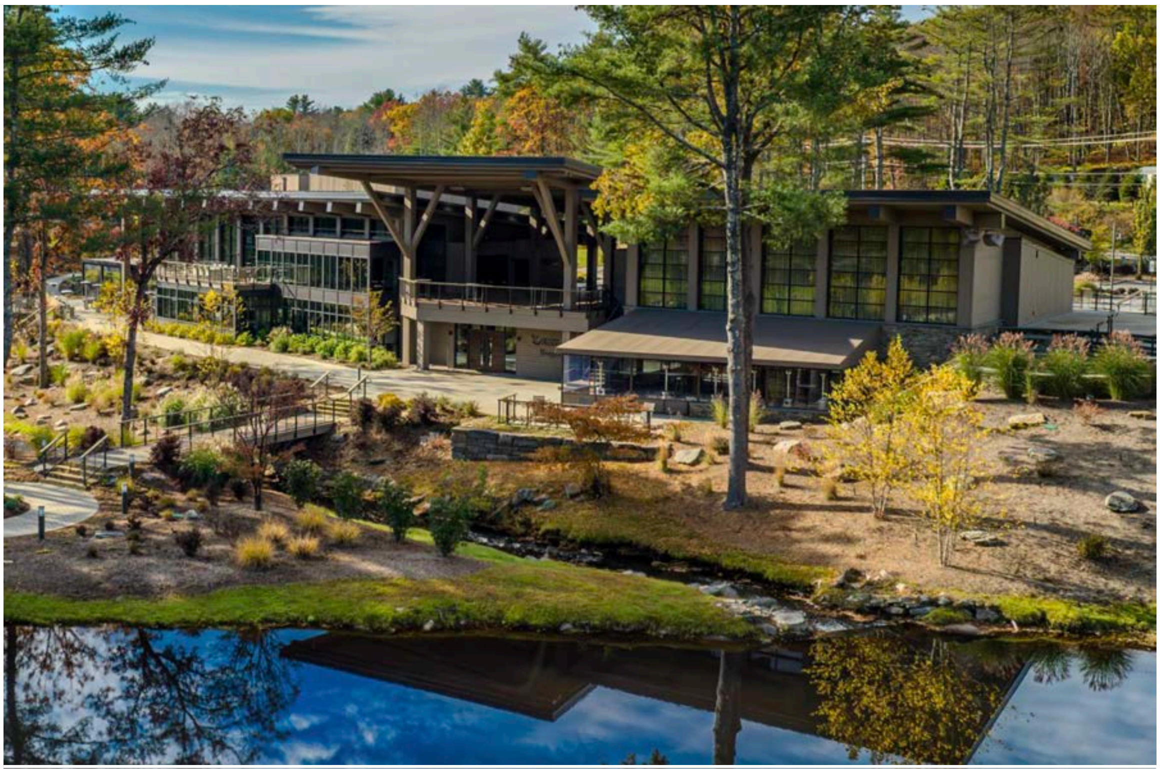
Amytra Development, LLC

**Application to County of Sullivan
Industrial Development Agency for
Financial Assistance for**

The Eldred Preserve Spa



Benefit/Cost Analysis

Prepared by:

**Shepstone Management Company, Inc.
Planning & Research Consultants**
100 Fourth Street Honesdale, PA 18431
(570) 251-9550 FAX 251-9551
www.shepstone.net
mail@shepstone.net

