

BROWN DUKE & FOGEL, P.C.

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March 23, 2022

Ms. Suzanne Loughlin, Chairperson and Member of the Board of Directors
Walter Garigliano, Esq., Agency Counsel
Jennifer Flad, Executive Director
County of Sullivan Industrial Development Agency
548 Broadway
Monticello, New York 12701

RE: Fay Hospitality Catskills LLC
Villa Roma Resort and Conference Center Resort and Conference Center
356 Villa Roma Road, Callicoon, New York
Tax Parcel SBL 5-1-26.2, 20-1-7.1, 20-1-8.2, 20-1-8.3, 20-1-9.1, 20-1-9.4, 20-1-9.6, 20-1-9.8, 20-1-9.9, 20-1-9.10, 20-1-11.3, 20-1-11.4, 20-1-12.6, 20-1-14.2 (the "Property")

Dear Chairperson Loughlin, Mr. Garigliano, Ms. Flad and Members of the Board of Directors:

This office represents Fay Hospitality Catskills LLC ("Fay" or the "Applicant"). Fay is in contract to purchase the above-referenced Property, which includes approximately 434-acre parcel improved with the Villa Roma Resort and Conference Center Resort and Conference Center ("Villa Roma") resort facility and excess land. Villa Roma opened in 1970 and features 139 guest rooms, and an 18-hole golf course with driving range designed by James G. Harrison, ASGCA/Ferdinand Garbin, ASGCA. Additional amenities include a small ski area, pool areas, restaurants, a golf clubhouse and pro shop, fitness center and numerous other recreational activities. A new \$16 million registration building opened in September 2008.

The Villa Roma enjoys a favorable location in a secondary market and offers an outstanding array of activities and amenities. The Applicant, based on a thorough market analysis, believes that the Villa Roma is well positioned to maintain its market penetration and capture an increased market share

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NEW YORK CITY

if it implements the right combination of capital investment and financial assistance, as described below.

As a further inducement to expand investment in Sullivan County, Fay desires to enter into agreements with the County of Sullivan Industrial Development Agency (“CSIDA”)¹ to assist with its purchase, financing and renovation of the Property to retain and ultimately expand its resort offerings and create new employment opportunities. To this end, after purchase, Fay plans to invest over \$15.75M in the purchase of the Villa Roma and the Property, approximately \$5M in immediate facility improvements as well as approximately \$2.4M in required structural and facility repairs going forward (the “Project”). As further inducement to invest in Sullivan County and make the Project a reality, the financial assistance required from the CSIDA include a limited real estate tax abatement, a sales and use tax exemption, and mortgage recording tax exemption (collectively, the “Financial Assistance”).

The specifics of the Financial Assistance requested are set forth more particularly in the attached application (the “Application”). In support of the instant Application, we bring the Agency’s attention to the following:

a. The Project/Location –The proposed Project will include purchase of the Villa Roma and the Property, the immediate repair and renovations of the hotel, including the hotel rooms, the public spaces, the meeting spaces, the club forum and indoor pool, the club house, the recreation and fitness center, the Club House catering center, the spa and the ski chalet. The Project is located within the Planned Unit Development (PUD) zoning district in the Town of Delaware, which allows for the flexibility provided additional functional integrated residential or resort communities where sufficient open space can be provided. The Project is fully permitted with the existing PUD and will occur fully within the Property boundaries and will not impact or touch previously undisturbed areas.

b. Private Investment - The anticipated capital investment in the Project will be approximately \$24M. This investment, coupled with the recent investments of hundreds of millions of dollars in Sullivan County within the past five years, will lead to significant additional direct and indirect investments in the local economy.

c. Job Creation – The Project is expected to retain the existing workforce of approximately 269 full time employees and approximately 100 seasonal employees. In addition, approximately 65 temporary construction jobs are anticipated. The jobs retained will continue to benefit the region. More detail is provided on the Application.

d. Timely Completion – This Project is expected to close in the second quarter of 2022. The \$5M main hotel and facility the renovations and improvements will commence within six months after closing. The \$2.4M of repair and maintenance costs that are expected to stem from post-renovation cash flow, are expected to occur two to three years after closing.

e. Existing Approvals - The Applicant has or will have all existing zoning and facility approvals as a condition of closing. So, no delays are expected to commence the facility repairs and renovations, other than ministerial building permits.

¹ Portions of the Property received financial assistance from the CSIDA under agreements with the current owner/seller, Villa Roma Resort & Conference Center, Inc. (the “Current Owner/Seller”). Those agreements were terminated on August 31, 2019 and the Current Owner/Seller is not a party to this application to the CSIDA.

