

FSH Newburgh Hotel, LLC
Grand Street Newburgh Property Co., LLC
4053 State Route 52, P.O. Box 595
Youngsville, New York 12791

February 16, 2022

City of Newburgh Industrial Development Agency
City Hall, Third Floor
83 Broadway
Newburgh, New York
Attn: Cher Vickers, Executive Director

Via Email

Whiteman, Osterman & Hanna LLP
One Commerce Plaza
Albany, New York 12260
Attn: Robert J. McLaughlin, Esq.

Via Email

Re: Grand Street Newburgh Property Co., LLC and FSH Newburgh Hotel,
LLC w/ City of Newburgh Industrial Development Agency ("IDA")
Our File No. 7392.049

Dear Cher and Robert:

This letter amendment is to the application above referenced to align costs with the current project budget and provide information on anticipated new revenues for local taxing jurisdictions during the first two (2) years of operation.

Over ten (10) months have passed since preparation of the project budget included in the application to the IDA for the FSH Newburgh Hotel, LLC and Grand Street Newburgh Property Co., LLC project ("Project Budget"). The cost of construction materials, equipment and labor have risen significantly over this period. According to the National Association of Home Builders, the cost of construction materials increased 14.1% in 2021. Cost increases continue and inflationary pressures appear to be other than transitory. Construction labor costs increased over the same period by nearly 7% nationally and by a greater percentage in the Catskills and Mid-Hudson.

Design changes to the Project also resulted in a budget increase. The most notable changes are replacement of an elevator which was not originally expected. MEP costs for sprinklers are also more costly than originally planned. A revised Project Budget has been developed based on estimated costs at the anticipated commencement of construction in the fall of 2022. The fall 2022 start date is dependent on, among other things, availability of local contractors.

The application is hereby amended to replace pages 20 and 21 of the application with pages 20 and 21 annexed to this letter amendment.

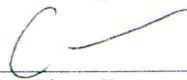
A summary of budget changes and the reason therefore are as follows:

Application Page 20			
	Original	Revised	Commentary
Buildings	1,300,000	1,300,000	No Change
Machinery	4,125,000	4,939,800	Reflective of increased costs for Equipment + Systems + Security
Arch and Engineering	955,000	1,346,741	Increased due to greater scope of project
Financing Cost	650,000	797,350	This was an estimate last time, increased based on debt size
Construction Fees/Interest	900,000	1,100,000	Increased due to higher financing
Building Reno	14,865,500	18,804,320	Increased due to greater scope + increase in labor and material cost
Other Soft Costs	1,654,500	1,654,500	No Change
Total	24,450,000	29,942,710	

Additionally, this letter amendment includes our estimate of the anticipated new revenues for local taxing jurisdictions during the first two years of operations, as follows:

Foster Supply Hospitality - Grand Street Project	
Source	Amount
Sales Tax, Construction, One Time	\$ 62,950
Sales Tax, Operations, 2 years	\$ 47,819
Sales Tax, Onsite Retail, 2 years	\$ 1,107,074
Hotel Occupancy Tax, 2 years	\$ 183,112
Pilot Revenue	\$ 355,224
New revenues for local taxing jurisdictions For first two years of operations	\$ 1,756,179

Grand Street Newburgh Property Co., LLC
By: FSH Holding, LLC, its Sole Member


By: Corey Sims Foster, Manager

FSH Newburgh Hotel, LLC
By: FSH Holding, LLC, its Sole Member


By: Corey Sims Foster, Manager

Encs.

cc: Catherine D. Kemp, Esq.
Corey Sims Foster
Christopher Monello
Barbara A. Garigliano, Esq.

70319-056v4

V. PROJECT COST.

- A. Anticipated Project Costs. State the costs reasonably necessary for the acquisition of the Project site, the construction of the proposed buildings and the acquisition and installation of any machinery and equipment necessary or convenient in connection therewith, and including any utilities, access roads or appurtenant facilities, using the following categories:

<u>Description of Cost</u>	<u>Amount</u>
Land	\$ _____
Buildings	\$ <u>1,300,000</u>
Machinery and equipment costs	\$ <u>4,939,800</u>
Utilities, roads and appurtenant costs	\$ <u>N/A</u>
Architects and engineering fees	\$ <u>1,346,741</u>
Costs of financing	\$ <u>797,350</u>
Construction loan fees and interest (if applicable)	\$ <u>1,100,000</u>
Other (specify)	
<u>Building Renovation</u>	\$ <u>18,804,320</u>
<u>Other Soft Costs</u>	\$ <u>1,654,500</u>
_____	\$ _____
TOTAL PROJECT COSTS	\$ <u>29,942,710</u>

- B. Anticipated Project Financing Sources. State the sources reasonably necessary for the financing of the Project site, the construction of the proposed buildings and the acquisition and installation of any machinery and equipment necessary or convenient in connection therewith, and including any utilities, access roads or appurtenant facilities, using the following categories:

<u>Description of Sources</u>	<u>Amount</u>
Private Sector Financing	\$ <u>22,450,000</u>
Public Sector	\$ 1,000,000
Federal Programs	\$ _____
State Programs	\$ <u>1,250,000</u>
Local Programs	\$ _____
Applicant Equity	\$ <u>5,242,710</u>
Other (specify, e.g., tax credits)	
_____	\$ _____
_____	\$ _____
_____	\$ _____
TOTAL AMOUNT OF PROJECT FINANCING SOURCES	\$ <u>29,942,710</u>

- C. Have any of the above expenditures already been made by the applicant?
Yes ; No _____. If yes, indicate particulars.

\$828,250 to date which includes the down payment for the purchase of the buildings and payments for pre-construction services to our engineering firm and design professionals.

- D. Amount of loan requested: \$ 22,450,000 _____;

Maturity requested: 25 years.

- E. Has a commitment for financing been received as of this application date, and if so, from whom? Rhinebeck Bank has issued a strong letter of intent.

Yes ____; No . Institution Name: Rhinebeck Bank

Provide name and telephone number of the person we may contact.

Name: David Curry Phone: _____