

SUBMITTED TO:

MR. ROBERT M. VANDELOO, JR.
APPRAISAL & INSPECTION UNIT MANAGER
NEW YORK STATE
OFFICE OF GENERAL SERVICES
BUREAU OF LAND MANAGEMENT
CORNING 2ND TOWER, 26TH FLOOR
EMPIRE STATE PLAZA
ALBANY, N.Y. 12242

A MARKETING STUDY AND STRATEGIC PLAN
AS OF OCTOBER 18, 2016

PREMISES

UPL01727
APPRAISAL
JN ADAM HOSPITAL / DEVELOPMENTAL COMPLEX
10317 DAYTON ROAD – [CR 58]
PERRYSBURG, CATTARAUGUS COUNTY, NY 14129
TAX MAP #: 16.001-1-3.1; 16.021-1-19; 16.022-2-10;
AND 15.002-1-15

Transmittal Letter

February 17, 2017

Robert M. VanDeloo, Jr.
Appraisal & Inspection Unit Manager
NEW YORK STATE
OFFICE OF GENERAL SERVICES
Bureau of Land Management
Corning 2nd Tower, 26th Floor
Empire State Plaza
Albany, N.Y. 12242

RE: UPL01727
APPRAISAL
J N Adam Hospital / Developmental Center
10317 Dayton Road – [CR 58]
Perrysburg, Cattaraugus County, NY 14129
**Tax Map Number: 16.001-1-3.1; 16.021-1-19;
16.022-2-10 and 15.002-1-15**

Dear Mr. VanDeloo:

According to your request, NATIONAL Real Estate Research, LLC has prepared both a detailed Market Study and an Appraisal report of the J N Adam Hospital / Developmental Center Property (the “Property” herein), situated in Perrysburg, Cattaraugus County, NY.

As directed, the New York State OFFICE OF GENERAL SERVICES (“NYSOGS”) has requested (1) the completion of a comprehensive marketing study for the redevelopment / reuse of the former J.N. Adams Developmental Center, and (2) a narrative appraisal of the Property. Further, NYSOGS has directed that the findings be contained in two (2) separate reports, i.e., A MARKETING STUDY AND STRATEGIC PLAN, and a separate narrative APPRAISAL REPORT. **This report presents the results of the APPRAISAL.**

According to your request, the purpose of this appraisal is twofold. We will estimate the **Market Value** of the Fee Simple interest in the Property “As-Improved,” as well as “As-If Vacant,” as of the most recent date of inspection, October 18, 2016. Disaggregation of the land between the old hospital complex and the “excess land” will be made. These Value estimates will consider the tangible assets of the real estate only, exclusive of any business value or personal property.

According to USPAP, developing these **Market Value** opinions requires the use of two hypothetical conditions, which assume that (1) the ownership entity is the People of the State of New York, which has clear title, and that the City of Buffalo has no ownership interest or rights, when in fact the City of Buffalo has a Reverter clause interest; and assumes that (2) the hospital site, the surrounding woodlands, and the groundwater are unaffected by adverse environmental contamination conditions, when in fact likely environmental contamination was observed at the time of inspection.

Our inspection revealed that potentially adverse environmental conditions likely exist throughout the improvements on the Property. NO Phase I Environmental Site Assessment was available for review, or for use in completing the analyses contained in the Marketing Study and Appraisal.

According to the Deed and County Property Records, the current owner of record for the parcels and improvements is the People of the State of New York ("PSNY"), who own the Fee Simple interest in the Property. The Property consists of portions of four tax parcels formally known as Tax Parcel #'s 16.001-1-3.1; 16.021-1-19; 16.022-2-10 and 15.002-1-15 on the Cattaraugus County, NY tax maps. Five small parcels that are portions of the larger tax parcels are being retained by New York State and are not part of this assignment. No recorded sale transactions have occurred since the subject Property was acquired in 1952. No deed was available nor was any metes and bounds legal description. There are no known existing Purchase and Sale agreements in effect. No arm's length transfers are known to have occurred within the past five years.

The majority of the lands comprising the subject Property are zoned "AR-40" – Agricultural / Residential zone, within the Town of Perrysburg - with a couple of exceptions, these being the rectangular area of land along the south side of Main Street west from Peck Hill Road that is zoned "SR-30A," within the Town of Perrysburg; and also the 57 acres under and around the JN Adam buildings that reportedly were / are zoned "I" - Industrial under the old defunct Village of Perrysburg, and which apparently remains applicable. The subject Property is situated within the southern portion of Flood Map #360091B, dated 4/20/1984, and the northern portion of Map #360066B, dated 5/25/1984. FEMA has not completed a study to determine flood hazard for the selected location; therefore, a flood map has not been published at this time.

This appraisal contains confidential information and their use is privileged. The Intended Use of this appraisal is for decision-making purposes related to disposition valuation of the asset. The values derived are driven by a thorough Highest and Best Use analysis of the complex in context of the specific characteristics of the market within the Town of Perrysburg, the City of Buffalo and Cattaraugus County local market area.

The Intended Users of this report are NYSOGS and any contractors tasked with asset disposition assistance. NYSOGS or its assignees may use the appraisal for multiple

purposes such as asset disposition decisions, sale of the Property or for planning purposes related to bids at auction sales. The Reports are to be used in whole and not in part. No part of the Reports shall be used in conjunction with any other analyses. The appraisal report and marketing study submitted to NYSOGS for review will become property of the government of the State of New York and may be used for any legal and proper purpose. The reports will be distributed upon request to all others under the Freedom of Information Act. NYSOGS and their assignees are the intended users of this appraisal report.

The effective date of both the appraisal and marketing study is the most recent date of inspection, October 18, 2016. John A. Dalkowski III, CRE, MAI inspected the property on that date. This appraisal has been prepared to conform to the Standards of Professional Appraisal Practice and the Code of Professional Ethics of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, and to generally accepted Appraisal Reporting Guidelines of most lending institutions.

We have concluded that the Market Value of the Fee Simple interest in the Property "As-If Vacant," based upon the two *hypothetical* conditions stated above, as of the most recent date of inspection, October 18, 2016, is:

EIGHT HUNDRED EIGHTY THOUSAND DOLLARS

(\$880,000)

Further, we have concluded that the Market Value of the Fee Simple interest in the 587.62± acres of excess land "As-Vacant and Unimproved," based upon the two *hypothetical* conditions stated above, as of October 18, 2016, is:

EIGHT HUNDRED THOUSAND DOLLARS

(\$800,000)

Finally, we have concluded that the Market Value of the Fee Simple interest in the JN Adam Property "As-Improved," situated on the 644.62± acres of land, and based upon the two *hypothetical* conditions stated above, as of October 18, 2016, is:

ZERO DOLLARS

(\$0)

The concluded values represent cash or equivalent terms under current market conditions and include the value of the tangible assets only - the income-producing capability of the real estate. No intangible assets - including the value of the business enterprise or personal property - are included in this value.

All values rendered within this report assume exposure and marketing times of **36 to 48 months or more** unless otherwise indicated. No other special risk factors or any other adverse conditions are believed to affect the subject. This appraisal was not prepared in conjunction with a request for a specific value or a value within a given range or predicated upon loan approval. It is assumed that the owners will competently manage the Property in the future.

The appraisal utilized the approaches to value considered appropriate and is subject to the enclosed Underlying Assumptions and Contingent Conditions. The accompanying reports describe the physical characteristics of the Property, its potential marketability, and the methods of appraisal and contain the pertinent information considered in reaching our conclusions of value. We hereby certify that all the data gathered in our investigation is from sources believed to be reliable. Data in general were scarce, but nevertheless, all available information required or pertinent to the valuation that was available was considered. Data, information, and the calculations leading to the value conclusion(s) are incorporated in the report following this letter.

These reports, in their entirety, including all assumptions and limiting conditions, and are an integral part of and inseparable from this letter. In preparing these value estimates, we have placed considerable reliance upon various documents supplied to us by others. The data used in the discussion and analyses that follow herein were provided and / or supported by information from NYSOGS and supported by our investigations, and also by data contained within certain reports prepared by others and called "Project Documents" herein.

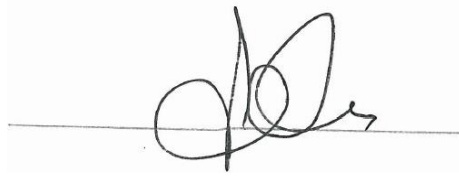
Some of the items we relied upon include, but are not limited to the following: The Project Documents used herein consisted of (1) the "Structural Condition Assessment Report - JN Adam Developmental Center," dated November 18, 2016, prepared by Popli Design Group, Penfield, NY, which is incorporated into this report by reference; (2) An OGS Bureau of Land Management Survey entitled "DEED PLOT SHOWING Lands of the People of the State of New York Known as J.N. Adam Developmental Center Situate in Lots 11, 18, 19, and 27, Township 6, Range 9 of the Holland Land Company's Survey, Town of Perrysburg, County of Cattaraugus, State of New York," undated but included herein; (3) Various local government publications and Comprehensive Plans enumerated within the Scope section; and (4) various other letters, leases, memorandums, drawings, specifications, maps, surveys, and schedules given to us by NYSOGS and others, and enumerated in the report. Copies of the pertinent items and excerpts have been included in the body of the report or in the Addendum, as space permits.

THIS LETTER MUST REMAIN ATTACHED TO THE REPORT, WHICH CONTAINS 371 PAGES PLUS RELATED EXHIBITS, IN ORDER FOR THE VALUE OPINION SET FORTH TO BE CONSIDERED VALID.

Thank you for the opportunity to provide these market study and appraisal services to you.

Should you have any questions or require more information, please contact me directly at the phone number or e-mail address listed below.

Yours truly,

A handwritten signature in black ink, appearing to read 'JD', is written over a horizontal line.

John A. Dalkowski 111, CRE, MAI
Managing Director
New York State Certified General
Real Estate Appraiser No. 46000016951
jdmai-cre@nationalrer.com
212-983-2426

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INTRODUCTION & EXECUTIVE SUMMARY**Purpose and Scope of the Assignment**

The specific parcels [per the Bid Solicitation and Survey] are labeled A, B and C, and are highlighted on maps that follow. Total site area per the Survey and calculated in the table above is 644.62± acres. A chain link fence encloses the area of the site where the main hospital campus improvements are situated. These fenced areas around the buildings include two specific areas: (1) the westernmost parcel off Peck Hill Road, which has ten (10) old, functionally-obsolete single-family houses and two other smaller, miscellaneous wood frame structures - primarily situated along the southern side of Inwood Drive, and (2) the area around the larger, institutional buildings – that being the easternmost parcel off Peck Hill Road along Airview Drive. These areas combined approximate 57± acres of the total 644.62±-acre site, based upon a rough approximation from the survey. The remaining 587.62± acres are undeveloped and which were largely unused by the facility other than recreationally, and consist of unimproved virgin woodlands and timber. Thus, they are excess land that may be sold off and developed separately from the facility.

Owner Entity	Tax ID:	Acres per Tax Map	Acres per OGS Survey
NYS JN Adam Developmental Center	16.001-1-3.1 - "B" & "C" on Map - "B" on Survey	420.40	308.52
NYS JN Adam Developmental Center	16.021-1-19 - "B" on Map - "B" on SURVEY	50.67	incl
NYS JN Adam Hospital & School	16.022-2-10 - "C" on Map	51.45	187.8
NYS Route 353	15.002-1-15 - "A" on Proposal Map - "C" on Survey	153.95	148.3
Total Acreage		676.47	644.62

NYSOGS has requested the completion of a narrative appraisal report of the Fair **Market Value** of the Fee Simple Interest in the subject Property, both “*As-Improved*,” as well as “*As-If Vacant*.” The appraisal report includes a detailed highest and best use analysis of the Property with supporting explanation. The purpose of this appraisal is twofold. We will estimate the **Market Value** of the Fee Simple interest in the Property “*As-Improved*,” as well as “*As-If Vacant*,” as of the most recent date of inspection, October 18, 2016. The appraisal is subject to the use of two hypothetical conditions, which are explained and enumerated below. Disaggregation of the land between the former hospital complex and the excess land will be made. The Intended Use of the appraisal findings will be for decision-making purposes. NYSOGS is considering the future of this site and / or its public sale / reuse.

Reportedly, the deed that transferred the Property to State of New York in 1952 contained a Reverter Clause to the City of Buffalo – the former owner of the complex, which they have been unwilling to relinquish. Said Deed was not available for our review. However, we have been advised that, under the terms of the deed, the Reverter reportedly expires ten years after JN Adam ceases to be actively used for any mental hygiene purposes. Apparently, despite the poor condition of the complex, the City of Buffalo does not want to sell / dispose

of the Property, and has asserted that four separate, small parcels along Perrysburg - Gowanda Road / State Route 39 [the excluded blue-shaded parcels on the map on page 9 herein] are still being used for any mental health purposes.

Furthermore, we have been advised that the City of Buffalo reportedly would retain 90 percent (90.0%) of the sale or disposition proceeds. In 1998, the Empire State Development Corporation ("ESDC") made preparations to sell most of the J.N. Adam Property through a bidding process, after the JN Adam complex was closed in 1991 – *but when it likely was still functional* - which produced a bid of just \$300,000. The bidder was Trathen Land Company, a timber / logging company that wanted to harvest / strip the site of its timber. However, the City of Buffalo rejected the sale and declined to release the Reverter. Litigation ensued, and the complex has been abandoned ever since. No arm's length transfers have occurred in the past five years, and no Purchase and Sale agreements exist.

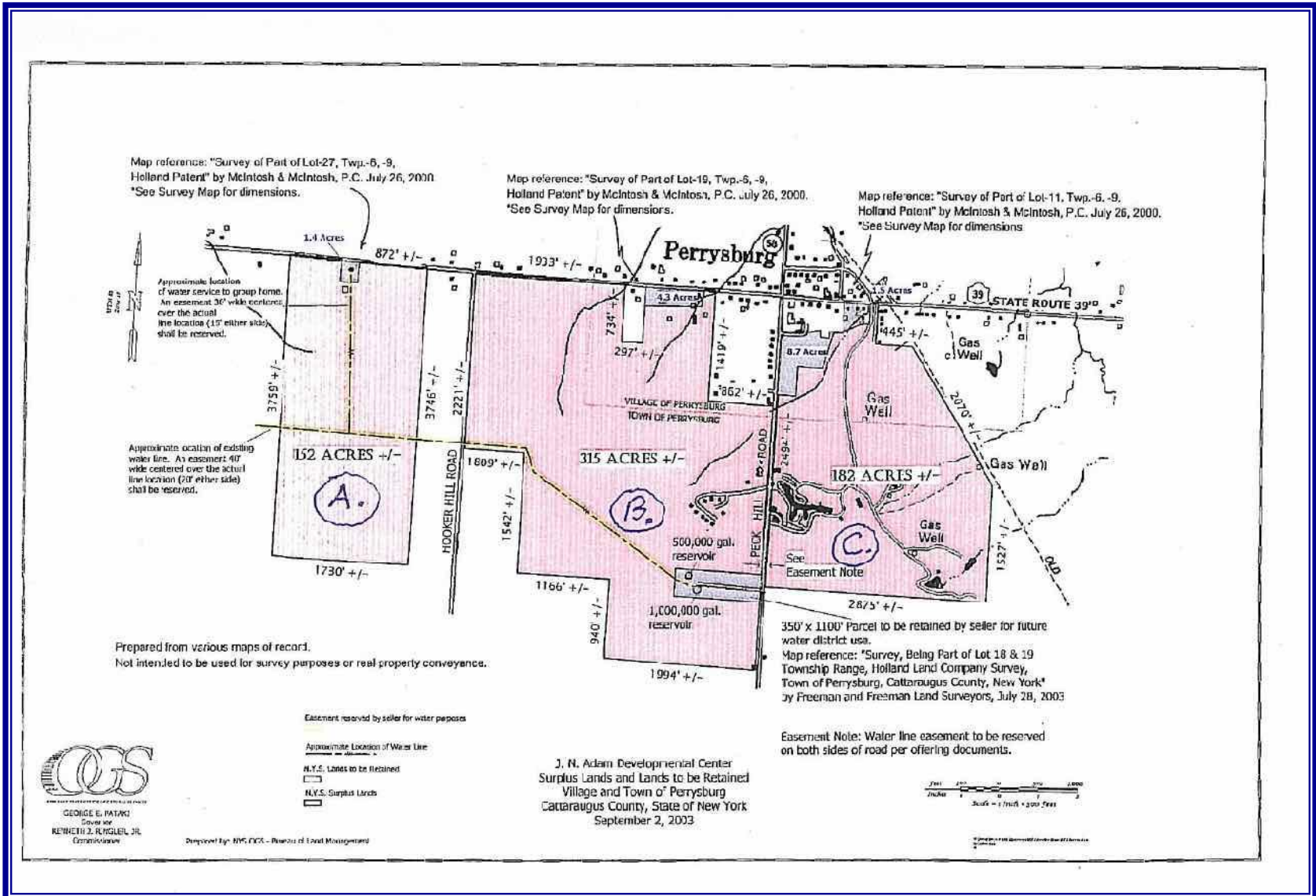
Consequently, given the position of the City of Buffalo, NY SOGS has instructed NRER to complete the MARKETING STUDY AND STRATEGIC PLAN and the APPRAISAL REPORT under two *hypothetical conditions* - i.e., (1) that the ownership entity is the People of the State of New York, which has clear title, and that the City of Buffalo has no ownership interest or rights; and (2) that the hospital site, the surrounding woodlands, and the groundwater are unaffected by adverse environmental contamination conditions.

According to USPAP, developing this **Market Value** opinion requires the use of two *hypothetical conditions*, which (1) assume that the ownership entity is the People of the State of New York, which has clear title, and that the City of Buffalo has no ownership interest or rights, when in fact the City of Buffalo has a Reverter clause interest; and (2) assumes that the hospital site, the surrounding woodlands, and the groundwater are unaffected by adverse environmental contamination conditions, when in fact likely environmental contamination was observed at the time of inspection.

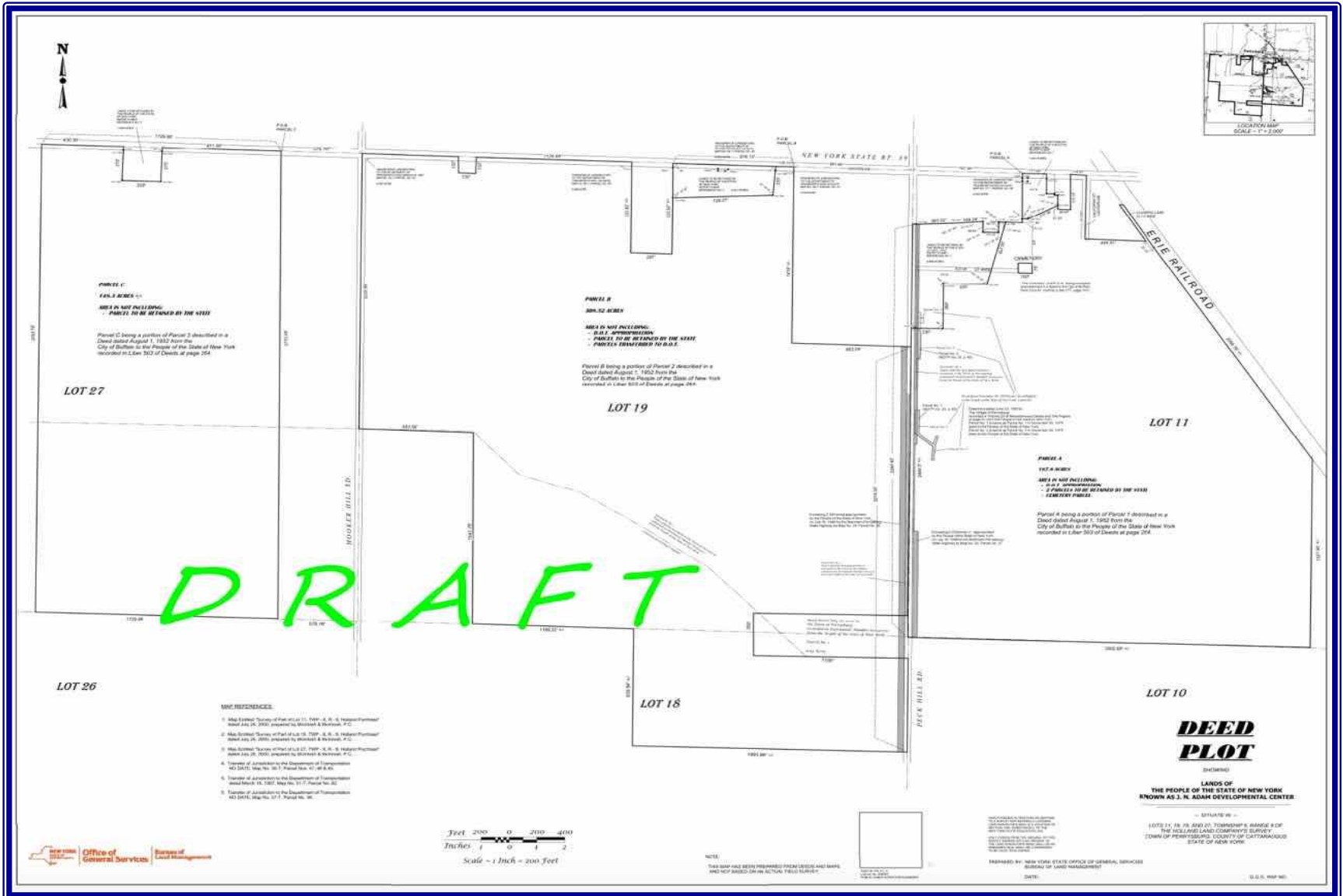
Our inspection revealed that potentially adverse environmental conditions likely exist throughout the improvements on the Property. NO Phase I Environmental Site Assessment was available for review, or for use in completing the analyses contained in the Marketing Study and Appraisal.

The condition of the abandoned hospital improvements observed during the inspection STRONGLY suggests the presence of significant environmental contamination - potentially from asbestos, lead, mold and potentially other toxic substances.