May, 2026

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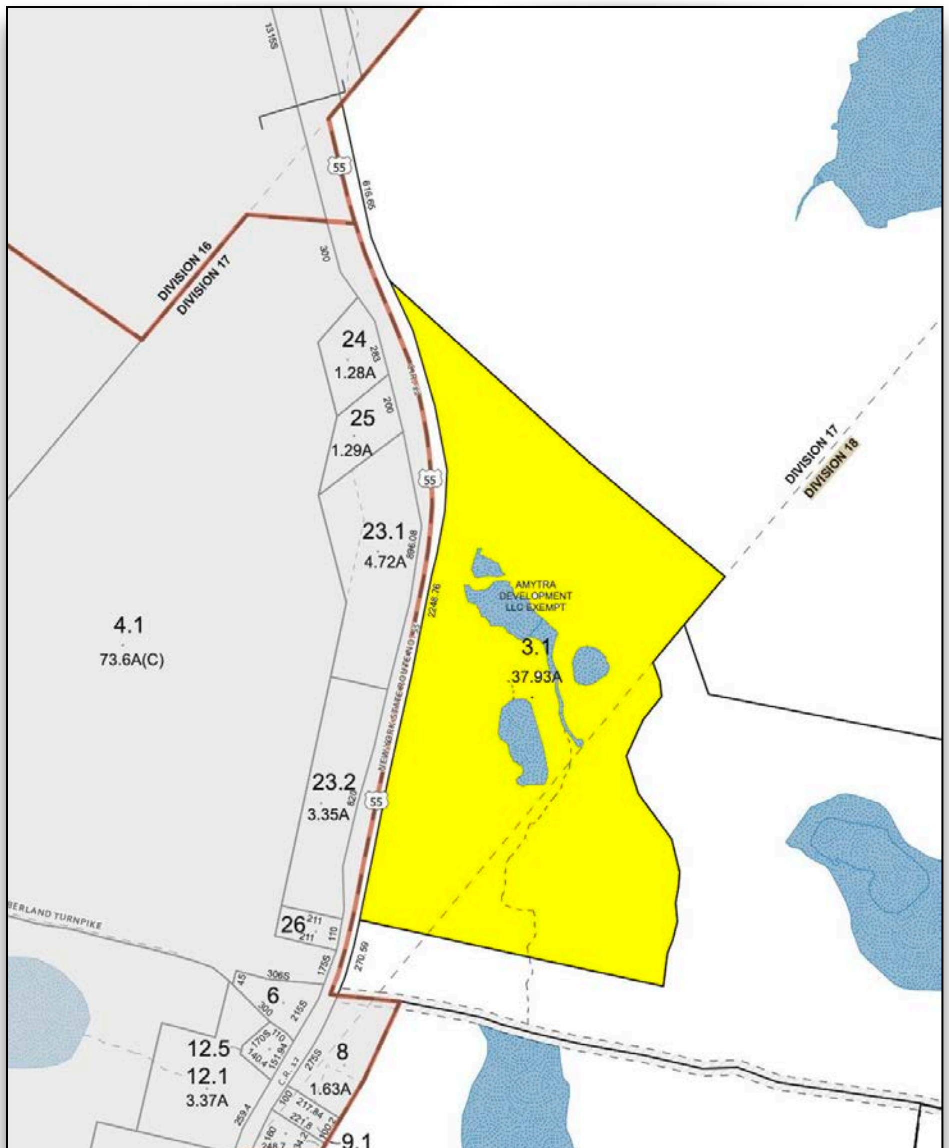
Background:

Amytra Development, LLC has applied for financial assistance for the development of a spa on the site of The Eldred Preserve resort in the Town of Highland. The new construction will take place on Tax Parcel 4-1-3.1 depicted below:



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The project involves the addition of a spa facility to the resort at a total estimated cost of some $16,000,000. It is anticipated these additional real property improvements will have an assessed value of $3,850,000 after market value adjustments and equalization.

Some $8,800,000 will be spent on otherwise sales-taxable material purchases (55% of the project). The applicant has proposed a $25,000,000 mortgage that will include some refinancing of existing debt.

Amytra Development, LLC has applied to the County of Sullivan Industrial Development Agency (IDA) for real property, mortgage and sales tax abatements to assist with bringing this project to completion.