In addition, along with the attached Application, we enclose two checks, one covering a \$250.00 application fee and the second covering a \$5,000 up-front escrow deposit payable to the County of Sullivan Industrial Development Agency.

We look forward to working with you on this Application. Should you require additional information in support of this Application, please do not hesitate to contact me.

Very truly yours,

BROWN DUKE & FOGEL, P.C.

Steven Vegliante

Steven Vegliante

Enc.

cc: Client

COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
One Cablevision Center
Ferndale, New York 12734
845-295-2603
APPLICATION FOR FINANCIAL ASSISTANCE

I. A. APPLICANT INFORMATION:

Company Name: FAY HOSPITALITY CATSKILLS LLC¹

Address: C/O FAY US INVESTMENTS CORP. EMERGE 212, 3
COLUMBUS CIRCLE, NEW YORK, NY 10019

Phone No.: US: +1 (347) 399-3574 / UK: +44 (0) 7725886335

Telefax No.: N/A

Email Address: sandeep.wadhwa@fayinvestment.com

Fed Id. No.: 37-2018607

Contact Person: SANDEEP WADHWA, PRESIDENT

Principal Owners/Officers/Directors (list owners with 15% or more in equity holdings with percentage ownership): See Attachment A – Acquisition Structure

Principal Owners (Shareholders/Members/Owners):

Fay Hospitality Catskills LLC Sole Member with 100% Shareholding is Fay Villa Roma LLC;

Fay Villa Roma LLC 'Fay Member' and its Managing Member is Fay US Investments Corporation, with 68.6% Shareholding. Principal and President of Fay US Investments Corporation is Sandeep Wadhwa.

Fay Villa Roma LLC 'VRZS Member' is VRZS LLC, with 31.4% Shareholding. Principals of VRZS LLC are Steve Mabus and Sahmila Jafri each with a 50% Shareholding.

Directors/Managers: N/A

Officers: N/A

Corporate Structure (attach schematic if Applicant is a subsidiary or otherwise affiliated with another entity) See Attachment A – Acquisition Structure

¹ The Applicant hereby reserves the right to assign, either directly or indirectly, all or part of its rights and obligations under this Application and/or any Inducement Resolution of the Agency, upon the prior written consent of the Agency.

Form of Entity:

Corporation (Sub-s)

Date of incorporation: _____
State of incorporation: _____

Partnership

General _____ or Limited _____
Number of general partners _____

If applicable, number of limited partners _____
Date of formation: _____
Jurisdiction formation: _____

Limited Liability Company/Partnership (number of members _1_)

Date of organization: 09/29/2021 (NYS AUTHORIZATION 10/18/2021)
State of organization: DELAWARE

Sole Proprietorship

If a foreign organization, is the Applicant authorized to do business in the State of New York? Yes No N/A (If so, please append Certificate of Authority.)

APPLICANT'S COUNSEL

Name: BROWN DUKE & FOGEL, P.C. – STEVEN VEGLIANTE / GEORGE DUKE

Address: 449 BROADWAY, MONTICELLO, NY 12701

Phone No.: 845-434-6688

Telefax No.: 845-436-7788

Email Address: SVEGLIANTE@BDFLEGAL.COM / GDUKE@BDFLEGAL.COM

II. REQUESTED FINANCIAL ASSISTANCE

Estimated Value

Real Property Tax Abatement (estimated)	\$ <u>TBD</u>
Mortgage Tax Exemption	\$ <u>219,000.00</u>
Sales and Use Tax Exemption	\$ <u>384,000.00</u>
Issuance by the Agency of Tax Exempt Bonds	\$ <u>N/A</u>

III. PROJECT INFORMATION

A.) Project Location: VILLA ROMA RESORT – TOWN OF DELAWARE, NY

Project Address: 356 Villa Roma Road, Calicoon, NY 12723
Tax Map Number(s): See Attachment B – List of Parcels in Project
Located in the Village of: N/A
Located in Town of DELAWARE
Located in the School District of SULLIVAN WEST
Located in Hamlet of CALLICOON

(i) Are Utilities on Site?