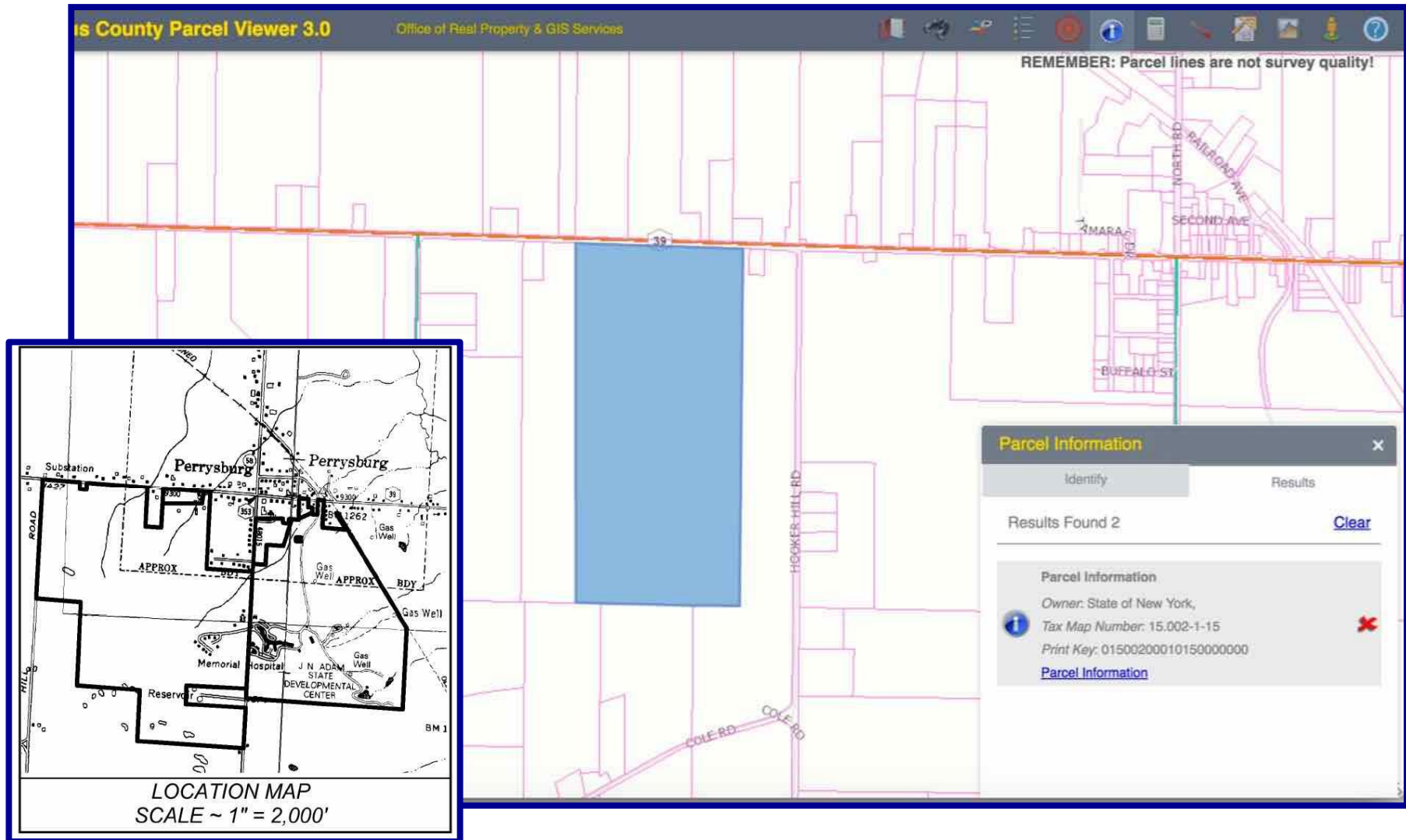
PROPOSAL MAP (PARCEL HANDWRITTEN LETTERS ARE REVERSED FROM SURVEY)



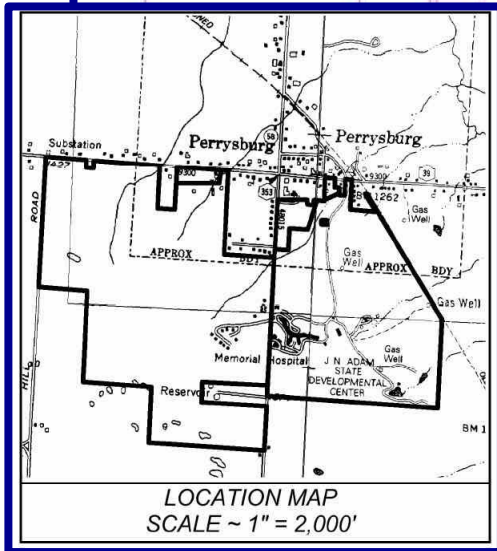
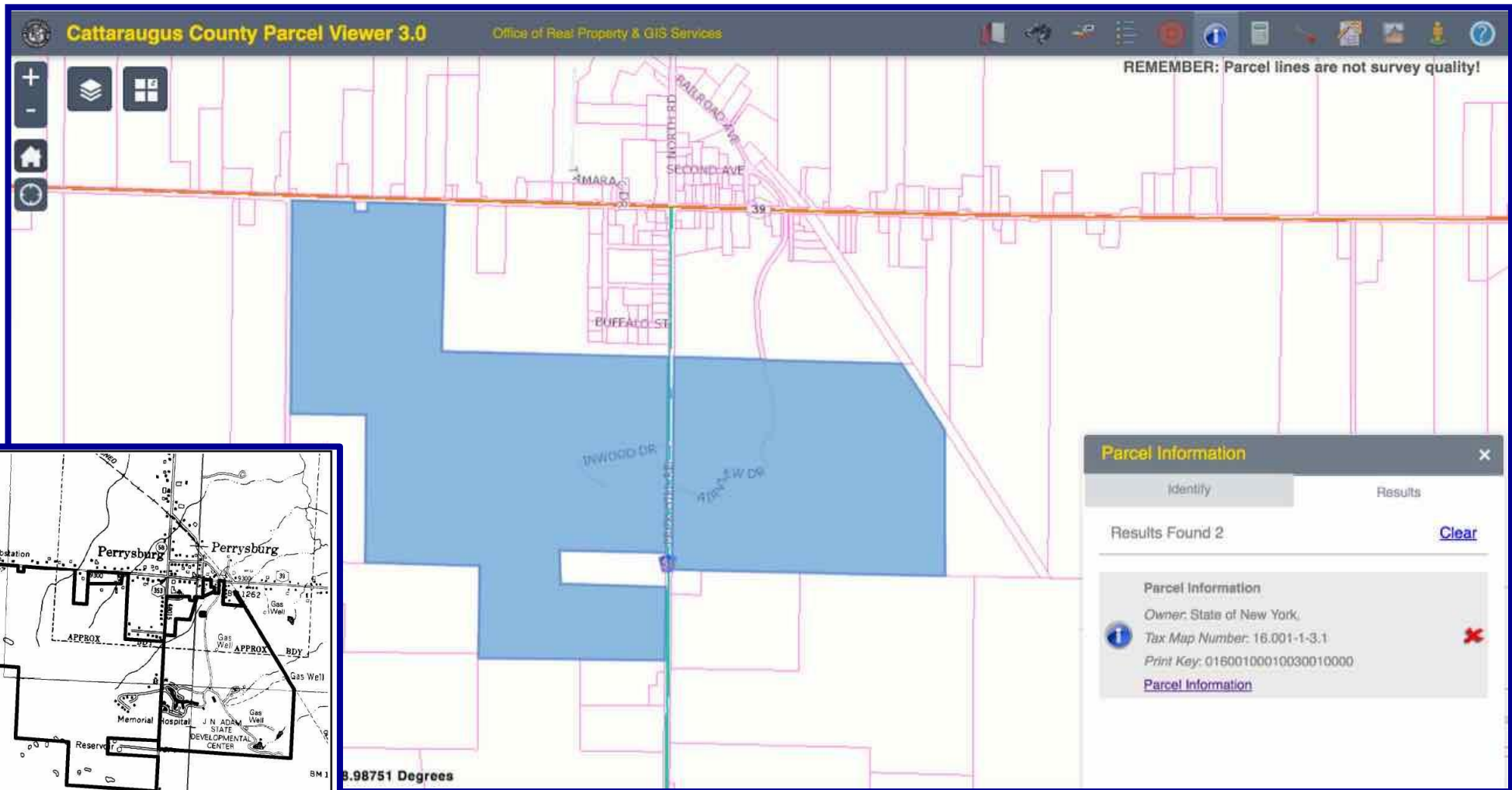
DEED / SURVEY UPDATE