New York State law governing IDAs requires "an analysis of the costs and benefits of the proposed project." Shepstone Management Company, Inc. has been requested by the IDA to provide such an analysis on an independent basis. This study is designed to compare the economic benefits of the project, including both direct and indirect revenues generated for local and state government, against the costs to these governments for additional services required. Both direct and indirect costs are considered on this side of the equation as well.

The following is a summary of the findings from this analysis, including supporting materials forming the basis for the conclusions reached regarding benefits and costs related to IDA assistance.

Methods and Assumptions:

The following methods and assumptions were employed for the analysis of this project:

1) It is assumed, for purposes of this analysis, that all project construction activities will occur in 2026-2027 with real property tax abatement beginning in 2028. It is further assumed the IDA will approve a PILOT Agreement under or comparable to the Sullivan County IDA's Uniform Tax Exemption Policy Tourism Industry Program (§301.c) or a comparable program; the PILOT to apply to the estimated costs of improving the existing real property.

   The current Town of Highland equalization rate is 55%, which is down significantly over the last several years. The PILOT schedule, before equalization and applying current tax rates is as follows.

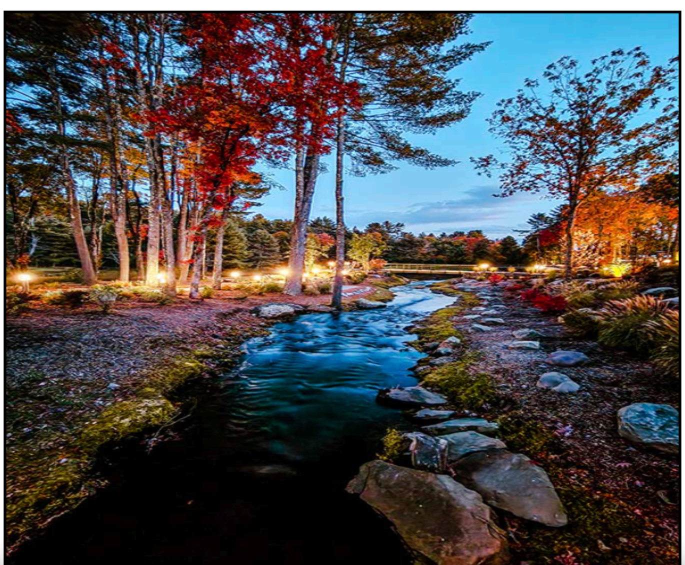
Tourist Industry Program Real Property Tax General Abatement Schedule		
Year	**% Abated**	**PILOT %**
1	100.00%	0.00%
2	100.00%	0.00%
3	100.00%	0.00%
4	100.00%	0.00%
5	100.00%	0.00%
6	90.00%	10.00%
7	80.00%	20.00%
8	70.00%	30.00%
9	60.00%	40.00%
10	50.00%	50.00%
11	40.00%	60.00%
12	30.00%	70.00%
13	20.00%	80.00%
14	10.00%	90.00%
15	0.00%	100.00%

2) The application to the IDA indicates there will be a $25,000,000 mortgage to which mortgage tax abatement will apply, some of which will involve refinancing of existing debt.

3) There are expected to be 48 full-time equivalent (FTE) construction jobs created at an average salary of $60,000 for the 2+ years construction period. The number of jobs is based upon $7.2 million of construction labor divided by the average salary. An economic multiplier of 1.50 is applied to these construction salaries for purposes of calculating personal income benefits and sales attributable to increased buying power, assuming 50% of construction jobs are local residents.

4) The annual costs to local government for providing highway maintenance and other non-educational services in the Town of Highland are expected to be minimal during the construction period because construction employment is unlikely to generate any new residents. Thereafter, the average cost per household will continue to be minimal and this is based upon the estimated tax levies divided by the town population.

5) The spa operation will generate some sales taxes itself, but also sales taxes attributable to additional food, beverage and retail sales on-site by increasing the number of guests utilizing lodging and restaurant services. According to an article in Ecotone, properties with strong spa offerings can capture 50-75% of onsite guests into spa usage, versus far lower participation at non-spa properties. Based on this observation we have determined the facility is likely to add $2.2 million in taxable sales at the hotel as well as the spa itself.



