term expenses related to environmental mitigation. These expenses are factored in on a "pay as you go" basis and are not part of the proposed bonding.



The Project Site

The enclosed map shows a proposed project for a +/- 100 acre parcel located just north of the existing Kalkberg Commerce Park and east of the Thruway. The GCIDA has a standing option on this parcel and will complete acquisition if the project advances.

The proposed infrastructure investment will service not only the waterpark facility but also an additional +/- 35 acres (blue) of the optioned parcel that will be fully shovel ready. This phase of development represents approximately 1/3 of the build out that was set forth in the SEQRA process with +/- another 100-125 acres of adjacent lands (Green/Tan) that could be developed in future phases.

While water, utilities and transportation will be adequate for Phase II development, additional wastewater capacity and environmental mitigation would be required. The IDA anticipates undertaking additional Phases of development cooperatively with the owners of these parcels.

Additionally, the IDA anticipates that other vacant lands in Kalkberg Commerce Park as well as along Route 9W will be in high demand for additional retail or service growth if this project advances. The SEQRA documents that were completed by the IDA can be found on the projects website.

How are the Project Costs Covered ?

The project is structured such that the payment of project costs are shared by the County, the Town of New Baltimore and the developer. Each will contribute to the debt payment from **NEW** tax revenues or special fees charged to users of the facility. To determine projected revenues the IDA and developer commissioned a Market Feasibility Study Report by Hotel & Leisure Advisors (www.hladvisors.com). The full market study is available on the project website.

User Fee: The Developer will charge a Public Infrastructure Support Fee (PISF) for every room rental. The fee will start at 2% in years 1-6 and escalate to 4% in years 10-30.

Greene County will dedicate new property tax revenues generated by the PILOT towards project expenses.

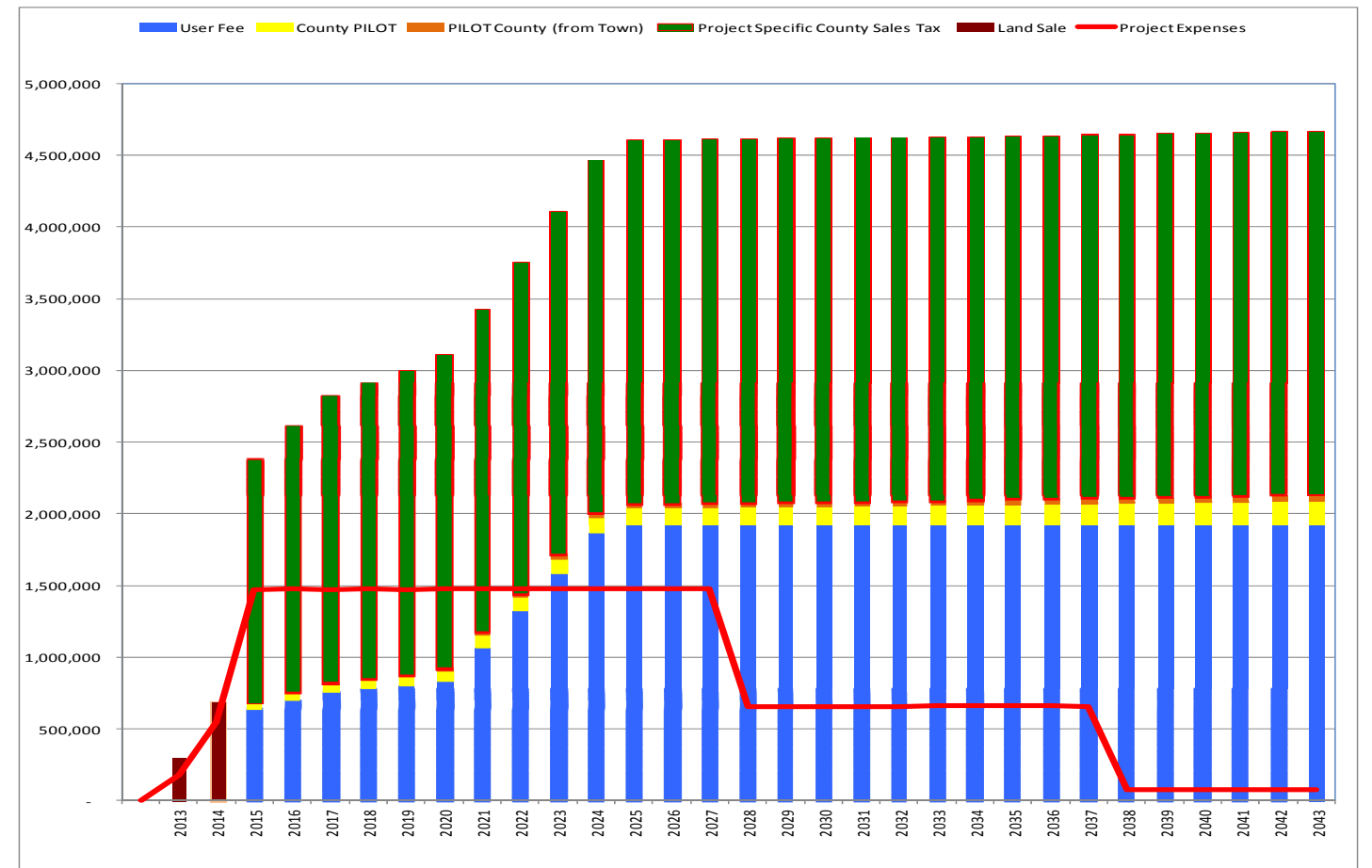
Town of New Baltimore will dedicate a small portion of new PILOT revenues paying the bonds. The Town will also contribute PILOT funds to assist with water improvements in the Village of Coxsackie system.

Sales Tax: Greene County will use a portion of the new sales tax generated from the property to pay debt service.

PROJECTED REVENUES ⁽¹⁾	
User Fee	\$28,269,792
County Pilot	\$2,474,359
Town Pilot ⁽²⁾	\$602,078
Sales Tax	\$43,414,176
Total Revenues	\$74,760,405
PROJECTED EXPENSES ⁽³⁾	
Total Cost with Interest	\$26,471,781
Net Revenues	\$48,288,624

(1) Based on 80% of H&LA revenue projections
 (2) Ceases when PSIF covers debt
 (3) Based on \$15.6 million debt, 25 year term

The IDA evaluated the feasibility of the projected revenues to cover expenses under several scenarios. As presented in the chart and graph, the IDA assumed that revenues would only reach 80% of projections by HL&A. In the graph, the solid red line represents debt service and mitigation expenses while the various colored sections on the bar graph show the four primary revenue sources. The IDA also evaluated a "break-even" revenue point and debt can be covered if revenues are only 55% of projections. In the cash flow analysis, the IDA did not include HL&A projected revenues related to secondary economic activity nor new revenues expected from other development adjacent to this project. Over the term of the bonds the PISF is projected to cover all of the project debt service and environmental mitigation expenses.



NOTE: Chart represents income at 80% of projected revenues based on Market Feasibility Study Report 8/15/11 by H&LA