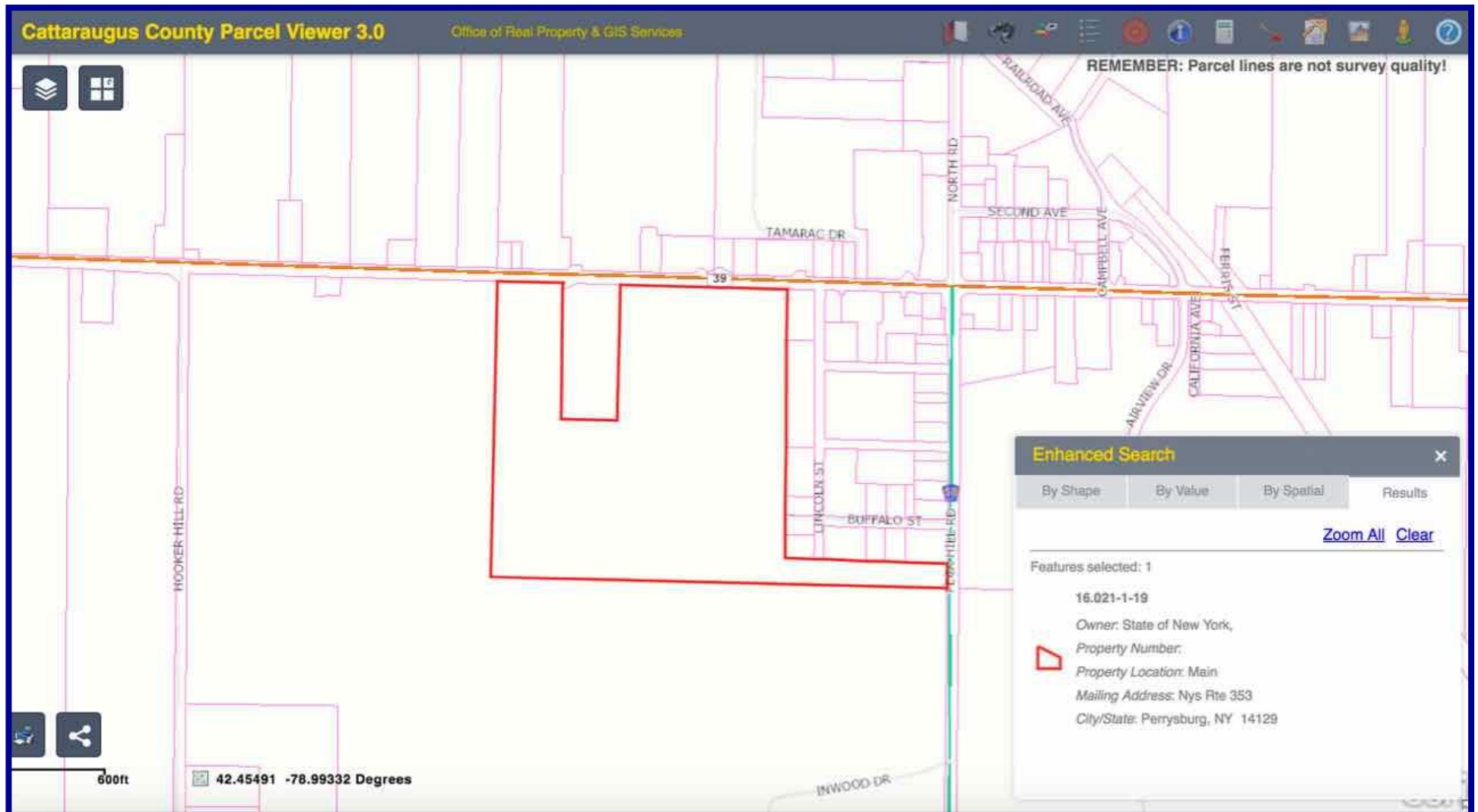
PARCEL "C" TAX MAP



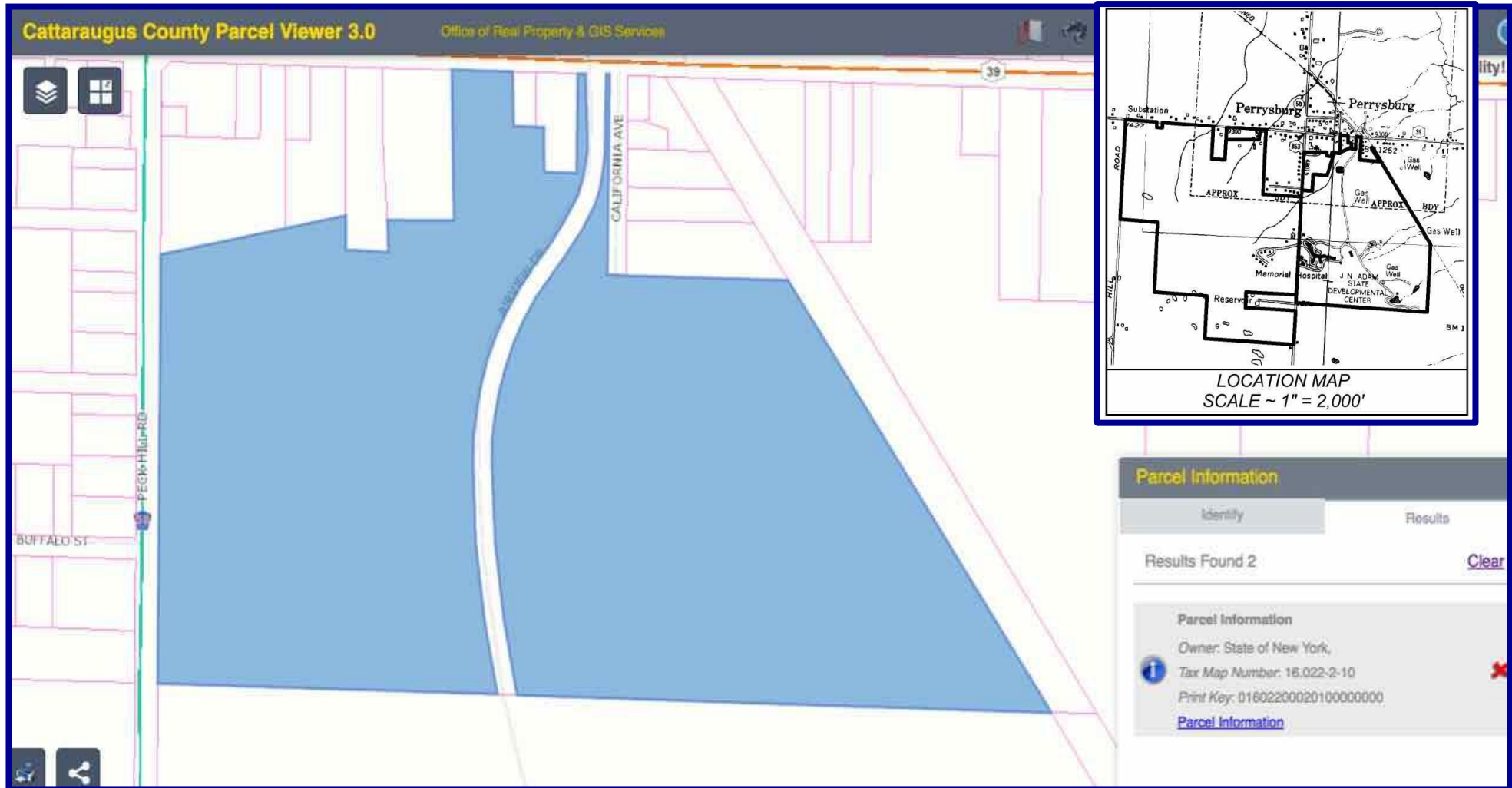
PARTS OF PARCEL "B" & "C" TAX MAP



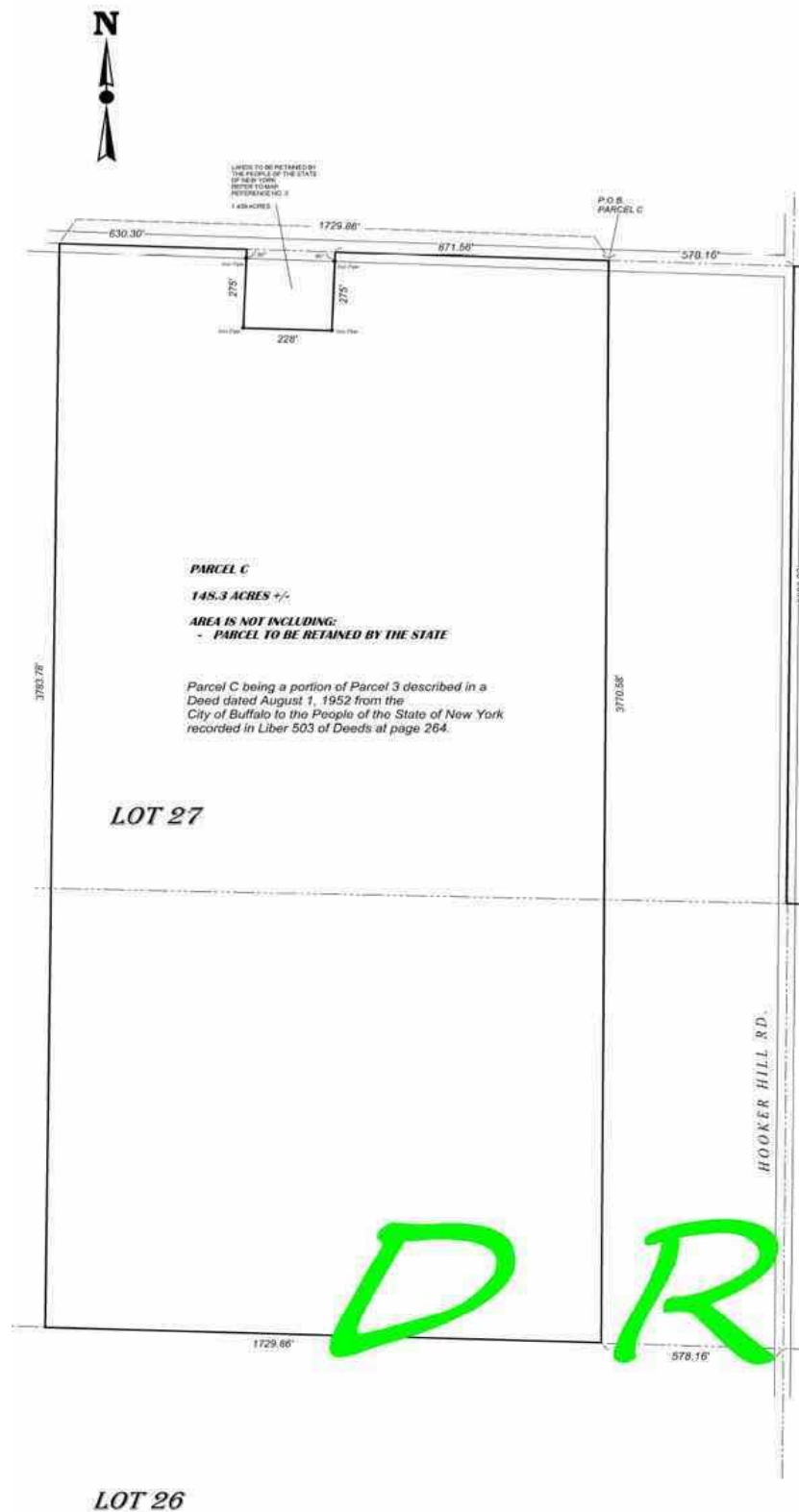
PART OF PARCEL "B" TAX MAP



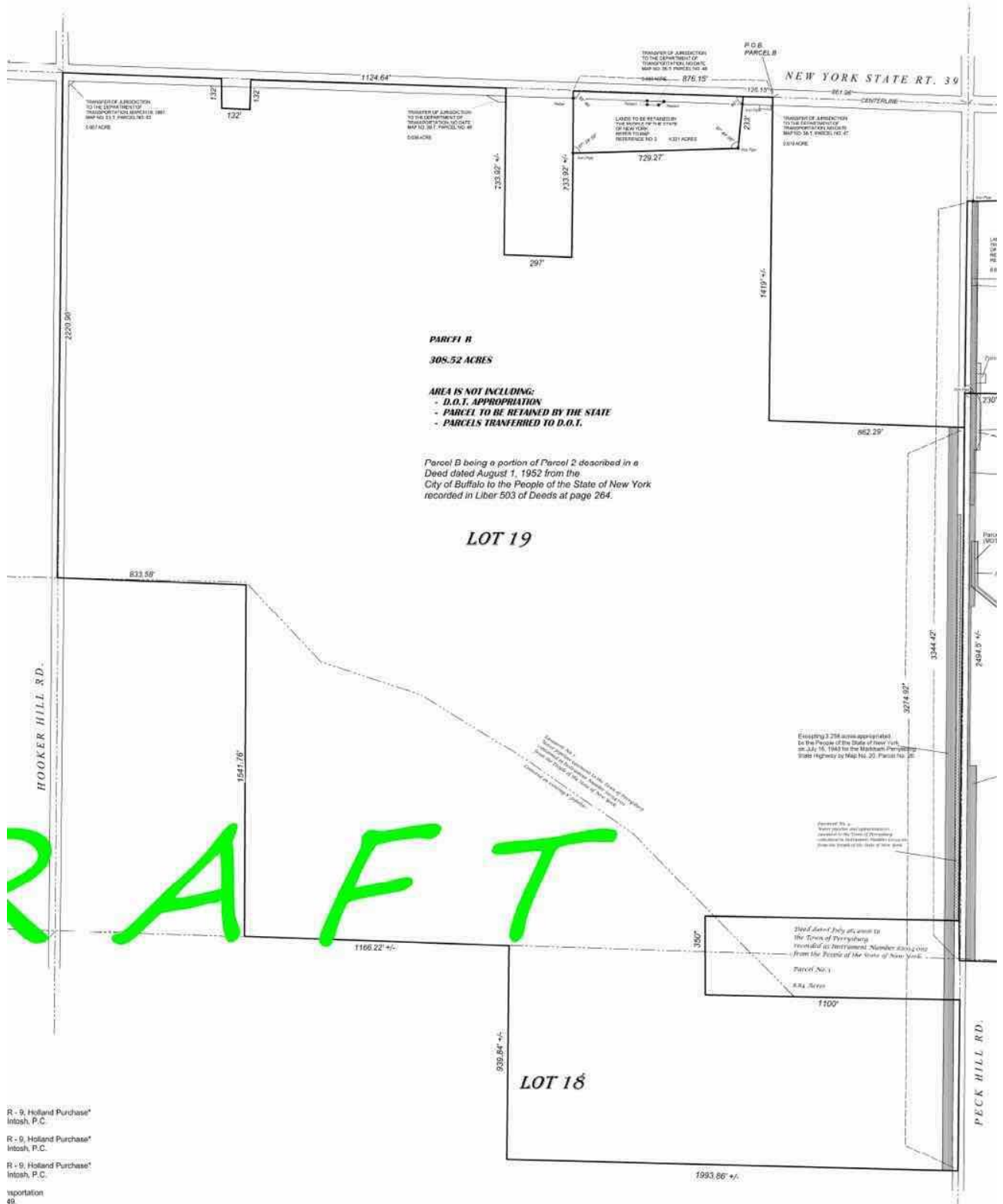
PARCEL "A" TAX MAP



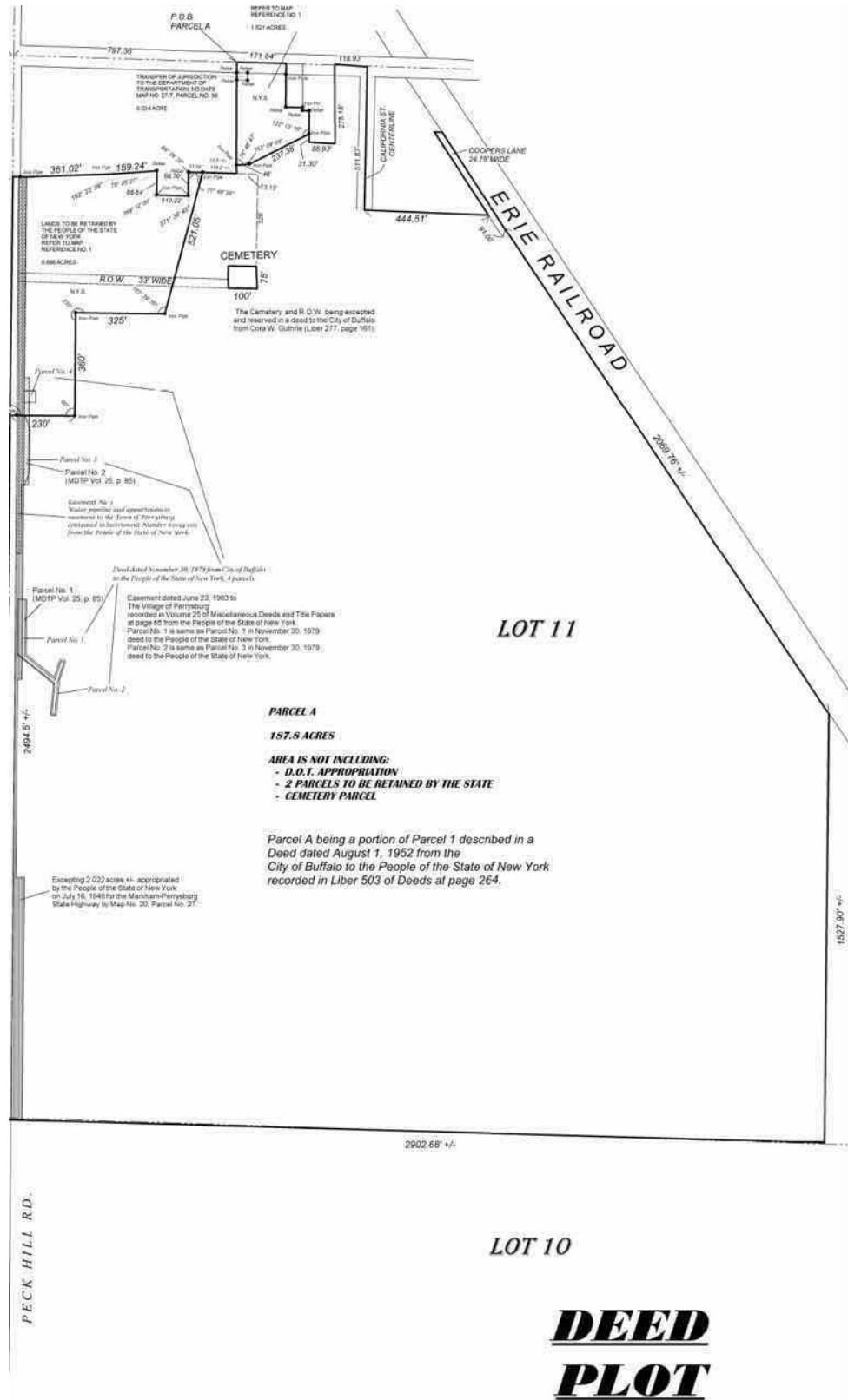
PARCEL "C" SURVEY MAP - LOT 27 ENLARGED



PARCEL "B" SURVEY MAP - LOT 19 & 18 ENLARGED



PARCEL "A" SURVEY MAP - LOT 11 ENLARGED



INTRODUCTION & EXECUTIVE SUMMARY**Property Information**

In 1910, the City of Buffalo, beset by the public scourge of tuberculosis, purchased almost 300 acres of land adjacent to the Village of Perrysburg, for the purpose of establishing the Buffalo Municipal Hospital for Incipient Tuberculosis. The facility opened in 1912 and later became the J. N. Adam Memorial Hospital. Additional land has been acquired over the years, as discussed below. J. N. Adam was used as a tubercular hospital until 1960, when it was turned over to the State of New York for use as a Developmental Disability Center.

By 1991, the institutional treatment of such disabilities by the State had ended and the complex was abandoned. It has remained abandoned – and open to the ravages of weather, trespassers and vandals, and wildlife for the past 26 years. No maintenance has been performed, and no measures of any kind [other than the perimeter fencing] appear to have been taken to provide security of the abandoned improvements, or to prevent the continued and further deterioration of the structures, and their inevitable demise.

NOTE: The subject Property reportedly is / was improved with 25± older buildings,¹ many if not all of which are derelict institutional masonry buildings with wood-frame porches. However, according to the “Structural Condition Assessment Report - JN Adam Developmental Center,” dated November 18, 2016, prepared by Popli Design Group, Penfield, NY, which is incorporated into this report by reference, Buildings #1 - #5 comprise approximately 120,000± square feet of GBA. **However, no site plan or definitive data of any kind are available concerning any of the other remaining buildings,** including size, date of construction, condition, or anything else usable in the completion of the MARKETING STUDY AND STRATEGIC PLAN and / or the APPRAISAL REPORT. Consequently, we have no option but reliance upon the

¹ The number of buildings that are on the site on the site is unknown and unavailable, and the various sources available to us offer conflicting data – as follows. (1) A Press Release from New York State Senator Catharine Young, entitled “Progress Ahead for Former J.N. Adam Developmental Center,” dated June 24, 2005, states that “...the former J.N. Adam Developmental Center in Perrysburg, which **consists of 44 buildings** that were constructed between 1912 and 1951...” (2) A Litigation proceeding entitled “Matter of Kuzma v City of Buffalo 2006 NY Slip Op 50338(U) [11 Misc 3d 1061(A)], Supreme Court, Cattaraugus County, and Decided on March 8, 2006 stated in the pleading that: “In November 1999, ESDC put the property, consisting of 649 of the original 675 acres **plus approximately 40 buildings**, out for bid.” (3) Conversely, data received from NYSOGS stated that “...the site’...contains three parcels comprising approximately 649± acres improved with **approximately 25 +/- older buildings.**” (4) According to the Historic Nomination **Form #7. Description**, “A total of fifty-seven buildings make up the present J.N. Adam Developmental Center; (5) Finally, the “Structural Condition Assessment Report - JN Adam Developmental Center,” dated November 18, 2016, prepared by Popli Design Group, states that “...the former J.N. Adam Memorial Hospital **consisted of 5 [original] buildings (Buildings 1 – 5) totaling approximately 120,000 square feet...**” However, the report also states that “...NYSOGS commissioned this updated structural condition assessment to support the potential redevelopment of the **five original** Center buildings. The goal of this study is to evaluate the general condition of Buildings 1 - 5 and identify structural deficiencies that may affect their reuse...” while also noting that there are other buildings on the site that are not included in their analysis.

Structural Condition Assessment Report, thus limiting our consideration of the improvements herein to approximately 120,000± square feet of GBA.

The circumstances concerning the subject Property are further complicated by several other very important facts and issues. First and foremost, the J.N. Adam Hospital complex has been **ERRONEOUSLY**² reported as "...being listed on the New York State Register of Historic Places in 1985," a designation which **has not occurred**. Therefore, at this point in time, the subject Property as it currently stands factually - is nothing more than a formerly grand complex that has been allowed to deteriorate, decay and become a collection of derelict structures, and an environmental and public safety hazard to the community.

Further, *and most importantly*, in order to make any attempt to restore functional utility to the complex at some point, an interested party must first be found that would be willing to acquire the complex in it's existing derelict condition, and shoulder the expenses of necessary extensive and costly structural repairs, as well as the requisite environmental remediation of the building and site. Several million dollars of upfront rehabilitation and environmental mitigation work would be involved just to stabilize the Property, before any functional use of the Property could then be contemplated. Given these immense and very expensive challenges, structures like J.N. Adam cease to be economically supportable. More often than not, they become abandoned and are left beyond repair, and become so unstable that they warrant demolition. Much to the chagrin of preservationists and other interested parties, this inevitable step is oftentimes the ideal result for building owners and governmental entities that are politically unwilling, economically unable [or both] - to find the funds necessary for the requisite restoration and environmental remediation.

Title issues also adversely affect the subject complex. According to the Survey / Deed and County Property Records, the owner of record for the parcels and improvements is the People of the State of New York ("PSNY"), which owns the Fee Simple interest in the

² In order to verify its historical listing, we contacted New York State Parks, Recreation & Historic Preservation - Division for Historic Preservation, which is the agency that is responsible for historic designations within New York State. The State Council of Parks Recreation and Historic Preservation consists of the Commissioner of State Parks, Recreation and Historic Preservation, the Commissioner of Environmental Conservation, Chairs of the eleven Regional Parks Commissions (including a representative of the Palisades Interstate Park Commission), and Chair of the State Board of Historic Preservation. There are Regional Commissions that are charged with acting as a central advisory body on all matters affecting parks, recreation and historic preservation within their respective regions, with particular focus on the operations of the State Parks and Historic Sites.

In particular, we spoke with Ms. Jennifer Walkowski, the Historic Preservation Specialist in the National Register Unit – Western NY Region [jennifer.walkowski@parks.ny.gov; PH 518-268-2137], whose specific responsibilities include historic properties within Cattaraugus County and other Western New York areas. According to Ms. Walkowski, the subject JN Adam has NOT been designated as an historic property, either in the New York State Registry or on the National Register of Historic Places. Ms. Walkowski stated "this property (and this nomination) was reviewed by our State Review Board back in the 1980s. However it was never forwarded for listing to the New York State or National Registers of Historic Places. It remains eligible for both Registers. However, if there ever were interest in having this nomination forwarded for listing, we [the Division for Historic Preservation] would need a new nomination prepared. I have attached a scanned copy of the old draft nomination, for your review."

Property. This interest is described in the notes on the OGS Bureau of Land Management Survey entitled **DEED PLOT SHOWING Lands of the People of the State of New York Known as J.N. Adam Developmental Center** Situate in Lots 11, 18, 19, and 27, Township 6, Range 9 of the Holland Land Company's Survey, Town of Perrysburg, County of Cattaraugus, State of New York, undated. The survey is included in several places herein.

Reportedly, however, the deed that transferred the Property to State of New York in 1952 contained a Reverter Clause to the City of Buffalo – the former owner of the complex, which they have been unwilling to relinquish. Said Deed was not available for our review. However, we have been advised that, under the terms of the deed, the Reverter reportedly expires ten years after JN Adam ceases to be actively used for any mental hygiene purposes. Apparently, despite the poor condition of the complex, the City of Buffalo does not want to sell / dispose of the Property, and has asserted that four separate, small parcels along Perrysburg - Gowanda Road / State Route 39 [the excluded blue-shaded parcels on the map on page 9 herein] are still being used for any mental health purposes.

Consequently, NYSOGS has instructed NRER to complete these reports under two *hypothetical conditions* - (1) that ownership of the Property is vested with the People of the State of New York, and that the City of Buffalo does not have any ownership interest; and (2) that the hospital site, the surrounding woodlands, and the groundwater are unaffected by adverse environmental contamination conditions. Specifics of the Property include the following items.

Our inspection revealed that potentially adverse environmental conditions likely exist throughout the improvements on the Property. NO Phase I Environmental Site Assessment was available for review, or for use in completing the analyses contained in the Marketing Study and Appraisal.

The condition of the abandoned hospital improvements observed during the inspection STRONGLY suggests the presence of significant environmental contamination - potentially from asbestos, lead, mold and potentially other toxic substances

INTRODUCTION & EXECUTIVE SUMMARY (Con't)

Subject Property:	J N Adam Hospital / Developmental Center Perrysburg - Gowanda Road [NYS Route 39] Address at 10317 Dayton Road – [CR 58] Perrysburg, Cattaraugus County, NY
Location:	South side Perrysburg - Gowanda Road [NYS Route 39] and along Peck Hill Road [CR 58] (Aka Dayton Road)
Property Type:	Abandoned Hospital complex / excess land
Developer / Owner:	People of the State of New York (“PSNY”), according to the OGS Bureau of Land Management Survey C/O STATE OF NEW YORK OFFICE OF GENERAL SERVICES
Building Area:	The Property is improved with 25± ³ older buildings formerly occupied by JN Adam Hospital / Developmental Facility. Per the Structural Report, Buildings #1 - #5 comprise approximately 120,000± square feet of GBA
Improvement Description:	See Property Description section
Land Area:	The Property consists of several tracts of land that - in aggregate - consist of 644.62± acres, according to a survey provided to us by New York State Office of General Services and included herein. Note that the best available information on the Cattaraugus County Tax Maps totals 676.47± acres. The difference appears to be from small sections of the tax lots being retained by New York State.
Excess Land:	The main hospital campus occupies approximately 57.0± acres, based upon a rough approximation from the survey, and the remaining 587.62± acres are undeveloped and unused by the facility.

³ See Note 1

INTRODUCTION & EXECUTIVE SUMMARY (Con't)

Frontage:	According to the tax maps, the various parcels that comprise the hospital complex have a total of 3,043.42± feet along the south side of NYS Route 39. There is also unknown frontage along County Road 58 [Peck Hill Road aka Dayton Road].
Tax Map ID:	The parcels are formally known as Tax Parcel #'s 16.001-1-3.1; 16.021-1-19; 16.022-2-10 and 15.002-1-15 on the Official Tax Maps of Cattaraugus County.
Zoning Classification:	Primarily "AR-40" - Agricultural Residential; with a portion "SR-30A" - Residence District. Some or all of the 57.0± acres improved portion of the site was formerly zoned "I" – Industrial by the former Village of Perrysburg, which no longer exists.
Flood Panel:	The Property is situated within the southern portion of Flood Map #360091B, dated 4/20/1984, and the northern portion of Map #360066B, dated 5/25/1984. FEMA has not completed a study to determine flood hazard for the selected location; therefore, a flood map has not been published at this time.
Highest & Best Use:	<p>As Vacant: Subdivision into Smaller Tracts For Multiple Uses – Seasonal / Second Home Development, Gas Wells, Agriculture</p> <p>As Improved: Demolition of what is left of the improvements & environmental clean up</p>
Interests Appraised:	Fee Simple Interest
Assets Appraised:	The tangible assets - the income-producing capability of the real estate. No intangible items have been included in the valuation.
Date of Appraisal:	October 18, 2016.

INTRODUCTION & EXECUTIVE SUMMARY (Con't)

Effective Dates of Value: October 18, 2016.

Market Value "As if Vacant" and "As-Improved," based upon two hypothetical conditions: (1) That title to the Property is vested with the People of the State of New York, and no ownership interest lies with the City of Buffalo and (2) that the hospital site, the surrounding woodlands, and the groundwater are unaffected by adverse environmental contamination conditions:

Market Value "As if Vacant"

Cost Approach	\$ N/A
Sales Comparison Approach	\$ 880,000
Income Approach	\$ N/A

Indicated Market Value "As if Vacant": \$880,000

Market Value "Excess Land"

Cost Approach	\$ N/A
Sales Comparison Approach	\$ 800,000
Income Approach	\$ N/A

Indicated Market Value "As if Vacant": \$800,000

Market Value "As Improved":

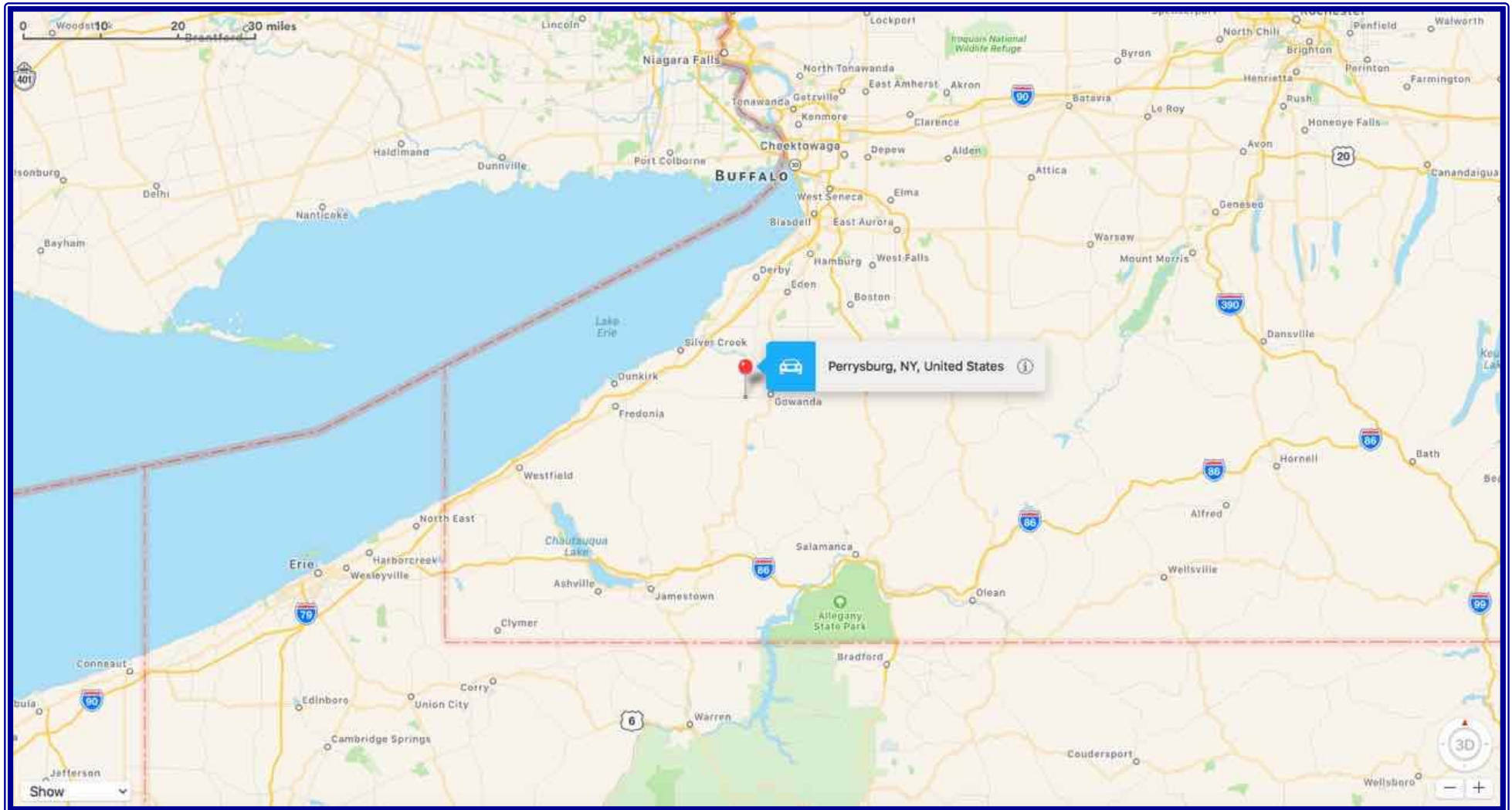
Cost Approach	\$ N/A
Sales Comparison Approach	\$ 0
Income Approach	\$ N/A

Indicated Market Value: \$0

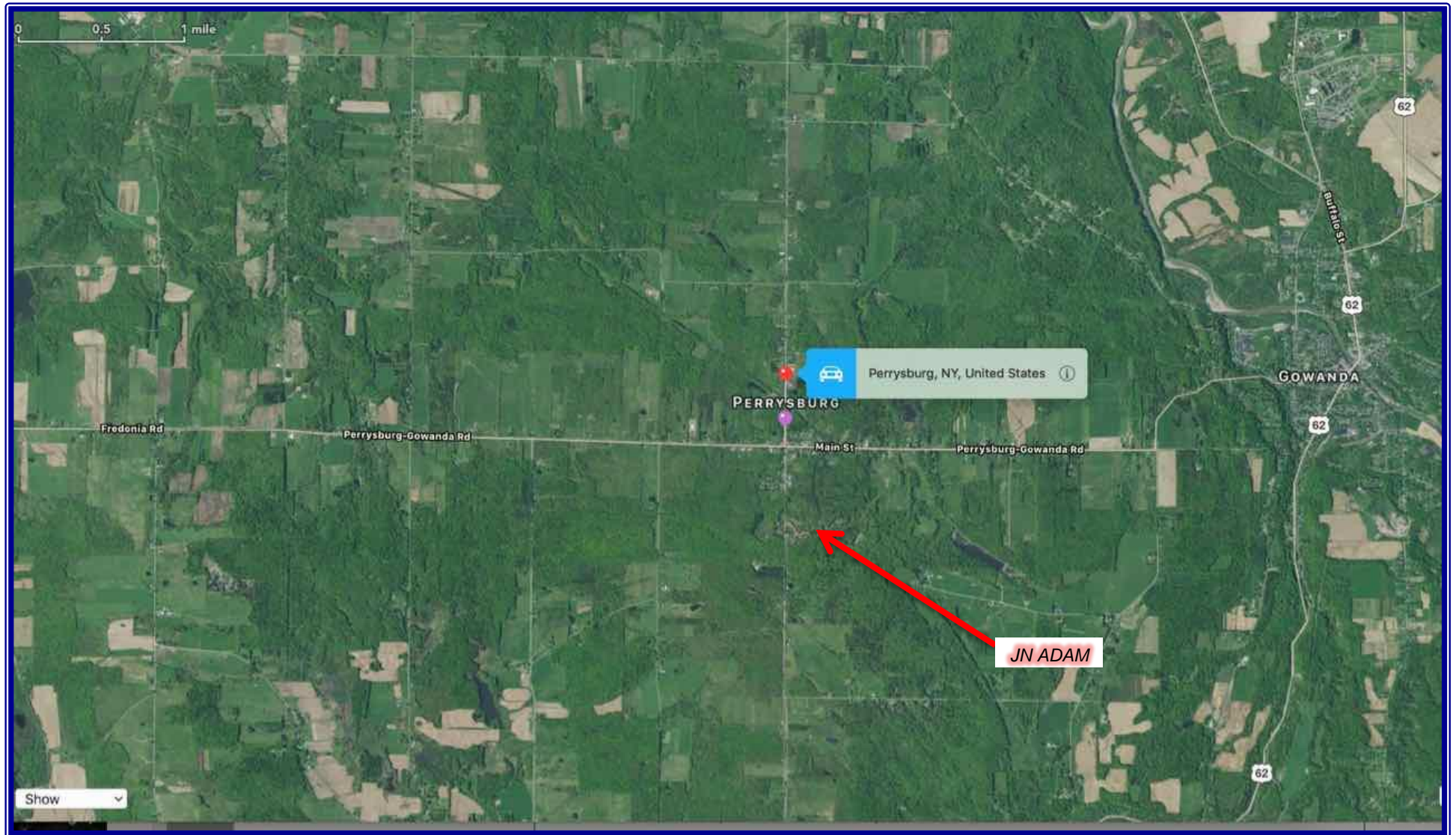
Our inspection revealed that potentially adverse environmental conditions likely exist throughout the improvements on the Property. NO Phase I Environmental Site Assessment was available for review, or for use in completing the analyses contained in the Marketing Study and Appraisal.

The condition of the abandoned hospital improvements observed during the inspection STRONGLY suggests the presence of significant environmental contamination - potentially from asbestos, lead, mold and potentially other toxic substances.