6) It is assumed room revenue will represent 50% of new sales taxable sales, or $2 million, and that room tax at 5% will also apply this share of revenue.

7) Cash flow streams from benefits and costs are net present valued using a discount rate of 3.33% (current average interest rate on the public debt). Net present value figures include actual costs of abatements and other costs for the construction/start-up period (2026-2027) plus discounted values for 2028-2047, providing a reasonable period for assessing the full benefits and costs of the project.

8) Current ad valorem real property tax rates within the Town of Highland, Sullivan County, are as follows:

Tax Rates	
Tax Category	**% of Assessed Value**
Medicaid	0.22%
NYS Welfare Mandates	0.15%
Other NYS Mandates	0.26%
County Levy	0.19%
County Total	**0.82%**
Town to Highway	0.50%
Town Total	**0.50%**
School Tax Rate	**1.67%**
Combined Total	**2.99%**

The school tax rate is the latest available and includes the library tax.

Conclusion:

This project will generate estimated costs of $2,895,543 in mortgage, real property and sales tax abatements over the period of the PILOT agreement. Net present valued, this equates to a total cost of $2,516,173. Additional school costs of $321,778 and variable highway and other municipal costs of $123,897 bring the total cost at net present value to $2,961,938

The project benefits consist of real property taxes associated with taxable real property improvements ($2,279,511), construction payroll gains ($12,993,833), multiplier effects ($5,552,265), sales taxes from those payroll gains ($741,844), sales taxes from operations ($3,021,376) and room taxes ($1,030,015) that, altogether, at net present value, total $25,618,644 combined over the analysis period.

This yields a positive benefit/cost ratio of 8.65. Netting out the construction payroll gains, the ratio is 2.39.

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Benefit/Cost Analysis

Project Cost/Benefit Analysis

Costs (2028-2047)	
Sales Tax Abatements (County)	$352,000
Sales Tax Abatements (State)	$352,000
Mortgage Tax Abatements	$250,000
Real Property Tax Reductions Net of 485-b Benefits	$1,941,543
Sub-Total (Value of All Abatements) =	**$2,895,543**
Net Present Value of Abatements	$2,516,173
Additional School Costs	$321,778
Variable Highway & Other Municipal Costs	$123,987
Total Costs (Net Present Value)=	**$2,961,938**
Benefits (Net Present Value, 2028-2047)	
Property Taxes Related to Improvements	$2,279,511
Sales Taxes (General - From Gains in Buying Power)	
County	$370,922
State	$370,922
Sales Taxes (From Operations)	
County	$1,510,688
State	$1,510,688
Room Taxes	$1,030,015
Sub-Total (Taxes/Charges) =	**$7,072,746**
Personal Income Gains Related to New Jobs	$12,993,833
Personal Income Gains Related to Multiplier Effects	$5,552,265
Sub-Total (Income Gains) =	**$18,546,097**
Total Benefits =	**$25,618,844**
Gross Benefits Over Costs =	$22,656,905
Net Benefits Over Costs =	$4,110,808
Gross Benefits to Costs Ratio =	**8.65**
B/C Ratio Net of Income Gains =	**2.39**