Water/Sewer	Y	Electric	<u>Y</u>
Gas	<u>NO</u>	Storm Sewer	<u>Y</u>

(ii) Present legal owner of the site: VILLA ROMA RESORT AND CONFERENCE CENTER, INC. AND VILLA ROMA LLC

If other than Applicant, by what means will the site be acquired for this Project:

(iii) Zoning of Project Site: Current: PUD Proposed: PUD

(iv) Are any variances needed: NO

(v) Principal Use of Project upon completion: RESORT HOTEL AND CONFERENCE CENTER

B.) Will the Project result in the removal of a plant or facility of the Applicant or a proposed Project occupant from one area of the State of New York to another area of the State of New York? NO ; If yes, please explain:

C.) Will the Project result in the abandonment of one or more Plants or facilities of the Applicant or a proposed Project occupant located in the State of New York? NO ; If yes, please explain:

D.) If the answer to either question B or C above is yes, you are required to indicate

whether any of the following apply to the Project:

~~1. Is the Project reasonably necessary to preserve the competitive position of the Applicant or such Project Occupant in its industry? Yes _____; No _____. If yes, please explain:~~

~~2. Is the Project reasonably necessary to discourage the Applicant or such Project Occupant from removing such other plant or facility to a location outside the State of New York? Yes _____; No _____. If yes, please explain:~~

E.) Will the Project include facilities or property that will be primarily used in making retail sales of goods or provide services to customers who personally visit such facilities? Yes – ANCILLARY TO THE OPERATION OF THE RESORT; If yes, please contact the Agency for additional information.

F.) Please provide a narrative of the Project and the purpose of the Project (new build, renovations, and/or all equipment purchases). Identify specific uses occurring within the Project. Describe any and all tenants and any/all end users. Describe the proposed acquisitions, construction or reconstruction and a description of the costs and expenditures expected. Attach additional sheets, if necessary.

See Attachment C – Project Description

See Attachment D – Property Improvement Plan (PIP) Cost Schedule with Temporary Jobs Creation Estimate

See Attachment E – Capital Expenditure Estimate Report for Future Repairs

G.) COSTS AND BENEFITS OF THE PROJECT

Costs = Financial Assistance

Estimated Sales Tax Exemption	\$ <u>384,000</u>
Estimated Mortgage Tax Exemption	\$ <u>219,000</u>
Estimated Property Tax Abatement	\$ <u>TBD</u>
Estimated Interest Savings IRB Issue	\$ <u>NA</u>

Benefits= Economic Development

Jobs created	<u>0</u>
Jobs retained	<u>269</u>
Private funds invested	\$ <u>24,808,000</u>
Other Benefits	<u> </u>

Estimate how many construction/permanent jobs will be created or retained as a

result of this Project:	
Construction:	<u>0</u>
Permanent:	<u>269</u>
Retained (at current facility):	<u>269</u>

Project Costs (Estimates) ²	
Land and Existing Buildings	\$15,750,000
Soft Costs (5%)	\$ 2,250,000
Other	\$ 6,808,000
Total	\$24,808,000

In addition to the above estimated capital costs of the project, which must include all costs of real property and equipment acquisition and building construction or reconstruction, you must include details on the amounts to be financed from private sector sources, an estimate of the percentage of project costs financed from public sector sources and an estimate of both the amount to be invested by the Applicant and the amount to be borrowed to finance the Project.

(CAPITAL STACK REQUIRED) It is anticipated that the Project will be financed as follows:

	Source	Use
Purchase Price		15,750,000
Closing Costs		2,158,000
Capex		4,800,000
Interest Reserve (24 months)		2,100,000
Term funding (24 months)	17,100,000	
Equity	2,908,000	
Capex – secondary Facility	4,800,000	
	24,808,000	24,808,000

In addition to the job figures provided above, please indicate the following:

- 1) The projected number of full time equivalent jobs that would be retained and that would be created if the request for financial assistance is granted.

Jobs retained – 269

Jobs created (temporary construction jobs) – 65

See Attachment D – Property Improvement Plan (PIP) Cost Schedule with Temporary Jobs Creation Estimate

² Estimates for renovations and repairs based on existing conditions survey and cost estimates prepared by Century Construction Consultants LLC, dated July 2020 and December 7, 2021.

- 2) The projected timeframe for the creation of new jobs.

Approximately 24 months

- 3) The estimated salary and fringe benefit averages or ranges for categories of the jobs that would be retained or created if the request for financial assistance is granted.

\$45,000.00 (average)

See Attachment F – Employee Salary Information

- 4) An estimate of the number of residents of the economic development region as established pursuant to section two hundred thirty of the Economic Development Law, in which the project is located that would fill such jobs. The labor market area defined by the agency (Mid-Hudson Economic Development Region)

1,433,386

H.) State whether there is a likelihood that the project would not be undertaken but for the financial assistance provided by the Agency, or, if the project could be undertaken without financial assistance provided by the Agency, a statement indicating why the project should be undertaken by the Agency APPLICANT HAS DETERMINED THAT BENEFITS ARE NECESSARY FOR THE SUCCESSFUL PURCHASE, RENOVATION AND OPERATION OF THE RESORT. WITHOUT BENEFITS, IT IS HIGHLY UNLIKELY THAT APPLICANT COULD FINANCIALLY COMPLETE THE PROJECT AND OPERATE THE RESORT.