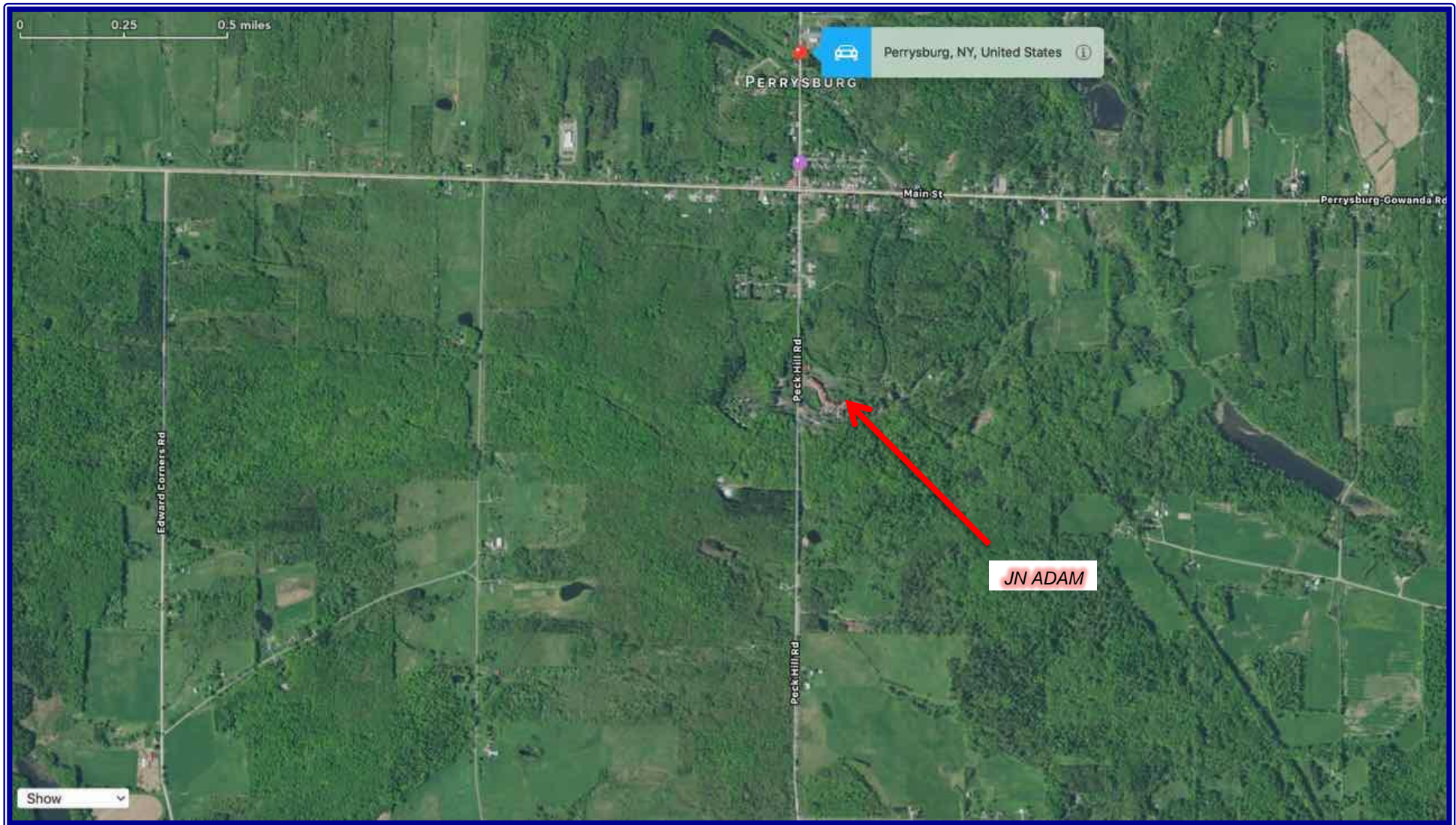
LOCATION



LOCATION



LOCALE – SUBJECT CENTER



LOCALE – SUBJECT CENTER BOTTOM



AERIAL PHOTOGRAPH – JN ADAM COMPLEX



SINGLE-FAMILY DWELLINGS ALONG INWOOD DRIVE



SUBJECT PHOTOGRAPHS



Elevation Along Peck Hill Road (Aka Dayton Road) Looking North
Looking South



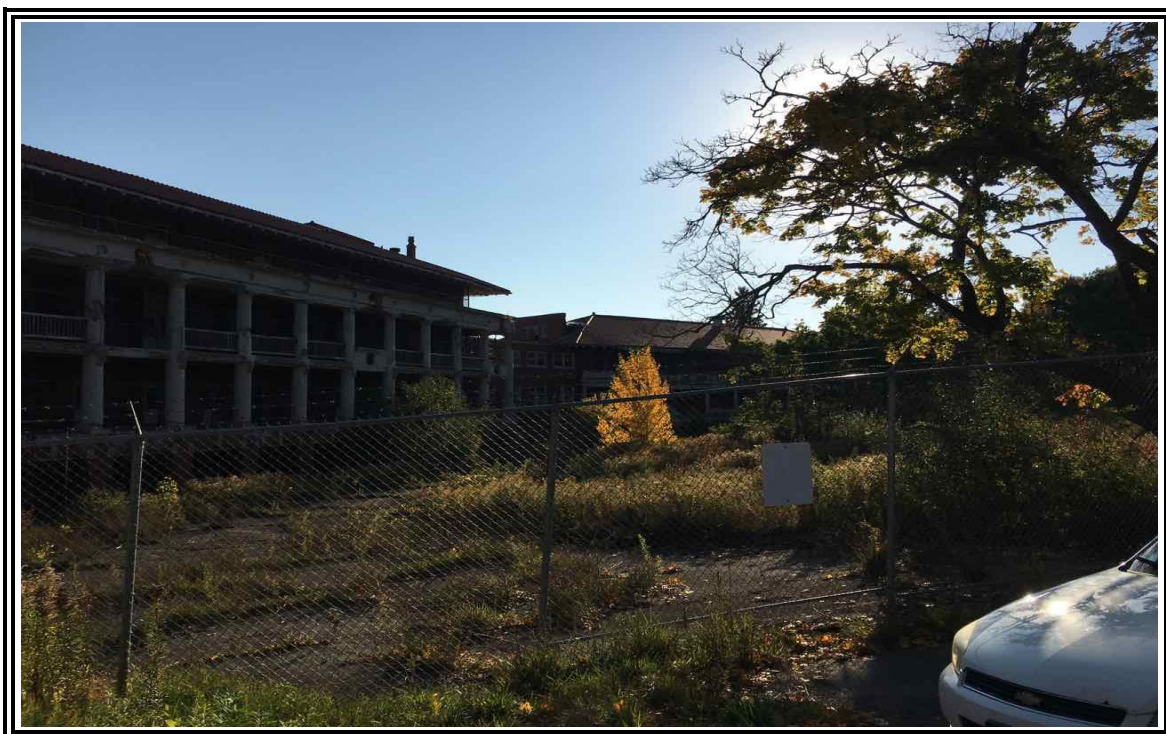
SUBJECT PHOTOGRAPHS



Subject along Peck Hill Road (Aka Dayton Road) Looking East
Looking South



SUBJECT PHOTOGRAPHS



Subject along Peck Hill Road Looking East
Subject Main Building Entrance



SUBJECT PHOTOGRAPHS



Subject Main Building Exterior Typical Views



SUBJECT INTERIOR PHOTOGRAPHS



Interior at Main Entrance
Interior of Typical Hallways with Contaminated Debris



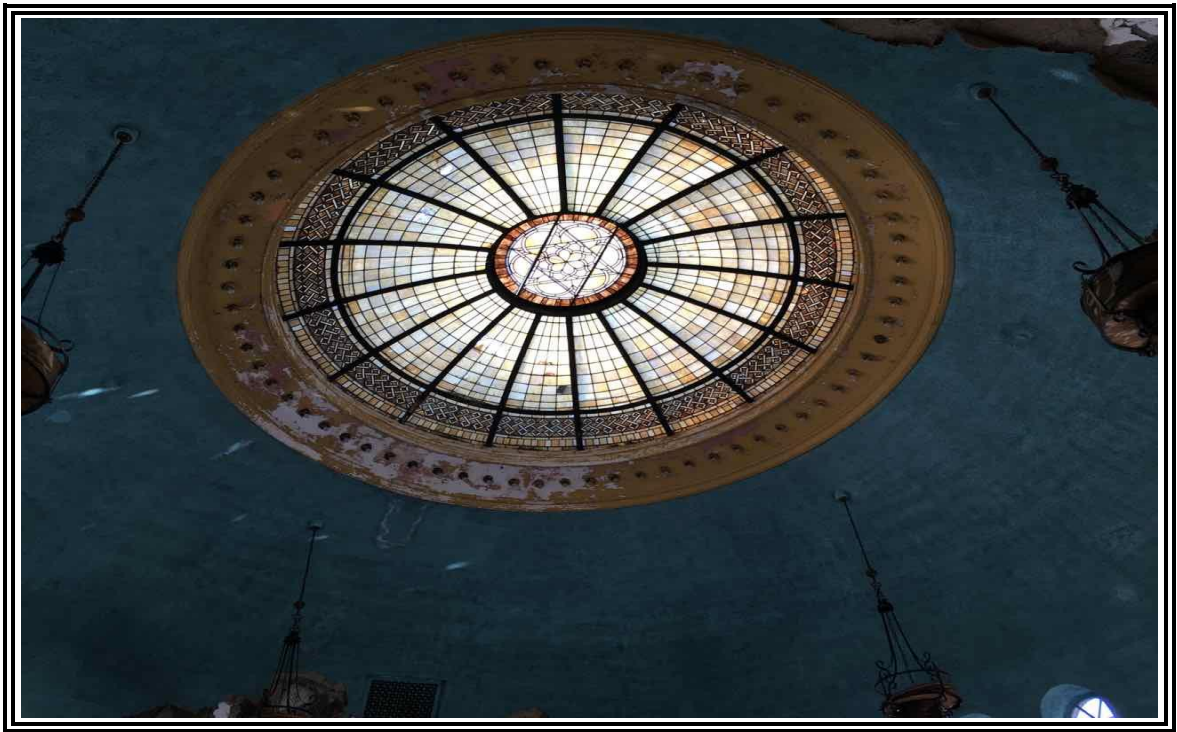
SUBJECT INTERIOR PHOTOGRAPHS



Interior of Entrance Rotunda
Typical Elevator Rotunda



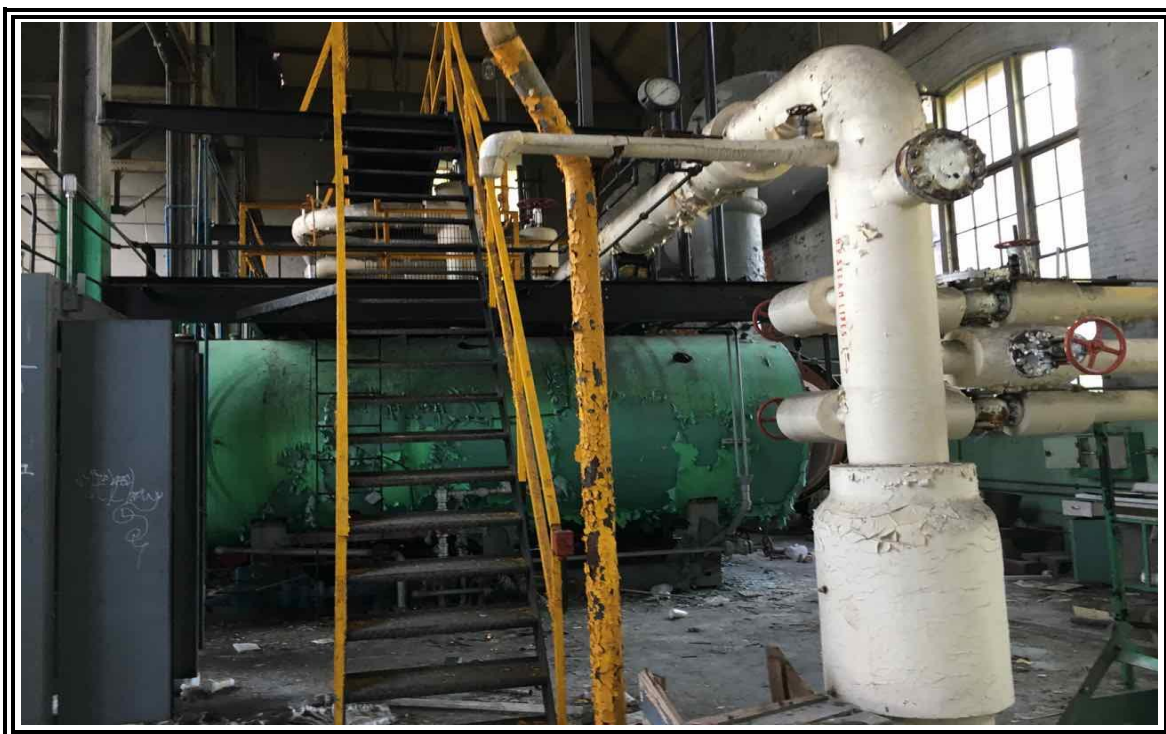
SUBJECT INTERIOR PHOTOGRAPHS



Rotunda Skylight
Interior of Typical Hallways



SUBJECT INTERIOR PHOTOGRAPHS



Interior of Power Building with Peeling Paint - Likely Lead-Based



SUBJECT PHOTOGRAPHS



Exterior of Typical Buildings
Peeling Paint – Likely Lead-Based



SUBJECT PHOTOGRAPHS



Exterior of Typical Buildings



SUBJECT PHOTOGRAPHS



Exterior of Typical Buildings



SUBJECT PHOTOGRAPHS



Exterior of Rear of Main Building



SUBJECT PHOTOGRAPHS



Building Exterior and Patios



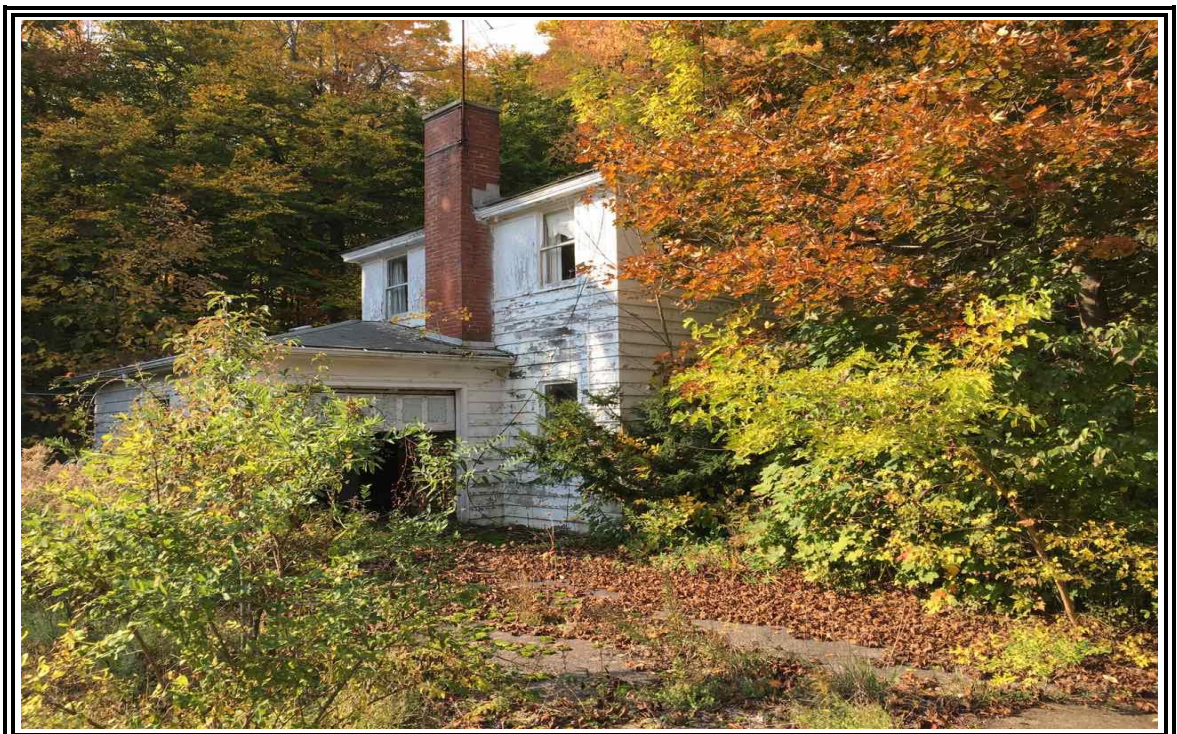
SUBJECT PHOTOGRAPHS



Exterior Typical Old Resident Houses
Clustered along the South Side of Inwood Drive



SUBJECT PHOTOGRAPHS



Exterior Typical Old Resident Houses

One of Two Single-Family Dwellings along the North Side of Inwood Drive at Peck Hill Road



PURPOSE AND EFFECTIVE DATES OF THE REPORTS

According to your request, the purpose of this appraisal is twofold. We will estimate the **Market Value** of the Fee Simple interest in the Property “*As-Improved,*” as well as “*As-If Vacant,*” as of the most recent date of inspection, October 18, 2016. The appraisal is subject to the use of two *hypothetical conditions*, which (1) assume that the ownership entity is the People of the State of New York, which has clear title, and that the City of Buffalo has no ownership interest or rights, when in fact the City of Buffalo has a Reverter clause interest; and (2) assumes that the hospital site, the surrounding woodlands, and the groundwater are unaffected by adverse environmental contamination conditions, when in fact likely environmental contamination was observed at the time of inspection. Disaggregation of the land between the hospital complex and the excess land will be made. These Value estimates will consider the tangible assets of the real estate only, exclusive of any business value or personal property. The effective date of both the appraisal and marketing study is the most recent date of inspection, October 18, 2016.

INTENDED USE / USER OF THE REPORTS

Both the MARKETING STUDY AND STRATEGIC PLAN and the APPRAISAL REPORT contain confidential information and their use is privileged. The Intended Use of both the appraisal and marketing study is for decision-making purposes related to disposition valuation of the asset. The values derived are driven by a thorough Highest and Best Use analysis of the complex in context of the specific characteristics of the market within the Town of Perrysburg, the City of Buffalo and Cattaraugus County local market area.

The Intended Users of these reports are NYSOGS and its contractors tasked with asset disposition assistance. NYSOGS or its assignees may use the MARKETING STUDY AND STRATEGIC PLAN and the APPRAISAL REPORT for multiple purposes such as asset disposition decisions, sale of the Property or for planning purposes related to bids at auction sales. The Reports are to be used in whole and not in part. No part of the Reports shall be used in conjunction with any other analyses. The appraisal report and marketing study submitted to NYSOGS for review will become the property of the government of the State of New York and may be used for any legal and proper purpose. The reports will be distributed upon request to all others under the Freedom of Information Act.

LEGAL DESCRIPTION & OWNERSHIP HISTORY

The Property consists of portions of four tax parcels formally known as Tax Parcel #'s 16.001-1-3.1; 16.021-1-19; 16.022-2-10 and 15.002-1-15 on the Cattaraugus County, NY tax maps. Five small parcels that are portions of the larger tax parcels are being retained by New York State and are not part of this assignment.

According to the Deed and County Property Records, the current owner of record for the parcels and improvements is the People of the State of New York ("PSNY"), who own the Fee Simple interest in the Property. This ownership interest is stated on the OGS Bureau of Land Management Survey entitled **DEED PLOT SHOWING Lands of the People of the State of New York Known as J.N. Adam Developmental Center** Situate in Lots 11, 18, 19, and 27, Township 6, Range 9 of the Holland Land Company's Survey, Town of Perrysburg, County of Cattaraugus, State of New York, undated. According to the OGS Bureau of Land Management Survey, the PSNY acquired (1) "Parcel "C" [Lot 27] being a portion of Parcel 3 described in a Deed dated August 1, 1952 from the City of Buffalo to the People of the State of New York. The PSNY acquired the improved parcel from City of Buffalo for an undisclosed purchase price, pursuant to a deed recorded in the Liber 503, Page 264."

Further, the PSNY acquired (1) "Parcel "B" [Lot 18 and 19] being a portion of Parcel 2 described in a Deed dated August 1, 1952 from the City of Buffalo to the People of the State of New York. The PSNY acquired the improved parcel from City of Buffalo for an undisclosed purchase price, pursuant to a deed recorded in the Liber 503, Page 264." Finally, the PSNY acquired (1) "Parcel "A" [Lot 11] being a portion of Parcel 1 described in a Deed dated August 1, 1952 from the City of Buffalo to the People of the State of New York. The PSNY acquired the improved parcel from City of Buffalo for an undisclosed purchase price, pursuant to a deed recorded in the Liber 503, Page 264."

Reportedly, however, the deed that transferred the Property to the People of the State of New York in 1952 contained a Reverter Clause to the City of Buffalo – the former owner of the complex, which they have been unwilling to relinquish. Said Deed was not available for our review. However, we have been advised that, under the terms of the deed, the Reverter reportedly expires ten years after JN Adam ceases to be actively used for any mental hygiene purposes. Apparently, despite the poor condition of the complex, the City of Buffalo does not want to sell / dispose of the Property. It has asserted that four separate, small parcels along Perrysburg - Gowanda Road / State Route 39 [the excluded blue-shaded parcels on the map on page 9 herein] are still being used for any mental health purposes.

Furthermore, we have been advised that the City of Buffalo reportedly would retain 90 percent (90.0%) of the sale or disposition proceeds. In 1998, the Empire State Development Corporation ("ESDC") made preparations to sell most of the J.N. Adam property through a bidding process, after the JN Adam complex was closed in 1991 – *but when it likely was still*

functional - which produced a bid of just \$300,000. The bidder was Trathen Land Company, a timber / logging company that wanted to harvest / strip the site of its timber. However, the City of Buffalo rejected the sale and declined to release the Reverter. Litigation ensued, and the complex has been abandoned ever since. No arm's length transfers have occurred in the past five years, and no Purchase and Sale agreements exist.

Consequently, given the position of the City of Buffalo, NYSOGS has instructed NRER to complete the **MARKETING STUDY AND STRATEGIC PLAN** and the **APPRAISAL REPORT** under two hypothetical conditions - i.e., (1) that the ownership entity is the People of the State of New York, which has clear title, and that the City of Buffalo has no ownership interest or rights; and (2) that the hospital site, the surrounding woodlands, and the groundwater are unaffected by adverse environmental contamination conditions.

Our inspection revealed that potentially adverse environmental conditions likely exist throughout the improvements on the Property. NO Phase I Environmental Site Assessment was available for review, or for use in completing the analyses contained in the Marketing Study and Appraisal.