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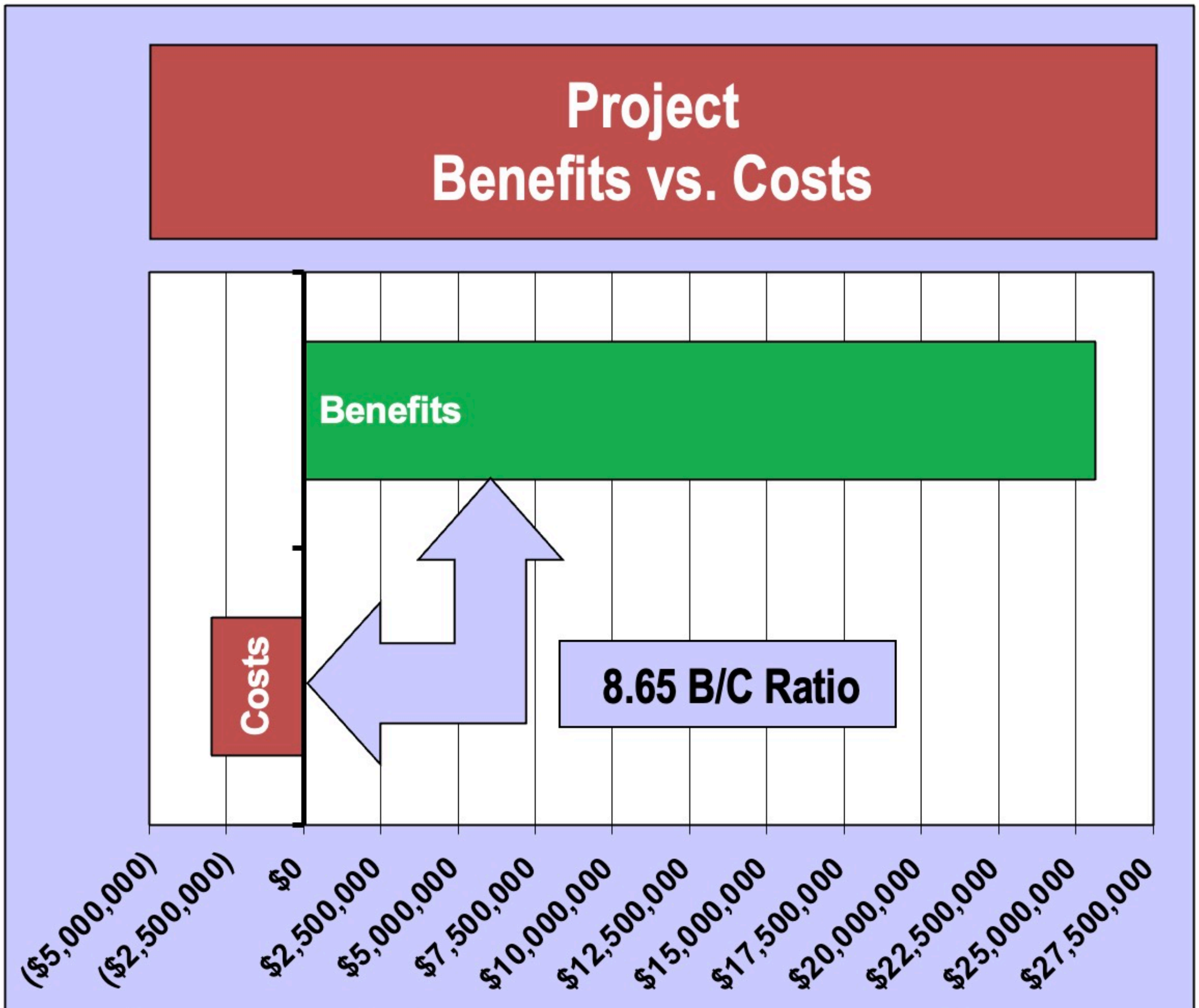