IV. REPRESENTATIONS BY THE APPLICANT

The Applicant understands and agrees with the Agency as follows:

- A) Job Listings. In accordance with Section 858-b (2) of the New York General Municipal Law, the Applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the Project will be listed with the New York State Department of Labor Community Services Division (the "DOL") and with the administrative entity (collectively with the DOL, the "JTPA Entities") of the service delivery area created by the federal job training partnership act (Public Law 97-300) ("JTPA") in which the Project is located.
- B) First Consideration for Employment. In accordance with Section 858-b (2) of the New York General Municipal Law, the Applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the

Applicant will first consider persons eligible to participate in JTPA programs who shall be referred by the JTPA Entities for new employment opportunities created as a result of the Project.

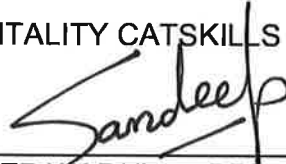
- C) Annual Sales Tax Filings. In accordance with Section 874(8) of the New York General Municipal Law, the Applicant understands and agrees that, if the Project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874(8) of the General Municipal Law, the Applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the Applicant and all consultants or subcontractors retained by the Applicant.
- D) Annual Employment Reports. The Applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, the Applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site.
- E) Absence of Conflicts of Interest. The Applicant has received from the Agency a list of the members, officers, and employees of the Agency. No member, officers or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described.
- F.) The Applicant represents that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if Financial Assistance is provided for the proposed Project:

§ 862. Restrictions on funds of the agency. (1) No funds of the agency shall be used in respect of any project if the completion thereof would result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.
- G.) The Applicant confirms and acknowledges that the owner, occupant, or operator receiving Financial Assistance for the proposed Project is in substantial compliance with applicable local, state and federal tax, worker protection and environmental laws, rules and regulations.
- H.) The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any Financial Assistance and the reimbursement of an amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement the Project.

- I.) The Applicant confirms and hereby acknowledges that as of the date of this Application, the Applicant is in substantial compliance with all provisions of Article 18-A of the New York General Municipal Law, including, but not limited to, the provision of Section 859-a and Section 862(1) of the New York General Municipal Law.

The Applicant and the individual executing this Application on behalf of the Applicant acknowledge that the Agency will rely on the representations made herein when acting on this Application and hereby represent that the statements made herein do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein not misleading.

FAY HOSPITALITY CATSKILLS LLC



By: SANDEEP WADHWA, PRESIDENT

DANIEL MARTIN BERGER
NOTARY PUBLIC-STATE OF NEW YORK
No. 01BE6395029
Qualified in Kings County
My Commission Expires 07-22-2023

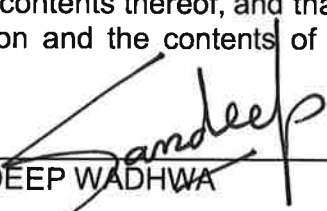


Date: MARCH 23, 2022

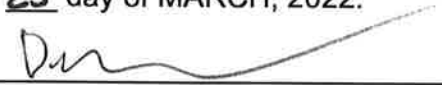
STATE OF NEW YORK)
COUNTY OF NEW YORK) ss.:

SANDEEP WADHWA, being first duly sworn, deposes and says:

1. That I am the PRESIDENT of FAY HOSPITALITY CATSKILLS, LLC (collectively, the, "Applicant") and that I am duly authorized on behalf of the Applicant to bind the Applicant.
2. That I have read the attached Application, I know the contents thereof, and that to the best of my knowledge and belief, this Application and the contents of this Application are true, accurate and complete.


SANDEEP WADHWA

Subscribed and affirmed to me under penalties of perjury
this 23rd day of MARCH, 2022.