According to USPAP, developing this **Market Value** opinion requires the use of hypothetical conditions concerning (1) the current ownership of the Property on the date of valuation, i.e., that the ownership entity is the People of the State of New York, which has

PLEASE TYPE OR PRESS FIRMLY WHEN WRITING ON FORM
INSTRUCTIONS: <http://www.orps.state.ny.us> or PHONE (518) 473-7222

FOR COUNTY USE ONLY
C1. SWIS Code 7089
C2. Date Deed Recorded 8/17/00
C3. Book 6203 C4. Page 400

REAL PROPERTY TRANSFER REPORT
STATE OF NEW YORK
STATE BOARD OF REAL PROPERTY SERVICES
RP - 5217
RP-5217 Rev. 1/91

1. Property Location Peck Hill Road, Mosher Road and Edwards Corner Road
TOWN OF Perrysburg VILLAGE DP CODE

2. Buyer Name People of the State of New York
LAST NAME / COMPANY FIRST NAME
LAST NAME / COMPANY FIRST NAME

3. Tax Billing Address 515 Broadway Albany NY 12207
STREET NUMBER AND STREET NAME CITY OR TOWN STATE ZIP CODE

4. Indicate the number of Assessment Roll parcels transferred on the deed 4 # of Parcels OR ☒ Part of a Parcel
Only if Part of a Parcel Check as they apply:
4A. Planning Board with Subdivision Authority Exists ☐
4B. Subdivision Approval was Required for Transfer ☐
4C. Parcel Approved for Subdivision with Map Provided ☐

5. Deed Property Size 1 3 9 5
ACRE FEET

6. Seller Name Dormitory Authority State of New York
LAST NAME / COMPANY FIRST NAME
LAST NAME / COMPANY FIRST NAME

7. Check the box below which most accurately describes the use of the property at the time of sale:
A ☐ One Family Residential E ☐ Agricultural I ☐ Community Service
B ☐ 2 or 3 Family Residential F ☐ Commercial J ☐ Industrial
C ☐ Residential Vacant Land G ☐ Apartment K ☒ Public Service
D ☐ Non-Residential Vacant Land H ☐ Entertainment / Amusement L ☐ Forest
Check the boxes below as they apply:
8. Ownership Type is Condominium ☐
9. New Construction on Vacant Land ☐
10A. Property Located within an Agricultural District ☐
10B. Buyer received a disclosure notice indicating that the property is in an Agricultural District ☐

8. Check one or more of these conditions as applicable to transfer:
A ☐ Sale Between Relatives or Former Relatives
B ☐ Sale Between Related Companies or Partners in Business
C ☐ One of the Buyers is also a Seller
D ☐ Buyer or Seller is Government Agency or Landlord Institution
E ☐ Deed Type not Warranty or Bargain and Sale (Specify Below)
F ☐ Sale of Fractional or Less than Fee Interest (Specify Below)
G ☐ Significant Change in Property Between Taxable Status and Sale Date
H ☐ Sale of Business is Included in Sale Price
I ☐ Other Unusual Factors Affecting Sale Price (Specify Below)
J ☐ None

11. Sale Contract Date 8 / 14 / 2000
Month Day Year

12. Date of Sale / Transfer 8 / 14 / 2000
Month Day Year

13. Full Sale Price 0 0 0
Full Sale Price is the total amount paid for the property including personal property. This payment may be in the form of cash, other property or goods, or the assumption of mortgages or other obligations. (Please round to the nearest whole dollar amount.)

14. Indicate the value of personal property included in the sale 0 0 0

ASSESSMENT INFORMATION - Data should reflect the latest Final Assessment Roll and Tax Bill
15. Year of Assessment Roll from which information taken 05 17. Total Assessed Value (of all parcels in transfer) 2218900
18. Property Class 822 19. School District Name Cowanda and Forestville
20. Tax Map Identifier(s) / Roll Identifier(s) (If more than four, attach sheet with additional identifier(s))
16.001-1-3 (Part) 15.002-1-39 (all)
15.002-1-7.2 (all) 15.002-1-30 (all)

CERTIFICATION
I certify that all of the items of information entered on this form are true and correct (to the best of my knowledge and belief) and I understand that the making of any willful false statement of material fact herein will subject me to the provisions of the penal law relative to the making and filing of false instruments.

BUYER
People of the State of New York
BUYER'S SIGNATURE [Signature] DATE 8/17/00
STREET NUMBER AND STREET NAME (after sale) 515 Broadway
CITY OR TOWN Albany STATE NY ZIP CODE 12207

SELLER
Dormitory Authority State of New York
SELLER'S SIGNATURE [Signature] DATE 8/17/00

COUNTY DIRECTOR COPY

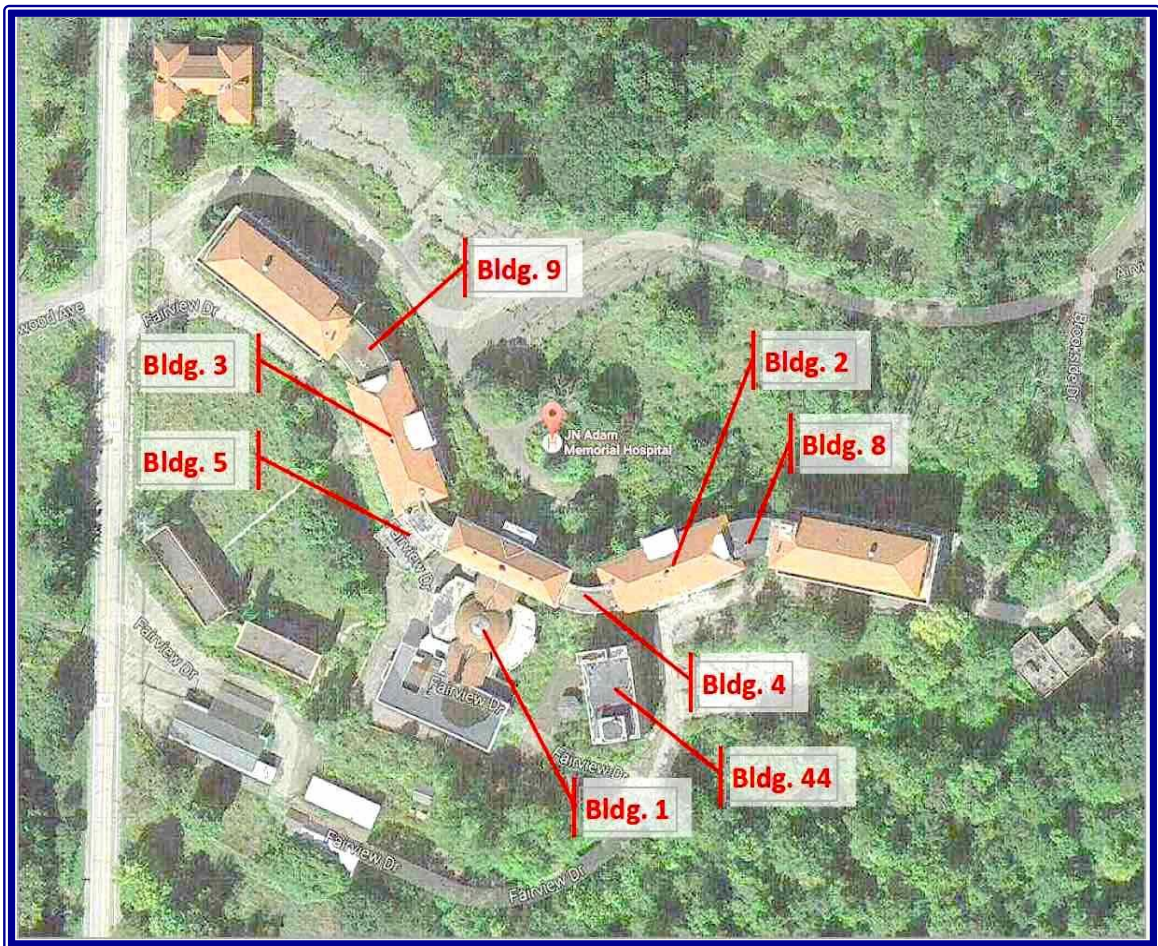
clear title, and that the City of Buffalo has no ownership interest or rights, when in fact, the City of Buffalo controls the site because of the Reverter Clause; and (2) that the hospital site, the surrounding wood-lands, and the groundwater are unaffected by adverse environmental contamination conditions.

The condition of the abandoned hospital improvements observed during the inspection STRONGLY suggests the presence of significant environmental contamination - potentially from asbestos, lead, mold and potentially other toxic substances.

Finally, a 23.95-acre portion of the site and what was Parcel #16001-1-3.1, and all of Parcel #'s 15.002-1-72; -1-39; and -1-30 were acquired by the People of the State of New York from the Dormitory Authority on August 14, 2006 per the RP-5217 below. This sale is not an arms length transaction.

INSPECTION OF THE PROPERTY

The subject Property was physically inspected and photographed by John A. Dalkowski 111 on October 18, 2016. According to NYSOGS communications, and certain "Project Documents," the site is reportedly occupied by 25± older buildings,⁴ many if not all of which are derelict brick, frame and concrete institutional buildings, which are in poor-to-fair condition. At the time of our physical inspection on October 18, 2016, our inspection was limited to the primary buildings on the site, i.e., Building #'s 1 through 5, #8 and #9, #44, the Power Plant structure [unnumbered], and a small outdoor covered patio, adjacent to an onsite pond that was used for fishing and recreation by the former residents. An aerial image of the main structures is included below. In general, widespread deterioration of the buildings, and significant likely [but unconfirmed] environmental contamination were observed during our inspection, as is evident in the photographs herein and supported by the *"Structural Condition Assessment Report - JN Adam Developmental Center,"* dated November 18, 2016, prepared by Popli Design Group, Penfield, NY, which is incorporated into this report by reference.



⁴ See Note 1 in this report.

IDENTIFICATION / DESCRIPTION OF THE PROPERTY

According to a survey completed by OGS Bureau of Land Management Survey entitled **"DEED PLOT SHOWING Lands of the People of the State of New York Known as J.N. Adam Developmental Center Situate in Lots 11, 18, 19, and 27, Township 6, Range 9 of the Holland Land Company's Survey, Town of Perrysburg, County of Cattaraugus, State of New York,"** undated but included herein, total site area per the Survey and listed in the table below is 644.62± acres.

Owner Entity	Tax ID:	Acres per Tax Map	Acres per OGS Survey
NYS JN Adam Developmental Center	16.001-1-3.1 - "B" & "C" on Map - "B" on Survey	420.40	308.52
NYS JN Adam Developmental Center	16.021-1-19 - "B" on Map - "B" on SURVEY	50.67	incl
NYS JN Adam Hospital & School	16.022-2-10 - "C" on Map	51.45	187.8
NYS Route 353	15.002-1-15 - "A" on Proposal Map - "C" on Survey	153.95	148.3
Total Acreage		676.47	644.62

The Property consists of several tracts of land that - in aggregate - consist of 644.62± acres, according to the survey. Note that the best available information on the Cattaraugus County Tax Maps totals 676.47± acres. The difference appears to be from small sections of the tax lots being retained by New York State. The site is located along the south side Perrysburg - Gowanda Road [NYS Route 39] and along Peck Hill Road [CR 58] (Aka Dayton Road). The J N Adam Hospital / Developmental Center reportedly had a postal address at 10317 Dayton Road – [CR 58], Perrysburg, Cattaraugus County, NY 14129. The parcels are formally known as Tax Parcel #'s 16.001-1-3.1; 16.021-1-19; 16.022-2-10 and 15.002-1-15 on the Official Tax Maps of Cattaraugus County.

NOTE: The subject Property reportedly is / was improved with 25±⁵ older buildings, many if not all of which are derelict institutional masonry buildings with wood-frame porches. However, according to the **"Structural Condition Assessment Report - JN Adam Developmental Center,"** dated November 18, 2016, prepared by Popli Design Group, Penfield, NY, which is incorporated into this report by reference, Buildings #1 - #5 comprise approximately 120,000± square feet of GBA. ***However, no site plan or definitive data of any kind are available concerning any of the other remaining buildings,*** including size, date of construction, condition, or anything else usable in the completion of the MARKETING STUDY AND STRATEGIC PLAN and the APPRAISAL REPORT. Consequently, we have no option but reliance upon the **Structural Condition Assessment Report,** thus limiting our consideration of the improvements herein to approximately 120,000± square feet of GBA.

A chain link fence encloses the areas of the site where the main hospital campus improvements are situated. These fenced areas around the buildings include two specific

⁵ See Note 1 in this report.

areas: (1) the westernmost parcel off Peck Hill Road, which has ten (10) old, functionally-obsolete single-family houses and two other smaller, miscellaneous wood frame structures - primarily situated along the southern side of Inwood Drive, and (2) the area around the larger, institutional buildings – that being the easternmost parcel off Peck Hill Road along Airview Drive. These areas combined approximate 57± acres of the total 644.62±-acre site, based upon a rough approximation from the survey. The remaining 587.62± acres are undeveloped and which were largely unused by the facility other than recreationally, and consist of unimproved virgin woodlands and timber. Thus, they are excess land that may be sold off and developed separately from the facility.

ESTIMATED MARKETING AND EXPOSURE TIME

Marketing time is defined as follows:

*“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. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, “Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions” address the determination of reasonable exposure and marketing time.) See also **exposure time**.”*⁶

Exposure time is defined as follows:

- “1. The time a property remains on the market.*
- 2. The estimated length of time 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; a retrospective estimate based on an analysis of past events assuming a competitive and open market.”*⁷

Reasonable exposure time inherent in the market-value concept is always presumed to precede the effective date of the appraisal and the function of the appraisal. The estimated exposure time considers the period that the subject would have had to be on the market to sell on the appraisal date for the appraised value. Exposure time is different for various types of real estate and under various market conditions. A reasonable exposure time must always take into account the type of real estate and its specific value range, as reasonable exposure time is a function of price, time and use.

Published surveys report marketing time, not the exposure period. Marketing time is an opinion of the amount of time it might take to sell a property at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time refers to the amount of time necessary to market sell for the appraised value subsequent to the date of value. The two concepts of exposure and marketing time are similar, but reflect different perspectives in time.

In-depth discussions follow concerning market conditions in the Regional and the Market

⁶ *The Dictionary of Real Estate Appraisal*, 5th Edition, Appraisal Institute, Chicago, IL 2010

⁷ *Ibid*

Analyses sections, and in the Sales Comparison Approach. In connection with this appraisal, we have interviewed several brokers that are familiar with the subject local market and property types. The marketing and sales process for unimproved rural agricultural / farmland and low-density residential acreage properties is moderately efficient.

Brokers specializing in these transactions actively solicit potential buyers on an ongoing basis and maintain databases on investor criteria. According to the brokers interviewed, the current period from when a property is listed to when the sale closes is typically considerably more than 12 months, which is also reflected in the sales used herein. Brokers are able to electronically produce marketing materials, elicit interest, schedule property tours, accept offers, and select a buyer in approximately 60 days to several years depending on many factors. Following the execution of a purchase and sale agreement, **the due diligence and closing period is typically 90 to more than 270 days in this rural area.**

Within this appraisal, we investigated 32 sales of unimproved acreage within a five County area consisting of Cattaraugus, Chautauqua, Erie and Niagara Counties, as well as one sale in Genesee County, NY. The marketing times for all of these sales are shown in the chart at right.

Of the 32 sales transactions, we were able to secure the marketing times for 23 of them. The range in marketing times was between 60 days [the escrow period for sales that were not exposed to the market but were purchased without listing], to as much as 2,967 days. **The mean marketing time for the 23 sales was 1,186 days or 39.52 months, and the median marketing time was 1,342 days or 44.73 months.**

Recent Cattaraugus / Erie County Sales - Days on Market			
Sale	Address	Sale Date	DOM
<u>SALES COMPARABLES [per grid]</u>			
1	Ellicottville, Cattaraugus County, NY 14711	1/9/15	1,815
2	Little Valley, Cattaraugus County, NY 14755	11/17/13	365
3	Gowanda, Cattaraugus County, NY 14070	8/13/14	60
4	Lancaster, Erie County, NY 14086	11/5/14	1,815
5	Newstead, Erie County, NY 140001	6/28/16	1,815
<u>SALES COMPS [Others considered]</u>			
6	Jamestown, Chautauqua County, NY 14701	9/23/14	NAV
7	Buffalo, Erie County, NY 14224	1/14/16	NAV
8	Buffalo, Erie County, NY 14225	5/9/16	NAV
9	East Aurora, Erie County, NY 14052	3/10/14	266
10	Clarence, Erie County, NY 14031	2/13/15	NAV
11	Jamestown, Chautauqua County, NY 14701	10/24/13	60
12	Lancaster, Erie County, NY 14086	5/21/14	1,772
13	Grand Island, Erie County, NY 14072	10/13/15	730
14	Buffalo, Erie County, NY 14221	10/24/14	730
15	Sanborn, Niagara County, NY 14132	4/15/15	2,967
16	Amherst, Erie County, NY 14228	7/7/14	1,137
17	Wheatfield, Niagara County, NY 14120	1/20/15	1,708
18	Buffalo, Erie County, NY 14220	5/6/16	330
19	Buffalo, Erie County, NY 14220	5/6/16	330
20	Buffalo, Erie County, NY 14220	7/14/14	1,342
21	Buffalo, Erie County, NY 14220	10/20/14	1,440
22	Buffalo, Erie County, NY 14220	10/20/14	1,440
23	Hamburg, Erie County, NY 14075	3/1/14	1,136
24	Buffalo, Erie County, NY 14228	5/10/15	NAV
25	Buffalo, Erie County, NY 14225	10/10/13	NAV
26	Chaffee, Erie County, NY 14030	11/24/14	NAV
27	Chaffee, Erie County, NY 14030	12/20/13	NAV
28	Orchard Park, Erie County, NY 14127	U/C	1,632
29	Corfu, Genesee County, NY 14127	U/C	1,632
30	Lancaster, Erie County, NY 14086	10/6/13	2,439
31	Lancaster, Erie County, NY 14086	10/29/15	NAV
32	Grand Island, Erie County, NY 14072	1/15/14	310
23	Totals w/ Values - Mean		1,186
	Totals w/ Values - Median		1,342
	Totals w/ Values - Mean in Months	39.52	
	Totals w/ Values - Median in Months	44.73	

However, these figures must be qualified. Several of the sales were located with the City of Buffalo, and in Grand Island, which have some areas that are much more in demand for residential single- and multifamily development, as well as commercial and industrial usage, compared with the subject's agricultural / residential usage and extremely rural location.

In addition, we also investigated the Buffalo market for commercial and multifamily development properties as reported by the website LoopNet, and the marketing time for single-family properties as reported by both Trulia and Zillow. No data concerning Days on Market are available from LoopNet, Trulia or Zillow for either the Buffalo Metropolitan Area or for the local Cattaraugus County market area. Nevertheless, given all of the other data presented in the Regional and Local Area analyses, market prices have most likely been flat at best, or have declined, and days on the market are considerable. The actual sales transaction data presented above is the best available information concerning marketing and exposure time.

Considering our knowledge of the market and the real estate property type, and our continuous communications with market participants, the estimated exposure time for the subject would have been 12 months or more. The subject Property is situated within an area **without an active real estate sales market**. Demand for agricultural / farmland, or low-density residential development land is far below supply, and transactions are few and far between. Based on observations and discussions with area residents and brokers, the Property would likely require considerably more than 12 months to sell. Based upon the sales examined, we have no choice but to conclude a marketing and exposure time of 36 to 48 months.

This **36 to 48 months** exposure and marketing time reflects current economic conditions, current real estate investment market conditions, the terms and availability of financing for real estate acquisitions, and property and market-specific factors. It assumes that the subject is, or has been, actively and professionally marketed. The marketing / exposure time would apply to all valuation premises included in this report.

DEFINITIONS OF INTERESTS APPRAISED

According to your request, the purpose of this appraisal is to estimate the **Market Value** of the Fee Simple interest in the Property “As-Improved” [which in this case is the same as “As-Is,”] as well as “As-If Vacant,” as of the most recent date of inspection, October 18, 2016. The appraisal is subject to the use of two *hypothetical conditions*, which are discussed below. Disaggregation of the land between the hospital complex and the excess land will be made. These Value estimates will consider the tangible assets of the real estate only, exclusive of any business value or personal property.

The legal entity that owns the Property has a Fee Simple Interest in the land and improvements. The definitions applicable to the interests appraised are:

- A Fee Simple Estate is 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.”⁸

“As Is” **Market Value** is defined by the Appraisal Institute as

“The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.”⁹

“As-Is” value is the most sought after value, in combination with **Market Value** (resulting in “As-Is” **Market Value**) because it contemplates the current situation of the subject, not taking into account the array of “prospective” scenarios. Thus, it will reflect actual condition, physical deficiencies, or other relevant “As-Is” characteristics of the property.¹⁰

- Excess Land is defined as

“Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued separately.”¹¹

⁸ *“Dictionary of Real Estate Appraisal,”* 5th Edition, Appraisal Institute, Chicago, IL 2010

⁹ *Ibid*

¹⁰ *Proposed Interagency Appraisal and Evaluation Guidelines, OCC-4810-33-P 20%*

¹¹ *Dictionary of Real Estate Appraisal,”* 5th Edition, Appraisal Institute, Chicago, IL 2010

- A Hypothetical Condition is defined as:

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Hypothetical conditions are conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market condition or trends; or about the integrity of data used in an analysis.¹²

A hypothetical condition may be used in an assignment only if:

- *Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;*
- *Use of the hypothetical condition results in a credible analysis; and*
- *The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions.¹³*

According to USPAP, developing this **Market Value** opinion requires the use of two hypothetical conditions.

- The hypothetical conditions are that the **Market Value** conclusion presented assumes that: 1) the ownership entity is the People of the State of New York, which has clear title, and that the City of Buffalo has no ownership interest or rights; and (2) that the hospital site, the surrounding woodlands, and the groundwater are unaffected by adverse environmental contamination conditions.

These issues are hypothetical conditions because they are conditions contrary to known facts about conditions within the Property, since (1) the City of Buffalo – who formerly owned the complex - has a Reverter Clause in the deed that transferred the Property to State of New York in 1952, which they have been unwilling to relinquish; and that (2) the hospital site, the surrounding woodlands, and the groundwater are unaffected by adverse environmental contamination conditions.

¹² USPAP, 2016-2017 Edition (The Appraisal Foundation, 2017), page 3

¹³ Ibid, page 19

According to USPAP, developing this **Market Value** opinion requires the use of these hypothetical conditions concerning (1) the current ownership of the Property on the date of valuation, i.e., that the ownership entity is the People of the State of New York, which has clear title, and that the City of Buffalo has no ownership interest or rights, when in fact, the City of Buffalo controls the site because of the Reverter Clause; and (2) The condition of the abandoned hospital improvements observed during the inspection STRONGLY suggest the presence of significant environmental contamination potentially from asbestos, lead, mold and potentially other toxic substances. No environmental reports were available for our review.

No supplemental standards, jurisdictional exceptions or other conditions affected the scope of work for this appraisal / appraisal consulting assignment.

DEFINITION OF MARKET VALUE

Market Value is defined by the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (FRS), and the Federal Deposit Insurance Corporation (FDIC) in compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), 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 consummation of a sale as of a specified date and passing of title from seller to buyer under conditions whereby" ¹⁴

1. *Buyer and seller are typically motivated.*
2. *Both parties are well-informed or well advised, and each acting in what he considers his own best interest.*
3. *A reasonable time is allowed for exposure in the open market.*
4. *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto.*
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.*

An estimate of **Market Value** the Fee Simple interest in the Property "As-Is," is an estimate of the **Market Value** of the Property in the condition observed upon inspection, as it physically and legally exists without hypothetical conditions, assumptions or qualifications as of the date of inspection.