	Costs	Benefits
Impacts	($2,961,938)	$25,618,844

Amytra Development, LLC
Benefit/Cost Analysis

Benefit/Cost Analysis of Tax Abatements

DESCRIPTION / FISCAL YEAR	Construct / Startup	2028 1	2029 2	2030 3	2031 4	2032 5	2033 6	2034 7	2035 8	2036 9	2037 10	2038 11
Sales Tax Abatement	$704,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Mortgage Tax Abatement	$250,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Real Property Tax Abatement	$0	$58,631	$150,363	$167,313	$184,881	$203,084	$192,350	$181,105	$169,333	$157,018	$144,142	$130,689
Highway/Other Costs	$6,698	$6,832	$6,969	$7,108	$7,250	$7,395	$7,543	$7,694	$7,848	$8,005	$8,165	$8,328
School Costs	$0	$18,744	$19,119	$19,501	$19,891	$20,289	$20,695	$21,109	$21,531	$21,962	$22,401	$22,849
Real Property Taxes on New Property Value	$0	$0	$0	$0	$0	$0	$29,592	$60,368	$92,364	$125,614	$160,158	$196,034
Total Real Property Taxes Without Project	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total New Real Property Taxes With Project	$0	$0	$0	$0	$0	$0	$29,592	$60,368	$92,364	$125,614	$160,158	$196,034
Personal Income - Construction Employment	$7,200,000	$337,500	$344,250	$351,135	$358,158	$365,321	$372,627	$380,080	$387,681	$395,435	$403,344	$411,411
Indirect Income Benefits	$3,076,560	$144,214	$147,098	$150,040	$153,041	$156,102	$159,224	$162,408	$165,656	$168,969	$172,349	$175,796
Added Sales Tax (General)	$411,062	$19,269	$19,654	$20,047	$20,448	$20,857	$21,274	$21,700	$22,134	$22,576	$23,028	$23,488
Added Sales Tax (Operations)	$0	$176,000	$179,520	$183,110	$186,773	$190,508	$194,318	$198,205	$202,169	$206,212	$210,336	$214,543
Room Tax	$0	$60,000	$61,200	$62,424	$63,672	$64,946	$66,245	$67,570	$68,921	$70,300	$71,706	$73,140

Benefit/Cost Analysis of Tax Abatements

DESCRIPTION / FISCAL YEAR	2039 12	2040 13	2041 14	2042 15	2043 16	2044 17	2045 18	2046 19	2047 20	TOTALS Actual	TOTALS NPV
Sales Tax Abatement	$0	$0	$0	$0	$0	$0	$0	$0	$0	$704,000	$704,000
Mortgage Tax Abatement	$0	$0	$0	$0	$0	$0	$0	$0	$0	$250,000	$250,000
Real Property Tax Abatement	$99,977	$67,985	$34,672	$0	$0	$0	$0	$0	$0	$1,941,543	$1,562,173
Highway/Other Costs	$8,495	$8,665	$8,838	$9,015	$9,195	$9,379	$9,567	$9,758	$9,953	$172,704	$123,987
School Costs	$23,306	$23,772	$24,247	$24,732	$25,227	$25,732	$26,246	$26,771	$27,307	$455,431	$321,778
Real Property Taxes on New Property Value	$233,280	$271,938	$312,049	$353,655	$360,729	$367,943	$375,302	$382,808	$390,464	$3,712,299	$2,279,511
Total Real Property Taxes Without Project	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total New Real Property Taxes With Project	$233,280	$271,938	$312,049	$353,655	$360,729	$367,943	$375,302	$382,808	$390,464	$3,712,299	$2,279,511
Personal Income - Construction Employment	$419,639	$428,032	$436,592	$445,324	$454,231	$463,315	$472,581	$482,033	$491,674	$15,400,362	$12,993,833
Indirect Income Benefits	$179,312	$182,898	$186,556	$190,287	$194,093	$197,975	$201,934	$205,973	$210,092	$6,580,575	$5,552,265
Added Sales Tax (General)	$23,958	$24,437	$24,926	$25,424	$25,933	$26,452	$26,981	$27,520	$28,071	$879,237	$741,844
Added Sales Tax (Operations)	$218,834	$223,211	$227,675	$232,228	$236,873	$241,610	$246,442	$251,371	$256,399	$4,276,337	$3,021,376
Room Tax	$74,602	$76,095	$77,616	$79,169	$80,752	$82,367	$84,014	$85,695	$87,409	$1,457,842	$1,030,015