(Notary Public)

DANIEL MARTIN BERGER
NOTARY PUBLIC-STATE OF NEW YORK
No. 01BE6395029
Qualified in Kings County
My Commission Expires 07-22-2023



THIS APPLICATION SHALL BE SUBMITTED WITH (I) TWO CHECKS: ONE COVERING A \$250.00 APPLICATION FEE AND THE SECOND COVERING A \$5,000.00 UP-FRONT ESCROW DEPOSIT; AND (II) APPLICANT'S FORMATION DOCUMENTS (IE: IF A CORPORATION: ITS CERTIFICATE OF INCORPORATION AND BYLAWS; IF A LIMITED LIABILITY COMPANY: ITS ARTICLES OF ORGANIZATION AND OPERATING AGREEMENT; IF A LIMITED PARTNERSHIP: ITS CERTIFICATE OF LIMITED PARTNERSHIP AND LIMITED PARTNERSHIP AGREEMENT; OR IF A PARTNERSHIP: ITS PARTNERSHIP AGREEMENT TO:

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
Executive Director
ONE CABLEVISION CENTER
FERNDALE, NEW YORK 12734**

HOLD HARMLESS AGREEMENT

Applicant hereby releases the COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY and the members, officers, servants, agents and employees thereof ("Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or the Project described therein or the tax exemptions and other assistance requested therein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and/or installation of the Project described therein and (C) any further action taken by the Agency with respect to the Project; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to reach final agreement with the respect to the Project, then, and in the event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns, all costs incurred by the Agency in the processing of the Application, including attorneys' fees, if any.

FAY HOSPITALITY CATSKILLS LLC


By: SANDEEP WADHWA, PRESIDENT

Date: MARCH 23, 2022

Sworn to before me this
23rd day of MARCH, 2022.



Notary Public

DANIEL MARTIN BERGER
NOTARY PUBLIC-STATE OF NEW YORK
No. 01BE6395029
Qualified in Kings County
My Commission Expires 07-22-2023

ATTACHMENT C

Project Description - Fay Hospitality Catskills LLC

Fay Hospitality Catskills LLC (“Fay” or the “Applicant”) is proposing to purchase, renovate, rejuvenate and operate the well-known Villa Roma Resort and Conference Center (“Villa Roma”) which is located on approximately 434 acres at 356 Villa Roma Road, Callicoon, New York. Villa Roma opened in 1970 and features 140 guest rooms, and an 18-hole golf course with driving range designed by James G. Harrison, ASGCA/Ferdinand Garbin, ASGCA. Additional amenities include a small ski area, pool areas, restaurants, a golf clubhouse and pro shop, tennis, fitness center and numerous other recreational activities. A new registration building was opened in September 2008.

The Villa Roma enjoys a favorable location in a secondary market and offers an outstanding array of activities and amenities. The Applicant, based on a thorough market analysis, believes that the Villa Roma is well positioned to maintain its market penetration and capture an increased market share, if it implements the right combination of capital investment and financial assistance.

Fay anticipates entering into agreements with the County of Sullivan Industrial Development Agency (“CSIDA”) to assist with its purchase, financing and renovation of the Property to retain and ultimately expand its resort offerings and create new employment opportunities. To this end, after purchasing the property for \$15.75M, Fay will invest \$5M in immediate facility improvements including the immediate repair and renovation of the hotel, 139 guest rooms, the public spaces, the meeting spaces, the club forum and indoor pool, the club house, the recreation and fitness center, the catering center, the spa and the ski chalet, and invest \$2.4M in required structural and facility repairs, including emergency power for water and waste water, roof replacement, a replacement golf course irrigation system, and laundry repairs (the “Project”). As further inducement to invest in Sullivan County and make the Project a reality, the financial assistance required from the CSIDA include a limited real estate tax abatement, a sales and use tax exemption, and mortgage recording tax exemption (collectively, the “Financial Assistance”).

The Project is expected to retain the existing workforce of over 269 employees, including approximately 246 hotel staff, and 23 administrative and facilities staff. The jobs retained will continue to benefit the region.

Administrative: \$25,169 - \$110,034

(Officers, General Manager, Administration, Sales, Office Staff, Personnel/Payroll and Supervisors (housekeeping, waitstaff, executive chef))

Maintenance: \$43,326 – \$60,320

(Maintenance, Greenskeeper, Water/Sewer and Technicians)

Hotel:

\$29,640 - \$41,080

(Management, Administration, Reservations and Accounting/Billing)

\$22,880 - \$29,120

(Maids and Laundry Handlers)

\$22,880 - \$27,456

(Maitre'd and Bellman)

\$28,080 - \$38,480

(Cooks, Bakers, Bartenders, Bar Waitstaff, Waitstaff, Dishwashers and Potwashers)

\$27,456 – \$58,510

(Drivers, Floaters, DJs, Cashiers and Equipment Attendants)

Ski: \$27,456 - \$54,204

(Management, Lift Operators, Instructors, Ski Patrol, Ski Cook, Snow Makers and Maintenance)

Other Recreation: Golf, Tennis and Pool: \$27,456 - \$41,600

(Instructors, Administrative, Lifeguards, Safety Patrol and Maintenance (mowers and technicians))

Benefits: Health insurance and paid time off.