However, our estimate of **Market Value** the Fee Simple interest in the Property "As-Improved" is NOT an estimate of the **Market Value** of the Property in the condition observed upon inspection as it physically and legally exists as of the date of inspection – but rather, is an estimate of the **Market Value** of the Property based upon two hypothetical conditions, which (1) assumes that the ownership entity is the People of the State of New York, which

¹⁴ Office of Comptroller of the Currency (OCC), 12 CFR Part 34, Subpart C – Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4th ed. (Chicago: Appraisal Institute, 2002), 177-178. This is also compatible with the RTC, FDIC, FRS and NCUA definitions of market value as well as the example referenced in the Uniform Standards of Professional Appraisal Practice (USPAP).

has clear title, and that the City of Buffalo has no ownership interest or rights, when in fact the City of Buffalo has a Reverter clause interest; and (2) assumes that the hospital site, the surrounding woodlands, and the groundwater are unaffected by adverse environmental contamination conditions, when in fact likely environmental contamination was observed at the time of inspection.

NOTE: However, according to the “Structural Condition Assessment Report - JN Adam Developmental Center.” dated November 18, 2016, prepared by Popli Design Group, Penfield, NY, which is incorporated into this report by reference, Buildings #1 - #5 comprise approximately 120,000± square feet of GBA. **However, no site plan or definitive data of any kind are available concerning any of the other remaining buildings,**¹⁵ including size, date of construction, condition, or anything else usable in the completion of the MARKETING STUDY AND STRATEGIC PLAN and the APPRAISAL REPORT. Consequently, we have no option but reliance upon the Structural Condition Assessment Report, thus limiting our consideration of the improvements herein to approximately 120,000± square feet of GBA.

Furthermore, our estimate of **Market Value** the Fee Simple interest in the Property “As-If Vacant” is an estimate of the **Market Value** of the Property under the assumption “As-If Vacant” i.e., that it exists as vacant unimproved land, without any of the 25± buildings or infrastructure, rather than in the condition observed upon inspection, which was reportedly improved with approximately of the 25± to 57± older buildings, many if not all of which are derelict institutional masonry buildings with wood-frame porches.

¹⁵ See Note 1 in this report.

SCOPE OF WORK**MARKETING STUDY AND STRATEGIC PLAN**

NYSOGS seeks strategic assistance in defining a vision for the vacated 644.62±-acre J.N. Adam Hospital campus. NYSOGS is looking to NRER to assist in the development of a strategic marketing plan with action steps to meet the plan's objectives. Among the tasks that NRER will address will be the following:

- Identify the Highest and Best Use for the Property from the perspective of the local economy where the result will be maximizing benefits that will enhance the overall economic health of the community. The Highest and Best Use for the Property and the corresponding Marketing Study will consider financial (investor), environmental, historic, and, legal (zoning) issues as well as any local planning initiatives.
- Clarify the "Historic" implications for the subject Property. There are three major categories of real estate that are currently termed "historical properties":
 - Properties that are associated with events or persons important in the past development of the United States,
 - Properties that demonstrate styles of architecture, building construction, or engineering, and / or
 - Properties that express a particular culture or place.
- Among the "Historic" issues to be address and the questions to be answered are the following:
 - Investigate and identify the significance of the Property in the history of the United States and to its region, state, community, or neighborhood. What is its architectural, and / or cultural significance as it relates to a historical figure or event?
 - Determine what designations the Property has or is it eligible for in recognition of its significance?
 - Confirm whether the Property eligible for historical rehabilitation tax credits or other tax credits?
 - Confirm whether the Property is eligible for grants, low-interest loans, and other benefits?
 - Determine whether the Property is encumbered by, or eligible for, a preservation or conservation easement?
- We will undertake a national and regional search to attempt to locate any historical

facilities with similar age, amenities, and market factors, financial and other considerations that may be comparable to the subject Property. However, given the unique historical characteristics of J.N. Adam Hospital complex, we do not anticipate any success in finding comparable properties for use in concluding a **Market Value** “As-Improved” by means of the Sales Comparison Approach.

- Create a Vision for the Property that is compatible with the concerns of the relevant stakeholders, and any other initiatives that may exist, and develop a Strategic Plan for the site with plausible action steps for its implementation. We will seek to understand the perspectives of any identified, relevant local, regional, national and international [if any] stakeholders, and provide NYSOGS decision makers with the most beneficial plan for the sale and / or reuse of this former hospital site.
- The report will also comment on any impediments to the potential development / reuse and / or sale of the Property, and evaluate the impact and costs associated with the identified remedy [or remedies].
- Recommend Marketing Strategies to promote the Property and procure end users compatible with the strategic vision for the Property. This marketing study will consider a wide range of disposition scenarios, including but not limited to private development, and / or public / private partnership possibilities.
- From the perspectives of the Village of Perrysburg, the City of Buffalo, Cattaraugus County, and the State of New York, NRER will address strategies to buy, control, and finance the carrying cost of the Property until its redevelopment or adaptive reuse is accomplished.

APPRAISAL REPORT

According to your request, the purpose of the appraisal is to estimate the Market Value of the Fee Simple interest in the Property “As-Improved,” as well as “As-If Vacant,” as of the most recent date of inspection, October 18, 2016, and subject to two hypothetical conditions. Disaggregation of the land between the hospital complex and the excess land will be made. These Value estimates will consider the tangible assets of the real estate only, exclusive of any business value or personal property.

This appraisal is made in accordance with typical requirements of lenders for special purpose properties, and excess land. The valuation techniques considered are the Sales Comparison, the Cost, and the Income Approaches to value. The scope of the appraisal encompasses the necessary research and analysis required to prepare a report according to the *Standards of Professional Appraisal Practice of the Appraisal Institute*, the 2016 – 2017 *Uniform Standards of Professional Appraisal Practice* of the Appraisal Foundation and to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989

(FIRREA). The steps involved in this process for the subject property are described below.

Scope of Work

USPAP defines scope of work as “the type and extent of research and analyses in an assignment.” Additionally, *The Appraisal of Real Estate* includes the following discussion of the importance of the scope of work to an appraisal assignment:

*“Scope of work for an assignment is acceptable if it leads to credible assignment results, is consistent with the expectations of parties who are regularly intended users for similar assignments, and is consistent with what the actions of the appraiser’s peers would be in the same or similar assignment,”*¹⁶

The scope of work has included the following elements:

- The parcel and its completed but vacant and abandoned improvements was inspected and photographed on October 18, 2016. At the time of inspection on October 18, 2016, the site was occupied by improved with approximately of the 25± older buildings, many if not all of which are derelict institutional masonry buildings with wood-frame porches. Only the main buildings and the power plant were available to be inspected.

NOTE: However, according to the “Structural Condition Assessment Report - JN Adam Developmental Center,” dated November 18, 2016, prepared by Popli Design Group, Penfield, NY, which is incorporated into this report by reference, Buildings #1 - #5 comprise approximately 120,000± square feet of GBA. **However, no site plan or definitive data of any kind are available concerning any of the other remaining buildings,**¹⁷ including size, date of construction, condition, or anything else usable in the completion of the MARKETING STUDY AND STRATEGIC PLAN and the APPRAISAL REPORT. Consequently, we have no option but reliance upon the Structural Condition Assessment Report, thus limiting our consideration of the improvements herein to approximately 120,000± square feet of GBA.

- The subject Property data was based primarily upon information obtained from the site inspection and from the “Structural Condition Assessment Report - JN Adam Developmental Center,” dated November 18, 2016, prepared by Popli Design Group, Penfield, NY. Data were checked where possible with public records, including the tax rolls, assessor's records, and municipal property maps. Physical inspections of the site confirmed the public records.

¹⁶ *The Appraisal of Real Estate*, Thirteenth Edition, page 135

¹⁷ See Note 1 in this report.

- The current owner of the Property supplied the following property-specific “Project Documents.” The Project Documents used herein consisted of the survey entitled “DEED PLOT SHOWING Lands of the People of the State of New York Known as J.N. Adam Developmental Center Situate in Lots 11, 18, 19, and 27, Township 6, Range 9 of the Holland Land Company’s Survey, Town of Perrysburg, County of Cattaraugus, State of New York.” undated but included herein. The total site area per the Survey and listed in the table below is 644.62± acres.

- We have examined current and anticipated development within the region and assessed local area economic and demographic factors to confirm the economic environment within which the subject operates. Regional, Town, and neighborhood data were based upon a variety of sources believed to be reliable. General sources that were used include:
 - Economic analyses prepared by state and local governmental authorities, including 2010 and / or 2000 Census data as available from Federal, State of New York, City of Buffalo and Cattaraugus County sources, and ESRI / Colliers International Valuation Data;
 - The City of Buffalo Comprehensive Plan 2004; 2017 Buffalo – Niagara MSA data from the Federal Reserve Bank of New York;
 - *A Strategy for Prosperity PROGRESS REPORT*, Western New York Regional Economic Development Council, September 2016
 - The *Cattaraugus County Comprehensive Plan Vision 2025*, prepared by the Cattaraugus County Department of Economic Development, Planning, and Tourism, December 2015;
 - *The Cattaraugus County Coordinated Public Transit-Human Transportation Plan - 2014*, prepared by the Community Transportation Coalition of Cattaraugus County;

- The neighborhood section was based upon a physical inspection of the area, data from various City of Buffalo and Cattaraugus County agencies, publications and reference books, prior appraisals, websites, and representatives of real estate brokerage, management and / or appraisal offices. General sources that were used include:
 - Data from the New York State Department of Economic Development, Empire State Development Corporation (“ESDC”), City of Buffalo Planning Board and Cattaraugus County Department of Economic Development, Planning & Tourism, and the Town of Perrysburg; and ESRI / Colliers

International Valuation Data for past and future demographic characteristics;

- The subject site has been evaluated for its physical utility for the reuse of the Property at its Highest and Best Use, including its access, visibility, and other location-related factors. The Property's existing improvements have been inspected for quality of construction, design, layout efficiency, and items of physical deterioration and functional obsolescence. The surrounding economic environment has been reviewed to identify economic and demographic trends that have an impact on future demand for real estate on the subject site.
- In estimating the highest and best use for the Property, a thorough analysis of all of the above factors was completed. The values derived are driven by a thorough Highest and Best Use analysis of the complex in context of the specific market - within the City of Buffalo, Cattaraugus County and the Town of Perrysburg local market area. In addition, a review of recent institutional, special purpose structures, and former hospitals and building shells in the market area was undertaken. This data was secured from and/or confirmed by various County officials and Assessors in each appropriate municipality. Additional data and confirmation of information were secured from real estate brokers, and from other appraisers who are knowledgeable of specific comparable projects, and from the CoStar.com and LoopNet databases. Data from our extensive in-house files of past appraisal assignments was also used. Based on this analysis, the highest and best use of the site as vacant and / or as improved was determined.
- Comparable property data for agricultural and recreational acreage, and for residential single-family development site sales and agricultural and recreational acreage sales necessary to estimate the value of the Property "As-If Vacant" were researched. Sources that we have used include:
 - Data from CoStar, LoopNet and / or PropertyShark online data sources; including City of Buffalo and Cattaraugus County statistics;
 - Representatives of several national and local brokerage offices including Colliers International; Cushman & Wakefield / Pyramid Brokerage Company; the Chautauqua - Cattaraugus Board of REALTORS; and Holiday Valley Realty;
 - Cushman & Wakefield / Pyramid Brokerage Company *Marketbeat Office Snapshot, Buffalo, NY, 2Q2016*; Cushman & Wakefield's *Marketbeat Industrial Snapshot, Buffalo, NY, 2Q2016*; and the Zillow Real Estate Market Overview, November 2016 among others.

This appraisal considers the three standard approaches to value: Cost Approach, Sales

Comparison, and Income Capitalization. The Cost Approach is not appropriate to develop the “*As-If-Vacant*” value of this 644.62± acre, tract for unimproved agricultural / recreational / mineral use, nor subdivision into smaller tracts for multiple uses, such as seasonal / second home development sites or additional gas wells. Rather, the Direct Sales Comparison Approach is the most common method used for vacant farmland/ agricultural / timber acreage / development site value estimates. The subject land is lying fallow, and the Property is incapable of generating any income. Thus, the Income Approach is also not a relevant means of analysis and will not be completed for the “*As-If-Vacant*” value.

The Cost Approach is also not appropriate to develop an estimate of **Market Value** “*As-Improved*,” due to a plethora of negative factors. The improvements were built at various times between 1909 and 1912, and are in poor condition. Further, the subject land under the buildings is not being used at its highest and best use, and the former tuberculosis hospital complex appears to be fully depreciated. The cost to restore the Property even to a functional shell, ready for some potential future development, is prohibitive due to the condition of the Property, its lack of any historical designation, and very poor regional and local economic, demographic and real estate market conditions. Thus, the Cost Approach shall not be completed for the “*As-Improved*” value.

The Direct Sales Comparison Approach is the most common method used for vacant “shell” structures. However, there have been no sales that we could find nationally that would be appropriate comparable sales for comparison with the subject Property. Unfortunately, sales of somewhat similar vacant, special purpose hospital buildings and complexes, and non-historic “*shell*” improvements are very difficult to analyze and compare with the subject Property even if such sales were found. From past assignments, every state in the country has several similar properties – old, abandoned, and unusable psychiatric hospitals, prisons and the like. A reliable estimate of the value of the Property “*As-Is*,” is extremely difficult to conclude and support using the Sales Comparison Approach

In 1991, the complex was abandoned, the site is lying fallow, and the Property does not generate any income, and is incapable of producing any rental income in its current condition without significant remedial construction. Thus, the Income Approach is not a relevant means of analysis and will not be completed for the “*As-Improved*” value.

Conclusion

Unfortunately, the subject Property has two undeniable similarities with the proverbial “white elephant.” First, the cost of ownership is out of proportion to its value or usefulness. Second, it will be very difficult for the owner (the People of the State) to dispose of the Property. Given the limited / nonexistent utility of all of the structures, the limited size of the population base and their economic characteristics, the costs of ownership including taxes and security, the high cost of demolition and / or repairs required if it were to become a functional “shell” ready for some unspecified future development, the likely environmental issues, and a host

of other factors, a valid question is whether someone would even take the property for free!

While the land and the site improvements (landscaping, roads, and utilities) all have some inherent value, the carrying costs, the cost of future demolition, removal, and disposal of the existing buildings and toxic environmental waste materials, and the ready availability of other land suitable for development all provide more than enough reason to discourage any ownership of this Property. Add to this the considerable environmental uncertainty, and you have even more reason to walk away from the Property - "A classic white elephant."

HISTORICAL CONTEXT / ISSUES FOR SUBJECT PROPERTY

The scope of this study considers the financial (investor), environmental, historic, physical Property conditions, and legal (zoning) issues as well as any local planning initiatives. In this section, we examine the historical circumstances surrounding the subject Property.

Historical Overview

The following account of the subject Property is published online by the Cattaraugus County Historical Advisory Committee and the Department of Economic Development, Planning & Tourism. **We have reproduced it here verbatim.**

Early in 1909 at the suggestion of Dr. John H. Pryor of Buffalo, a bill was brought before the New York Legislature. This bill, which was passed March 25, 1909, authorized the City of Buffalo to build equip and run a hospital for the treatment of in-patient tuberculosis (TB). On December 18 1909, after an extensive search for a proper setting, the Buffalo City Council, on the recommendation of Dr. Pryor, chose the hillside location in Perrysburg where J.N. Adam Memorial Hospital is located. Mayor James Nobel Adam, for whom the hospital is named, purchased the 293-acre site and donated it to the city. At the time of purchase there was one small building on the property; "Tipperary," the original "sanitarium".

Tipperary was started around 1903, in a shack. Bula M. Lincoln (an aunt after whom Bula Palcic was named) was the first patient. The closest treatment center for TB was in Ray Brook, now Gowanda, New York, quite a distance from "Iroquois, New York", better known as the Tomas Indian School. Ms. Lincoln's father was the Superintendent of that institution and it seemed that Bula couldn't get well due to the distance from her family. They brought her home to experience the "sunshine cure" or fresh-air cure under the direct supervision of Dr. Lake from Gowanda and Dr. Pryor from Buffalo. This new type of cure was of Swiss origin and was proving to be successful.

With the rise in cases of TB, Dr. Pryor's friend James Noble Adam, Mayor of Buffalo was very much aware of the need for an institution close to Buffalo. With cures occurring at Tipperary and the lands perfect for the pure lake breezes it seemed only logical that Buffalo might choose the Perrysburg site. As it seems to be in any instances, then and now, the council could not decide where to locate the already funded institution. Mayor Adam bought the land, and gave it to the City. A \$160,000 contract was issued on October 13 1910 to cover the initial cost of the buildings and equipment. Upon completion of the original buildings, the total cost was slightly in excess of \$300,000.

The formal opening of J.N. Adam Memorial Hospital took place on November 12,

1912. The facility, which had a capacity of 140 patients, had two wings one on each side of the administration area. (Over the years, further construction added extensions on each wing as well as numerous additional buildings. These added areas increased the capacity to nearly 420 beds.) A fully modernized kitchen and resplendent dining room were in the rear area of the administration unit. The dining room, like the rest of the structure, was built to provide superlative patient care in as majestic an atmosphere as possible. This was necessary to ward off the boredom that accompanied the slow treatment of tuberculosis. The dining room was just one of the rooms built to allow sunshine to cure all.

For the enhancement of the dining room Mayor Adam bought and donated to the hospital the beautiful circular dome window from the Temple of Music Auditorium, at the 1901 Pan-American Exposition in Buffalo. It was under this dome [purportedly - but not verified] that President McKinley was shot, while attending the Exposition. This bit of notoriety however, does not detract from the window's beauty, and it remains today as the most visible part of the extremely attractive dining area. This room has perfect acoustics in addition to perfect lighting.

Heat was provided for the buildings using a steam system. A new power plant was built in 1923, which served the facility until 1960. At that time, new boilers were installed and gas replaced coal as the main fuel. The hospital has always had an abundant water supply. The original reservoir had a capacity of one-half-million gallons of water. During 1923 and 1924, a one million gallon reservoir was built, bringing the total capacity to 1.5 million gallons. If it became necessary, the ten working wells on the grounds could produce twice as much water as the hospital could use.

J.N. Adam Memorial Hospital was a tuberculosis treatment center from its inception in 1912 until 1960. For its first 36 years, it was owned and operated by the City of Buffalo. During that time it has just two directors, Dr. Clarence Hyde served from 1912-1921. His former assistant, Dr. Horace LoGrasso replaced him and served until his retirement in 1948. In that year the hospital was turned over to the State and became one of the seven State-operated tuberculosis centers. It continued in this capacity until June 1960.

At that time, it closed down, only to reopen as a State mental hygiene facility in September of the same year. It functioned as part of Gowanda State Hospital until 1962, when it became a division of West Seneca State School. Originally, plans had called for the hospital to be closed permanently when West Seneca opened. However, the large number of potential patients necessitated that it remain open. In 1972, JN Adam Memorial Hospital became an independent facility in the New York State Department of Mental Hygiene and served under the title J.N. Adam Developmental Center. The institution is now closed as a debate over ownership

between New York State and the City of Buffalo continues.

-- Submitted to the 2008 Cattaraugus County Bicentennial History book by Charles Stewart

However, other very important facts and issues complicate the circumstances concerning the subject Property. First and foremost, the J.N. Adam Hospital complex has been **ERRONEOUSLY**¹⁸ reported as "...being listed on the New York State Register of Historic Places in 1985." This statement is untrue, and designation **has not occurred, as discussed below.** Therefore, at this point in time, the subject Property as it currently stands factually - is nothing more than a formerly grand, and potentially historical complex, but one that has been allowed to deteriorate, decay and become a dangerous eyesore - a collection of derelict structures, and an environmental and public safety hazard to the community.

National Register of Historic Places

According to the National Park Service's website <https://www.nps.gov/nr/>, "The National Register of Historic Places is the official list of the Nation's historic places worthy of preservation. Authorized by the National Historic Preservation Act of 1966, the National Park Service's National Register of Historic Places is part of a national program to coordinate and support public and private efforts to identify, evaluate, and protect America's historic and archeological resources."

We searched for the subject Property on this site. There were a number of Cattaraugus County historical sites. **However, the subject J.N. Adam is not among them.** Further searching revealed the following information from Cattaraugus County. "Cattaraugus County's rich and diverse history is still evident in some existing structures and districts. Thirty-five of these historic buildings and districts deemed worthy of preservation are currently listed in the New York State and National Registers of Historic Places. These sites include homes, government and commercial buildings, schools, churches, cemeteries, and

¹⁸ In order to verify its historical listing, we contacted New York State Parks, Recreation & Historic Preservation - Division for Historic Preservation, which is the agency that is responsible for historic designations within New York State. The State Council of Parks Recreation and Historic Preservation consists of the Commissioner of State Parks, Recreation and Historic Preservation, the Commissioner of Environmental Conservation, Chairs of the eleven Regional Parks Commissions (including a representative of the Palisades Interstate Park Commission), and Chair of the State Board of Historic Preservation. There are Regional Commissions that are charged with acting as a central advisory body on all matters affecting parks, recreation and historic preservation within their respective regions, with particular focus on the operations of the State Parks and Historic Sites.

In particular, we spoke with Ms. Jennifer Walkowski, the Historic Preservation Specialist in the National Register Unit – Western NY Region [jennifer.walkowski@parks.ny.gov; PH 518-268-2137], whose specific responsibilities include historic properties within Cattaraugus County and other Western New York areas. According to Ms. Walkowski, the subject JN Adam has NOT been designated as an historic property, either in the New York State Registry or on the National Register of Historic Places. Ms. Walkowski stated "this property (and this nomination) was reviewed by our State Review Board back in the 1980s. However it was never forwarded for listing to the New York State or National Registers of Historic Places. It remains eligible for both Registers. However, if there ever were interest in having this nomination forwarded for listing, we [the Division for Historic Preservation] would need a new nomination prepared. I have attached a scanned copy of the old draft nomination, for your review."

several historic districts.” Following is a listing of these properties in the State and National Registers. **JN ADAM IS NOT INCLUDED IN THIS LIST**, which was compiled in December 2015.

Cattaraugus County Comprehensive Plan Vision 2025

Cattaraugus County Locations Listed on the National Register of Historic Places

Name on the Register	Municipality	Date Listed
1 Bank of Gowanda	Gowanda	2001
2 Beardsley-Oliver House	Olean	2008
3 Bedford Corners Historic District	Portville	2003
4 Bryant Hill Cemetery	Ellicottville	2003
5 Cattaraugus Commercial Historic District	Cattaraugus	2014
6 Conklin Mountain House	Olean	1998
7 East Otto Union School	East Otto	2004
8 Ellicottville Historic District	Ellicottville	1991
9 Ellicottville Town Hall	Ellicottville	1973
10 First Congregational Church of Otto	Otto	1999
11 Gladden Windmill	Napoli	1973
12 Gowanda Village Historic District	Gowanda	1986
13 House at 520 Ho-Sta-Geh Rd.	Olean	2009
14 Jefferson Street Cemetery	Ellicottville	2012
15 John J. Aiken House	Ellicottville	2013
16 Leon Historical Society Museum, Grange #795	Leon	2014
17 Leon United Methodist Church	Leon	2000
18 North Lyndon Schoolhouse	Lyndon	2000
19 Oak Hill Park Historic District	Olean	1997
20 Olean Armory	Olean	1995
21 Olean Public Library	Olean	1985
22 Olean School Number 10	Olean	2010
23 Park Square Historic District	Franklinville	1986
24 Pfeiffer-Wheeler American Chestnut Cabin	Portville	2002
25 Portville Free Library	Portville	1991
26 Randolph Historic District	Randolph	2012
27 Simeon B. Robbins House	Franklinville	2003
28 Salem Welsh Church	Freedom	2001
29 St. Stephen's Episcopal Church Complex	Olean	2001
30 Temple B'Nai Israel	Olean	2012
31 Union and State Streets Historic District	Olean	2015
32 US Post Office	Little Valley	1989
33 US Post Office	Olean	1989
34 William E. Wheeler House	Portville	2002
35 Zawatski Site	Great Valley	1982

Listing properties in the State and National Registers often changes the way communities perceive their historic places and strengthens the credibility of efforts by private citizens and public officials to preserve these resources as living parts of their communities. The listing

honors a property by recognizing its importance to Cattaraugus County and encourages heritage tourism and further community revitalization.

New York State Register of Historic Places

The New York State Historic Preservation Office (SHPO) and the Division for Historic Preservation (DHP) within the Office of Parks, Recreation and Historic Preservation (OPRHP) maintains the Cultural Resource Information System ("CRIS") database. Although the information included in CRIS has been produced by and processed from sources presumed to be reliable, SHPO / DHP make no warranties, express or implied, regarding the accuracy, completeness, legal use, reliability or usefulness of any such information.

In order to verify the statements made in various accounts of / concerning the subject J.N. Adam regarding its listing on the New York State Register of Historical Places, we contacted New York State Parks, Recreation & Historic Preservation - Division for Historic Preservation, the agency that is responsible for historic designations within New York State. In particular, we spoke with Ms. Jennifer Walkowski, the Historic Preservation Specialist in the National Register Unit – Western NY Region, whose specific responsibilities include historic properties within Cattaraugus County. Her direct contact information is as follows: [PH 518.268.2137; jennifer.walkowski@parks.ny.gov]

According to Ms. Walkowski, the subject **JN Adam has NOT been designated as an historic property, either in the New York State Registry or on the National Register of Historic Places.**

Ms. Walkowski stated "this property (and this nomination) was reviewed by our State Review Board back in the 1980s. However it was never forwarded for listing to the New York State or National Registers of Historic Places. It remains eligible for both Registers. However, if there ever were interest in having this nomination forwarded for listing, we [the Division for Historic Preservation] **would need a new nomination prepared.** I have attached a scanned copy of the old draft nomination, for your review."

The Nomination document follows.

NOTE: Someone named Michelle Ryan, whose address was 490 Taunton Place in Buffalo, prepared the Form. Ms. Ryan's affiliation relative to originating the form is unknown. However, it is interesting to note her characterization of the J.N. Adam Property [*at that time*] as being in "EXCELLENT CONDITION" on the top of the page "#7. Description." It is readily apparent that this condition is no longer relevant or true. This fact would likely preclude any future historical designation for the subject Property.

NOMINATION DOCUMENTATION**Master List of Properties – James Noble [J.N.] Adam Memorial Hospital [Developmental Center] (Compiled 6/8/2012 By AF)****SD # 91SD00047****Also see: 90NR02886, USN # 00926.000002****USN # 00926.000002 – Opened in 1963; only existing earlier buildings from 1940s appear to have been demolished.**

References: 1) Historic and Natural Districts Inventory Form [Yellow Historic District Form] for J. N. Adam Developmental Center, March, 1984 (Edith A. Connor), including blue forms as noted (BF) in Photo column below. **NOTE: No building list appears to have been included with the inventory form, there is only a map with buildings highlighted in red; no OMH building list either;** 2) National Register of Historic Places Inventory—Nomination Form; Michele Ryan, January 20, 1985; 3) Aerial maps in Bing used to determine whether buildings had been demolished.

USN	Bldg #	Function (OMH)	Date	Contributing/ Noncontributing	Photo #	Other (Notes from DOE, HD documentation – original use, etc.)
00926.000002	N/A	District	Various periods of construction.			Yellow Historic District Form, March 1984. All USNs are in SPHINX but only those noted “BF” in Photo # column at left have blue forms (e.g. the lower set of numbers). There was no building list included with the inventory and no OMH facility profile building list existed. Therefore, nothing is known about building numbers listed below that have no other information in the cells. The inventory refers to a total of 57 buildings and later mentions building 59 (no 58). A detailed building list is included with the district nomination.
00926.000003	1	Administration (Dining Room, Kitchen, Lobbies A & B)	1912	Contributing (D) L	BF	Architect: John C. Coxhead; builder: John W. Cowper Co., Inc. Contractors (see blue form).
00926.000003	2	Administration (Patient Ward/Building C)	1912	Contributing (D) L	BF	Architect: John C. Coxhead; builder: John W. Cowper Co. Inc. Contractors (see blue form).
00926.000003	3	Administration (Patient Ward/Building D)	1912	Contributing (D) L	BF	Architect: John C. Coxhead; builder: John W. Cowper Co. Inc. Contractors (see blue form).
00926.000003	4	Administration (Corridor E-1)	1912	Contributing (D) L	BF	Architect: John C. Coxhead; builder: John W. Cowper Co. Inc. Contractors (see blue form).
00926.000004	5	Administration (Corridor E-2)	1924	Contributing (D) L	BF	Architect: John C. Coxhead; builder: John W. Cowper Co. Inc. Contractors (see blue form).
00926.000003	6	Administration (Ward Building F)	1924	Contributing (D) L	BF	Architect: Howard Beck (see blue form also – says Cowper etc.).
00926.000003	7	Administration (Ward Building G)	1924	Contributing (D) L	BF	Architect: Howard Beck (see blue form also – says Cowper etc.).
00926.000003	8	Administration (Corridor	1924	Contributing (D) L	BF	Architect: Howard Beck (see blue form also – says Cowper etc.).

				(D) L		
	35					
	36					
	37					
	38					
	39					
	40					
	41					
	42					
	43					
00926.000033	44	Clinic, Operating Suite & Auditorium Building	1951	Non-Contributing (D) L		Architect: Howard Beck.
	45					
	46	Staff Residence				Use stated in Yellow Inventory Form description.
	47	Staff Residence				Use stated in Yellow Inventory Form description.
	48	Staff Residence				Use stated in Yellow Inventory Form description.
	49	Staff Residence				Use stated in Yellow Inventory Form description.
	50	Staff Residence				Use stated in Yellow Inventory Form description.
	51	Staff Residence				Use stated in Yellow Inventory Form description.
	52	Staff Residence				Use stated in Yellow Inventory Form description.
	53	Staff Residence				Use stated in Yellow Inventory Form description.
	54					
	55					
	56					
	57					
	None?					No references to this building number.
	59					This building # is mentioned in the Yellow Inventory Form, but the same form also says there are only 57 buildings.

7. Description

<u>XX</u> excellent	<input type="checkbox"/> deteriorated	Check one	Check one
<input type="checkbox"/> good	<input type="checkbox"/> ruins	<u>XX</u> unaltered	<u>XX</u> original site
<input type="checkbox"/> fair	<input type="checkbox"/> unexposed	<input type="checkbox"/> altered	<input type="checkbox"/> moved date _____

Describe the present and original (if known) physical appearance

The James Noble Adam Memorial Hospital (the J.N. Adam Developmental Center) is located thirty-seven miles southwest of Buffalo, New York, in Perrysburg. This former tuberculosis hospital is situated 1450 feet above sea level in the foothills of the Allegheny Mountains in Cattaraugus County. It enjoys a panorama that takes in views of downtown Buffalo, Lake Erie and the Canadian shore, as well as the picturesque countryside through which flows Cattaraugus Creek.

The hospital is located on 293 acres of wooded land, 32 of which are included in this nomination. Situated on a hilltop, the hospital buildings are oriented with its formal elevation facing north toward a sloping lawn and parking lot. The main entrance to the grounds, which is located on State Route 39 near the northeast corner of the property, gives access to the approach drive. This drive winds its way up the hill to the parking lot in front of the central administration building.

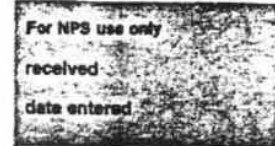
A total of fifty-seven buildings make up the present J.N. Adam Developmental Center. Of this group, twenty-one buildings are being nominated as contributing structures and two buildings are being listed as noncontributing structures. The crescent-shaped plan of the hospital follows an east-west axis and is made up of five rectangular buildings. These buildings are linked by curving corridors which contain common rooms and offices. The use of red brick, Spanish clay, hollow tile, white wood trim and concrete for materials is consistent throughout. The main feature of the plan focuses on the main receiving entrance located on the center administration building and single storied white wooden loggias which wrap around the front and back of the flanking buildings. The other buildings are scattered around the landscaped property behind and on the sides of the main grouping. Landscaping was carefully done but was planned out by various groups which donated trees and shrubs. Originally construction began in 1910 to 1912. A second wave of construction took place in 1924 to 1934. All buildings on the east side of Peck Hill Road complement each other, all being unified in building design and materials. The director's house and garage, located on the west side of Peck Hill Road, built during the 1924-27 building campaign, are different in design. They are made of stucco and redwood and resemble the Tudor style. The house and garage are small and isolated and they do not compete with the hospital's main buildings.

Individual buildings will be described in detail in the following lists of contributing and noncontributing buildings.

Contributing Buildings

Building #1 (Dining Room, Kitchen and Lobby "A" and "B") 1912 John Coxhead

This building is a three-story steel and concrete frame structure above a raised basement and is faced with red brick. The roof is part hipped and part flat and domed and roofed with Spanish tile covering.

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Building #5 (Corridor E-2) 1924 John Coxhead

This corridor building is identical to Building #4, but instead links Building #3 to the administration building.

Building #6 (Ward Building F) 1924 Howard Beck

This ward building and ward building "G" were added to the original buildings enlarging the crescent-shape plan. The building is a four-story structure made of red brick. The roofs are part hipped and part flat with red tile covering. Windows are white wooden double-hung sash windows. On each floor on all three sides, there are concrete loggias. The upper three story loggias are supported by colossal concrete Tuscan Doric columns which rest on the first story's brick piers. In between both piers and columns are the original white wooden balustrades.

Building #7 (Ward Building G) 1924 Howard Beck

This ward building is identical to ward building #6.

Building #8 (Corridor building) 1924 Howard Beck

This corridor building is a two story red brick structure which links ward building #6 to ward building #2. The roof is flat. Windows are double -hung sash windows painted white.

Building #17 (Patient's Ward Building) 1924 Howard Beck

This building is a two story structure made of red brick. The roof is flat with composition shingles. Windows are double hung sash windows painted white. There is a wooden porch and a fire escape which protects all floors.

Building #19 (Home "N") 1924 Howard Beck

This structure is a two story red brick ward building. The roof is hipped with red tile covering. Windows are double hung sash windows painted white. There is one open side porch which has a roof terrace.

Building #25 (Staff House-Director's Residence #10) 1924 Howard Beck

This house is a one and a half story Tudor style structure made of stucco and redwood. The roof is peaked with asphalt shingle covering. Windows are double hung sash windows painted white.

Building #26 (Director's Garage) 1924 Howard Beck

The director's garage is a one story wood clapboard structure and is complementary in design to the director's house.

Building #20 (Powerhouse "O") 1926 Howard Beck

The powerhouse is a two story structure made of red brick on steel and concrete framing. The roof is hipped with Spanish tile roof covering. A one hundred and fifty foot high brick smokestack rises above the red tiled hipped roof. Steel windows open beneath concrete segmental arches with decorative keystones. The power house is connected to Building #6 by an underground waterline tunnel.

8. Significance

Period	Areas of Significance—Check and justify below			
<input type="checkbox"/> prehistoric	<input type="checkbox"/> archeology-prehistoric	<input type="checkbox"/> community planning	<input type="checkbox"/> landscape architecture	<input type="checkbox"/> religion
<input type="checkbox"/> 1400-1499	<input type="checkbox"/> archeology-historic	<input type="checkbox"/> conservation	<input type="checkbox"/> law	<input type="checkbox"/> science
<input type="checkbox"/> 1500-1599	<input type="checkbox"/> agriculture	<input type="checkbox"/> economics	<input type="checkbox"/> literature	<input type="checkbox"/> sculpture
<input type="checkbox"/> 1600-1699	<input checked="" type="checkbox"/> architecture	<input type="checkbox"/> education	<input type="checkbox"/> military	<input type="checkbox"/> social/
<input type="checkbox"/> 1700-1799	<input type="checkbox"/> art	<input type="checkbox"/> engineering	<input type="checkbox"/> music	<input type="checkbox"/> humanitarian
<input checked="" type="checkbox"/> 1800-1899	<input type="checkbox"/> commerce	<input type="checkbox"/> exploration/settlement	<input type="checkbox"/> philosophy	<input type="checkbox"/> theater
<input checked="" type="checkbox"/> 1900-1934	<input type="checkbox"/> communications	<input type="checkbox"/> industry	<input type="checkbox"/> politics/government	<input checked="" type="checkbox"/> transportation
		<input type="checkbox"/> invention		<input checked="" type="checkbox"/> other (specify) MEDICAL

Specific dates 1912-1934 Builder/Architect John H. Coxhead

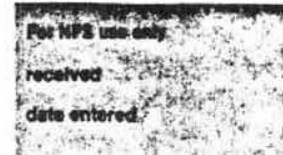
Statement of Significance (in one paragraph)

The J.N. Adam Memorial Hospital (present J.N. Adam Developmental Center) in Perrysburg, New York, is historically significant as the first municipal tuberculosis institution built in New York State. It was also the largest of seven state public tuberculosis institutions. As a sanatorium, it was highly regarded for its leadership in exploring new methods of treatment. Designed by architect John H. Coxhead in 1912, and later by Howard L. Beck, the hospital incorporated the use of Neoclassical design with an emphasis placed on large open loggias. The buildings of the J.N. Adam Memorial reveal Coxhead's skill in adapting this monumental Neoclassical columnar style of architecture to the special requirements of tuberculosis sanatorium planning. The loggias were on the patient's ward buildings allowing easy access to the out-of-doors and the Cattaraugus valley view and the wooded environment of the hilltop site. As tuberculosis became less prevalent, the hospital reopened its doors in 1960 and became the J.N. Developmental Center. In its idyllic setting in the Cattaraugus valley, the imposing hospital provided advanced tubercular treatment to residents of Erie County from 1912 to 1960.

The original buildings of the J.N. Adam Memorial Hospital were planned by Buffalo architect, John H. Coxhead (1863-1943)¹. Two subsequent building campaigns were carried out by the first Buffalo city architect, Howard L. Beck (1873-1937). Construction began in 1910 and was completed for the hospital's formal opening November 12, 1912. All the main buildings are in the Neoclassical style. This architecture, which was popularized by the 1893 World's Colombian Exposition in Chicago had impressed local audiences at the 1901 Pan American Exposition in Buffalo.

In addition to its medical and architectural significance, the J.N. Adam Memorial Hospital preserves the memory of earlier efforts to use the site for the cure of tuberculosis. A treatment cottage was built here in the late 1860's by Dr. John Pryor, the hospital's first superintendent. Pryor was largely responsible for the establishment at this location of the J.N. Adam Memorial Hospital.

As the first municipal in New York State, The J.N. Adam Memorial Hospital became known for its leadership in tubercular research. The earliest efforts to treat this widespread disease were undertaken by Dr. Edward L. Trudeau who in 1885 opened the so-called "Little Red" sanatorium in Saranac Lake, New York. It soon gained world-wide notice. Most of this recognition came from Dr. Trudeau's discovery of the benefit of open-air sleeping for tuberculosis patients. Trudeau also agitated for the formation of public tuberculosis institutions. In this effort he was joined by Dr. John Pryor. A respected physician in Buffalo who was known for his work in tuberculosis care, Pryor had called public attention to the fact that many "tubercular persons were obliged to remain at home and die for want of treatment."² Dr. Pryor subscribed to Dr. Trudeau's ideas of open-air treatment and in 1908 established a daycamp for tuber-

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#8 Significance (continued)

On his buildings, porches became monumental loggias which formed colonnaded elevations on all sides. Each patients' room opened directly onto a loggia. From these rooms, French doors opened wide to allow beds to be moved easily in and out. Large overhanging roofs, supported on the 1928 pavilions by colossal Tuscan Doric columns, protected patients from the elements. The loggias were so large, that the problem of dark, poorly ventilated rooms was avoided.

As well as being impressive in its size, the J.N. Adam Memorial Hospital is one of the largest examples of the Neoclassical style in Western New York. Neoclassicism had emerged as an important architectural force in America after its appearance at the Colombian Exposition in Chicago in 1893. The Chicago Exposition spawned others, such as the Pan American Exposition held in Buffalo in 1901, and also brought about the birth of modern American urban planning. At the Chicago Exposition, buildings were arranged in harmony with their site and with each other. The grounds and architecture reflected a unity of expression throughout. All of these ideas of stylistic unity, symmetry, and monumentality were utilized in the planning of the J.N. Adam Memorial Hospital. The hospital buildings were certainly monumental, unified and arranged in such a fashion as to exploit the panoramic view as much as possible.

The feeling that the hospital emitted was less an atmosphere of sickness than the mood of a country resort. While patients were being healed, they enjoyed a pleasant atmosphere that helped speed the process of recovery. The patient's well-being was important at the J.N. Adam Memorial Hospital, where one of the main concerns was the patient's spirits. To keep sufferers' minds diverted from their illness and to relieve the boredom which accompanied the long recovery period, the institution sought to create a pleasant atmosphere. The dining room of the hospital was especially planned to serve as the indoor social area as well as the place where meals were served. Movies and card parties as well as other social events were regularly held there.

The round, dome-covered dining room was planned as the hospital's grandest interior space. According to hospital tradition, the glass in the oculus was a gift of Mayor Adam,⁶ and came from the dome of the Temple of Music, the most ornate building at the Pan American Exposition,⁷ and the site of President William McKinley's assassination. However, no documentary evidence is currently available to substantiate this claim. Newspaper accounts of the hospital's dedication on November 12, 1912, fail to mention the oculus, and Coxhead's original drawings, which may have indicated the dome's provenance, are missing.

John Coxhead, the architect who designed original portions of the hospital, designed a number of buildings in Buffalo. His most famous work is the Delaware Avenue Baptist Church (1894-95). The Perrysburg hospital was his largest work in Western New York. Later in his career, after he left Buffalo for Washington D.C., he went on to design a number of Veterans' Administration hospitals. Models of some of these were exhibited at the Century of Progress' World's Fair held in Chicago in 1933.

NPS Form 10-900-a
10-900

OMB No. 1024-0018
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United States Department of the Interior
National Park Service

**National Register of Historic Places
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#8 Significance (continued)

Footnotes

9. Major Bibliographical References

J.N. Adam Memorial Hospital, Grit-Grin, Perrysburg, New York, 1915-1935

Blake, Joseph J., and Associates Incorporated, Appraisal of J.N. Adam Hospital for New York State Department of Mental Hygiene, 1971.

10. Geographical Data

Acreage of nominated property _____

Quadrangle name _____

Quadrangle scale _____

UMT References

A

Zone	Easting	Northing

C

E

G

B

Zone	Easting	Northing

D

F

H

Verbal boundary description and justification _____

List all states and counties for properties overlapping state or county boundaries

state _____ code _____ county _____ code _____

state _____ code _____ county _____ code _____

11. Form Prepared By

name/title Michele Ryan

organization _____

date January 20, 1985

street & number 490 Taunton Place

telephone (716) 838-2105

city or town Buffalo

state New York

12. State Historic Preservation Officer Certification

The evaluated significance of this property within the state is:

____ national ____ state ____ local

As the designated State Historic Preservation Officer for the National Historic Preservation Act of 1966 (Public Law 89-665), I hereby nominate this property for inclusion in the National Register and certify that it has been evaluated according to the criteria and procedures set forth by the Heritage Conservation and Recreation Service.

State Historic Preservation Officer signature _____

title _____

date _____

For HCRS use only

I hereby certify that this property is included in the National Register

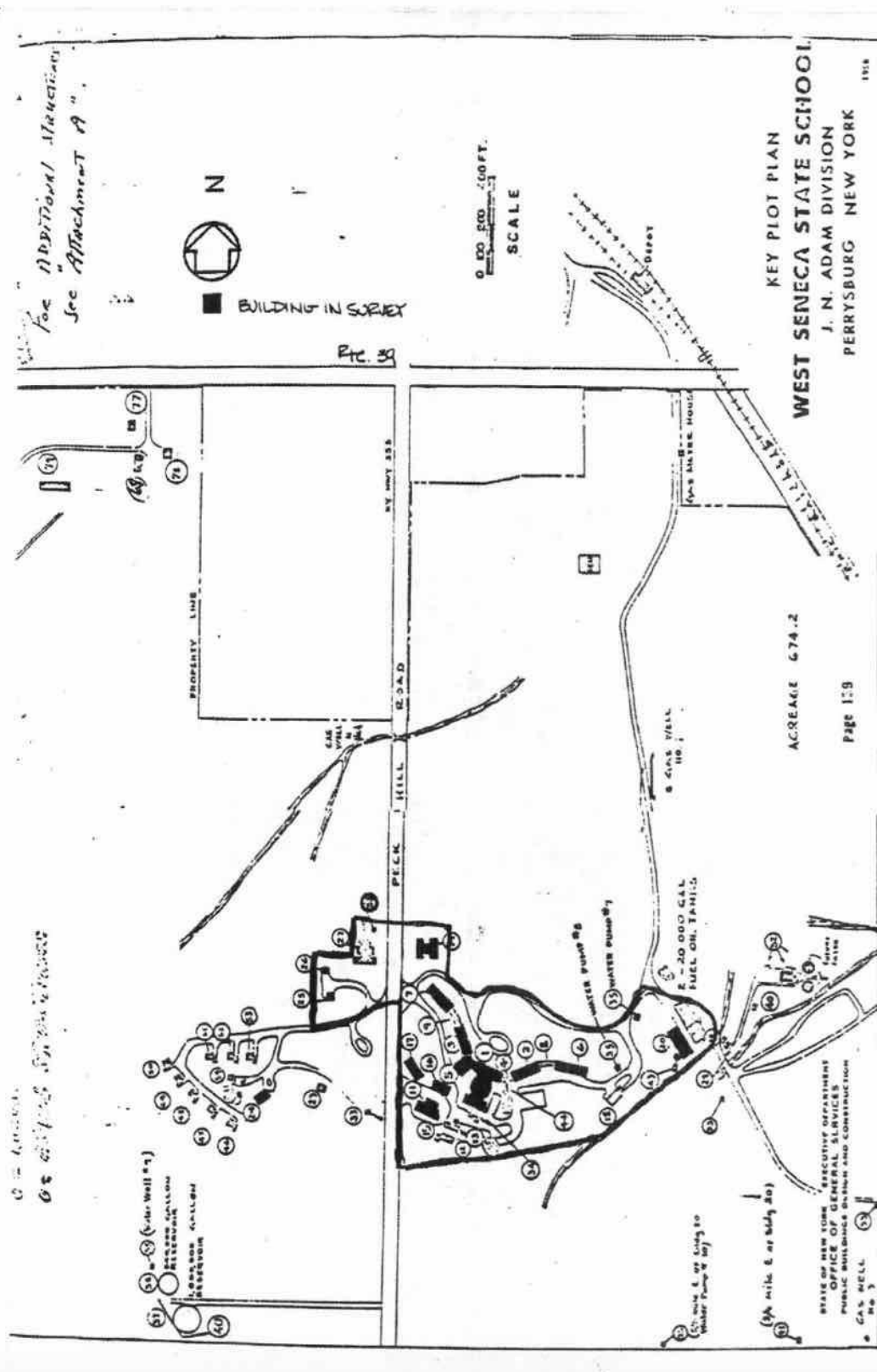
date _____

Keeper of the National Register

Attest:

date _____

Chief of Registration



SPHINX - PR USN Search Result			Page 2 of 2
00926.000012	L	PECK HILL RD (WEST SIDE) BLDG 27/GREENHOUSE (1928) J. N. ADAM MEMORIAL HOSPITAL	Building
00926.000013	L	PECK HILL RD (WEST SIDE) BLDG 33/GAS PRESSURE REGULATOR HOUSE (1912) J. N. ADAM MEMORIAL HOSPITAL	Building
			Page 1 of 1
http://sphinx/SI/SR_usn_srch_rslt.asp			6/8/2012

Litigation Regarding Attempted Sale

In 1998, the Empire State Development Corporation (“ESDC”) made preparations to sell most of the J.N. Adam property through a bidding process, after the JN Adam complex was closed seven years earlier in 1991 – *but likely when it was still somewhat functional*. The bidding process produced a high bid of just \$300,000. The bidder was Trathen Land Company, a timber / logging company that wanted to harvest / strip the site of its timber. However, the City of Buffalo rejected the sale and declined to release the Reverter. Litigation ensued, and the complex has continued to be abandoned since 1991.

Subsequent to the rejection by the City Council of the City of Buffalo, suit was filed in the Supreme Court of Cattaraugus County. Following is the transcript and Opinion of the Court concerning the suit.

Matter of Kuzma v City of Buffalo 2006 NY Slip Op 50338(U) [11 Misc 3d 1061(A)]

Decided on March 8, 2006 in the Supreme Court, Cattaraugus County

Himelein, J. - Published by New York State Law Reporting Bureau pursuant to Judiciary Law § 431. This opinion is uncorrected and will not be published in the printed Official Reports.

Supreme Court, Cattaraugus County

In the Matter of the Application of **Michael Kuzma, as President of the Friends Of J.N. Adam**, the **Hon. David Franczyk, Council President of the City of Buffalo Common Council**, Carol Littlebrant, And J. David Swift, **Petitioners** For a Judgment Pursuant to Article 78 Of the Civil Practice Laws and Rules

Against

The City of Buffalo, the Empire State Development Corporation (“ESDC”), Dormitory Authority of the State of New York (“DASNY”), the Office of Mental Retardation (“OMRDD”) and Developmental Disabilities of the State Of New York, and Thomas S. Trathen, as Managing Member of the Trathen Land Company, LLC, **Respondents**

In 1998, the Empire State Development Corporation (“ESDC”) made preparations to sell most of the J.N. Adam property through a bidding process. On January 13, 1998, the **New York State Office of Parks, Recreation and Historic Preservation (“OPRHP”)** informed ESDC that the sale of J.N. Adam would "have no impact on cultural resources in or eligible for inclusion in the State and National Registers of Historic Places". On December 16, 1998, ESDC issued a negative declaration under the State Environmental Quality Review Act (“SEQRA”).

In November 1999, ESDC put the Property, consisting of 649 of the original 675

acres **plus approximately 40 buildings**,¹⁹ out for bid. However, only one bid was received and it was rejected as insufficient. In September 2003, ESDC again issued an invitation to bid and accepted the bid of the Trathen Land Company, the highest of the three bids it received. Different agencies approved the bid but ESDC could not convey the Property because Buffalo had not yet released its reversionary interest.

*Trathen then commenced an action to quiet title and moved for summary judgment on the grounds that the Property had ceased being used to care for developmentally disabled people in April 1993, and because Buffalo did not seek to recover possession of the Property within 10 years of that time, Real Property Actions and Proceeding Law § 612 cut off Buffalo's reversionary interest in the Property. This court denied the summary judgment motion because of claims that at least five of the original J.N. Adam buildings were used to care for [*2] developmentally disabled people until 2004, and at least eight buildings on the grounds continued to be used for that purpose today (see **Trathen Land Co., LLC v. City of Buffalo**, 9 Misc 3d 1117 (A), 2005 WL 2496494).* That action is now going through the discovery process. **In the meantime, on August 10, 2005, the Buffalo Common Council voted to sell the city's reversionary rights to Trathen.**

In the instant case, **petitioners** include the **President of the Friends of J.N. Adam**, an unincorporated association that opposes development of the J.N. Adam Property; **residents of the Town of Perrysburg** who also oppose the development; and **the President of the Buffalo City Council**. They commenced an Article 78 proceeding, which seeks to review Buffalo's approval of the sale of the J.N. Adam Property and obtain an injunction preventing any further action in furtherance of the sale. Petitioners contend that (1) SEQRA has not been complied with; (2) the Public Building Law ("PBL") has been violated; (3) the Parks, Recreation and Historic Preservation Law ("PRHPL") has also been violated; and (4) the Property cannot be sold because of the New York State Trust Doctrine.

The [New York] State **respondents** have moved to dismiss the petition pursuant to CPLR 7804 (f) on the grounds that the SEQRA, PBL, and PRHPL causes of action are premature because there has been no final administrative determination on those issues. They also claim that the allegations in the fourth cause of action fail to state a cause of action. Buffalo has also moved to dismiss on the grounds that the action is premature and on the further ground that its release of its reversionary rights is not an action that requires compliance with SEQRA. Petitioners oppose those motions and have cross-moved for summary judgment on the pleadings.

The state respondents contend that the SEQRA, PBL and PRHPL claims are premature because respondents have not made a final determination of their

¹⁹ See Note 1 in this report.

obligations under any of the relevant statutes. They note that after this litigation had begun, OPRHP informed them that its letter of January 13, 1998 was incorrect and **that J.N. Adam had been eligible for listing on the State Register of Historic Places since 1985**. The state respondents then began the consultations that the PBL and PRHPL require and those consultations are ongoing. Further, this new information requires ESDC to revisit its 1998 negative declaration and decide if it must make a further review under SEQRA but ESDC claims it cannot do so until the other issues are resolved.

Petitioners reply that, while they are pleased that respondents will revisit these issues, the court should void the state's contract with Trathen to insure that any continuing review will not simply be a post hoc affirmation of a decision that has already been made. Implicit in that contention is a fear that, if the petition is dismissed, quick action on the part of respondents will deprive petitioners of their day in court until after the Property is transferred to Trathen. The court is dubious of its authority to void the contract.

Ruling

The state respondents' motion to dismiss pursuant to CPLR 7804 (f) is granted in part and denied in part. Public Buildings Law §63 requires OMRDD to consult with OPRHP with respect to **any building eligible for listing on the State Register of Historic Places**. Parks, Recreation and Historic Preservation Law §14.09 requires that OPRHP be informed of any project that might impact a building listed on the register. If the building or site would be adversely affected, the agency must also consult OPRHP to explore alternatives. Once the state respondents learned that **the site was eligible for listing on both the State and National Registers of Historic Places**, they began the consultations required by the statutes and those consultations are ongoing [as of 2006].

Included in the state respondents' moving papers was an affidavit from **Nathan Cohen, assistant director of facilities and capital services for OMRDD, attesting that the state respondents are presently consulting with OPRHP about J.N. Adam's historic attributes**. Petitioners contend only that these consultations cannot take place after the bidding process is over and contracts are signed; ***with no authority cited, this court is unable to reach that conclusion and the motion to dismiss the PHL and PRHPL causes of action is granted.***

Turning to the SEQRA issue, case law appears to be all over the lot as to when a SEQRA claim is ripe for an Article 78 challenge (see Justice Keegan's comparisons in *Entergy Nuclear Indian Point 2, LLC v. New York State Dept. of Environmental Conservation*, 3 Misc 3d 1070, 777 NYS2d 591 [S.Ct. Albany Co. 2004]). However, in *Stop-the-Barge v. Cahill* (1 NY3d 218, 771 NYS2d 40 [2003]), the Court of

Appeals determined that a conditioned negative declaration was a final determination, which triggered the four month statute of limitations applicable to Article 78 actions (see also *Gordon v. Rush*, 100 NY2d 236, 762 NYS2d 18 [2003] [positive declaration under SEQRA a final administrative action ripe for review]).

Given that the negative declaration may be deemed a final determination, the question becomes whether the state respondents' concession that "further review may be required by OPRHP's letter to ESDC of October 26, 2005" means that there is no longer a final determination on this point. **Dermot Kelly, a vice-president of ESDC**, submitted an affidavit indicating that ESDC cannot make the determination whether further SEQRA review is necessary until the consultation process with OPRHP has concluded. That strikes the court as much too speculative to hold that a final determination has not been made, particularly since a negative declaration was made previously. Accordingly, the motion to dismiss the SEQRA cause of action as premature is denied.

The fourth cause of action alleges that the J.N. Adam Property is a de facto park and therefore, cannot be alienated without legislative authorization. The state respondents move to dismiss that cause of action on the grounds that the legislature, in the legislation referenced earlier (see L 1993, ch 723; L 1994, ch 208; see also L 1995, ch 83) has authorized the transfer. The court believes that the de facto park claim fails to state a cause of action and, even if that were not the case, the transfer of the Property was authorized by the legislature.

The public trust doctrine provides that parkland is impressed with a public trust and thus, cannot be sold or used for non-park purposes without legislative approval (see *Friends of Van Cortlandt Park v. City of New York*, 95 NY2d 623, 727 NYS2d 2 [2001]; *Miller v. City of New York*, 15 NY2d 34, 255 NYS2d 78 [1964]). Petitioners contend that the J.N. Adam campus is a de facto park, notwithstanding that Buffalo retained a reversionary interest in the Property until it was transferred to Trathen in August 2005. Petitioners cite no authority demonstrating that the public trust doctrine can be applied in these circumstances. *Were the court to somehow find that the J.N. Adam campus has magically become parkland subject to the public trust doctrine, the court would also find sufficient legislative authorization for the sale of the Property. Accordingly, the motion on the public trust ground is also granted.*

Finally, Buffalo's motion to dismiss is also granted. While there is no final SEQRA determination, that is not dispositive of Buffalo's motion. Buffalo contends that its release of its Reverter rights is not an action that requires SEQRA review, and that contention appears to be correct (see *Briody v. Village of Lewiston*, 188 AD2d 1017, 591 NYS2d 909 [4th Dept. 1992], lv. denied 81 NY2d 710, 600 NYS2d 197 [1992]). As in *Briody*, the simple transfer of the Property does not commit any party to actions that would require SEQRA review.

Accordingly, the state respondents' motions to dismiss the PHL, PRHPL and public trust causes of action are granted. The state respondents' motion to dismiss the SEQRA cause of action is denied. Buffalo's motion to dismiss the SEQRA cause of action against Buffalo is granted. This decision renders moot petitioners cross motion for judgment on the pleadings on the PBL, PRHPL and Trust Doctrine causes of action. On the SEQRA cause of action, petitioner's motion is denied. Pursuant to CPLR 7804 (f), respondents are permitted to answer within five days after service of the order with notice of entry.

Subsequent to the decision of the Court on **March 8, 2006**, the transfer of the Property to Trathen Land Company, LLC was effectively terminated, and as a result, the subject Property continued to remain abandoned and left to continue to deteriorate.

State Law

Nine years later, in June 2015, State Senator Catharine Young began the process of, and was successful in getting a bill passed in the NY State Senate on November 10, 2015, to study the alternatives for the subject Property, which is the basis for the MARKETING STUDY AND STRATEGIC PLAN, and the separate narrative APPRAISAL REPORT. The press release concerning this legislation, known as Senate Bill S4784C, follows:

Senate Bill S4784C

Progress Ahead for Former J.N. Adam Developmental Center

CATHARINE YOUNG

June 24, 2015

Recently passed legislation directs the state to produce a report on the best uses for the property

ALBANY – The long-vacant J.N. Adam site could soon see progress toward development following action by the state Legislature.

Under [legislation](#) passed by Senator Catharine Young (R,C,I– Olean) and Assemblyman Joseph Giglio (R,C,I- Gowanda), the commissioners of the state Office of General Services (OGS) and Office for People with Developmental Disabilities (OPWDD) will produce a report on the best and alternative uses for the property. The report is required to include recommendations from local government officials including the Perrysburg Town Supervisor and Perrysburg Town Board members, Buffalo Mayor and Buffalo City Council members, along with recommendations from state agencies including Empire State Development Corporation; the Office of Parks, Recreation and Historic Preservation; and the Department of Environmental Conservation.

The bill also requires that at least two public hearings be held as part of the study,

including one in Perrysburg and one in Buffalo.²⁰

“The Perrysburg community deserves to have the state and local governments address the issues confronting the J.N. Adam facility. Numerous problems have plagued the site since the state effectively abandoned it 24 years ago. The situation is further complicated because the City of Buffalo may continue to have a legal interest in the property. **It is derelict, a risk to public safety, costs taxpayers money, and an eyesore that hampers community development.** This legislation will advance the best interest of both the state and the community,” said Senator Young.

“The J.N. Adam facility has become known for its deteriorating condition. As long as it remains in its current state, it will continue to be a dangerous place, attracting unlawful urban explorers and others who risk illness, injuries or worse when entering the property. Safety mechanisms put in place have not worked, and town residents and local government officials have asked for progress to be made,” Senator Young continued.

“The community of Perrysburg and the surrounding area has dealt with a large, decaying, and dangerous eyesore owned by the State of New York in the middle of the town center for nearly 20 years,” said Assemblyman Joe Giglio. **“The cleanup and disposition of the J.N. Adam property is long overdue,** and this legislation is a step in the right direction. It is important to recognize and thank the Perrysburg community and officials for their advocacy and patience, as well as Senator Young and Assembly member Crystal Peoples-Stokes. I’m hopeful that this legislation will begin the productive process of finding an end use for the J.N. Adam property in the Town of Perrysburg.”

“The J.N. Adam facility is in deplorable condition and it's time that something is done about it. I applaud my colleagues, Assemblyman Giglio and Senator Young, for their efforts, and I'm glad we were able to move the legislation forward. This is indeed progress,” said Assemblywoman Crystal D. Peoples-Stokes, Chair, NYS Assembly Committee on Governmental Operations.

Dennis Stopen, Supervisor for the Town of Perrysburg said, “We appreciate the support of Senator Young and Assemblyman Giglio regarding what they did by introducing the two bills regarding the J.N. Adam property. It has been a problem for our town for many years, so the Town Board of Perrysburg, myself and Mary Denea, of the J.N. Adam Citizen's committee, want to say thank you so much for your efforts on our behalf.”

²⁰ *We have been unable to learn whether such Public Hearings have ever been held.*

Originally transferred to the State in 1948, the former J.N. Adam Developmental Center in Perrysburg, which consists of 44 buildings²¹ that were constructed between 1912 and 1951, was first used as a tuberculosis hospital and then later as a state-run residential and treatment facility by the then-Office of Mental Retardation and Developmental Disabilities, which later became OPWDD. *In 1991, OPWDD determined that the majority of the 670-acre parcel was no longer needed; but the agency retained approximately 16 acres for the maintenance of a group home.*

Since 1991, many of the buildings, most of which contain asbestos and lead paint, have begun to rot and deteriorate at a rapid pace. The Town of Perrysburg has now identified the site as a potential health hazard due to the continued neglect, disrepair, and lack of security.

Efforts have been made over the years to place the Property up for sale. However, several legal impediments, including a right of reverter clause held by the City of Buffalo, and numerous environmental concerns have been barriers to the ultimate sale of the property.

Under the plan put forward by Senator Young and Assemblyman Giglio, the state, jointly with the Town of Perrysburg and the City of Buffalo, will examine and report back by December 31, 2016, on best uses for the J.N. Adam Developmental Center. The report would be required to include a number of specific factors, including: an accurate survey; identification of parcels currently being used by OPWDD; any legal impediments to any conveyance and other future uses of the Property; the availability of funding for the temporary maintenance of the facilities; any improvements to the center which may be necessary to facilitate the sale of all or any portions of the Property; environmental and other remediation necessary; and the impact the sale of the Property, or any alternative plan, would have on the Town of Perrysburg and the surrounding communities.

“This is the most progress that has been made in years and it is a huge step forward in solving this problem. **Hopefully we will soon see a day when the Property no longer stands as an eyesore, but as a shining location in the community,**” Senator Young said.

The bill now heads to Governor Cuomo for approval. Residents concerned about the future of the J.N. Adam Developmental Center are strongly encouraged to contact the governor to express their support for making progress on the Property.

However, on November 20, 2015, Governor Cuomo **vetoed the bill in Memo 264**, citing a lack of available funding for the consultant costs. A copy of the law follows:

²¹ See Footnote 1 in this Report

STATE OF NEW YORK

4784--C

Cal. No. 1411

2015-2016 Regular Sessions

I N S E N A T E

April 15, 2015

Introduced by Sen. YOUNG -- read twice and ordered printed, and when printed to be committed to the Committee on Investigations and Government Operations -- committee discharged, bill amended, ordered reprinted as amended and recommitteed to said committee -- reported favorably from said committee and committed to the Committee on Finance -- reported favorably from said committee and committed to the Committee on Rules -- ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading -- again amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to direct the commissioner of general services and the commissioner of the office for people with developmental disabilities to study and report on the most appropriate uses of the J.N. Adam developmental center

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. The commissioner of general services and the commissioner
2 of the office for people with developmental disabilities shall jointly
3 examine, evaluate, and make a report concerning the most appropriate
4 uses of the J.N. Adam developmental center (the center), generally
5 described in section two of this act. The commissioners shall prepare
6 such report in conjunction with, and shall consider and include in such
7 report the recommendations of, the empire state development corporation,
8 the office of parks, recreation and historic preservation, the depart-
9 ment of environmental conservation, the mayor of the city of Buffalo,
10 the city council of the city of Buffalo, the supervisor of the town of
11 Perrysburg, and the town board of the town of Perrysburg. Such report
12 shall include, but not be limited to, an examination of: any legal
13 impediments to any conveyance and other future uses of the real property
14 constituting the center; the availability of funding for the temporary
15 maintenance of the facilities of such center; any improvements to such

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets
[] is old law to be omitted.

LBD10485-10-5

S. 4784--C

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1 center which may be necessary to facilitate the conveyance of all or any
 2 portion thereof; environmental and other remediation necessary, includ-
 3 ing cost estimates, to facilitate the conveyance or any other disposi-
 4 tion of such center; and the impact of any such conveyance or any other
 5 disposition upon the town of Perrysburg, county of Cattaraugus, and
 6 surrounding municipalities, including the city of Buffalo. Such report
 7 shall also include a complete and accurate survey and description of the
 8 lands constituting the center, which shall distinguish parcels that are
 9 currently being used by the office for people with developmental disa-
 10 bilities, and identify other such parcels as appropriate. Such report
 11 shall be submitted to the governor, temporary president of the senate,
 12 and the speaker of the assembly on or before December 31, 2016. Such
 13 report shall also be posted on the website of the office of general
 14 services and the office for people with developmental disabilities for
 15 at least eighteen months after such date, and shall otherwise be made
 16 available for public inspection consistent with article 6 of the public
 17 officers law.

18 S 2. The lands subject to the provisions of this act, constituting the
 19 center, situate in the town of Perrysburg, county of Cattaraugus,
 20 consists of approximately 649 acres of both developed and undeveloped
 21 land, and shall include any structures thereon.

22 S 3. No later than 90 days prior to December 31, 2016, at least two
 23 public hearings shall have been held to solicit public input concerning
 24 appropriate uses for the center. At least one such public hearing shall
 25 be held in the town of Perrysburg, and at least one shall be held in the
 26 city of Buffalo.

27 S 4. This act shall take effect immediately.

A year later, however, Senator Young prevailed in getting the bill passed, as follows:

***Enacted Budget Includes Funding For Progress on Former J.N. Adam
 Developmental Center***

CATHARINE YOUNG,

April 01, 2016

***\$235,000 included to study the most appropriate use and redevelopment
 potential for the site***

ALBANY – Senator Catharine Young (R,C,I- 57th District), Chair of the Senate Finance Committee today announced that the final state budget includes \$235,000 to fund a study of the potential uses for the former J. N. Adam Developmental Center in Perrysburg.

The budget funding is the latest effort by Senator Young and Assemblyman Joseph

Giglio (R,C,I– Gowanda) to advance the long-vacant J.N. Adam site toward a new future. “Getting this funding included in the state budget was a necessary step toward progress that has been years in the making, and it is a huge step forward in solving the ongoing problems at the site. Assemblyman Giglio and I fought hard to get this funding included, because the members of the Perrysburg community deserve to have their state and local governments address the issues confronting the facility,” said Senator Young.

Last year, legislation authored by Senator Young and Assemblyman Giglio called for the state to produce a report on the best and alternative uses for the Property. However, Governor Cuomo ultimately vetoed the bill because of the potential fiscal impact that would be imposed on the state agencies tasked with producing the report. The report will now be able to advance, because of the funding secured by Senator Young and Assemblyman Giglio.

Under the details of the funding, the study will analyze the historic significance of the existing buildings that comprise the center, and determine their potential for reuse. The report will be produced in consultation with the commissioners of the Office for People with Developmental Disabilities (OPWDD), the Empire State Development Corporation, the Office of Parks, Recreation and Historic Preservation, and the Department of Environmental Conservation (DEC). The study will also give the state agencies the opportunity to solicit input from the public.

Once completed, copies of the study and analysis will be provided to the governor, the Legislature and local officials representing Cattaraugus County, the Town of Perrysburg, and the City of Buffalo.

NRER Scope of Work

As discussed in the prior **Scope of Work** section, among the tasks that NRER will address in this report will be the following issues, which will be addressed in this section, below:

- Clarify the “Historic” implications for the subject Property. There are three major categories of real estate that are currently termed “historical properties”:
 - Properties that are associated with events or persons important in the past development of the United States,
 - Properties that demonstrate styles of architecture, building construction, or engineering, and / or,
 - Properties that express a particular culture or place.

NRER Comment in Response: The three major categories listed above that are the basis for the “Historic” arguments on behalf of some sort of restoration or reuse of the subject J.N. Adam complex appear to center around three issues: (1) the overall design of the buildings by the architect, John Coxhead; (2) their use as a TB Hospital; and most importantly (3) the historical significance of the dome in the Dining Hall Rotunda, which allegedly came from the Temple of Music Exposition in Buffalo in 1901, under which the assassination of President William McKinley occurred.

First, Item #3 - The Temple of Music was a concert hall and auditorium built for the Pan-American Exposition, which was held in Buffalo in 1901. U.S. President William McKinley was assassinated inside the building on September 6, 1901. The structure, like most of the other buildings at the exposition, was demolished when the fair ended. A popular local legend holds that a stained glass dome in the now-vacant J.N. Adam Memorial Hospital in Perrysburg, New York, was salvaged from the Temple of Music.

According to the Historic Nomination Form description, *“The round, dome-covered dining room was planned as the hospital’s grandest interior space. According to hospital tradition, the glass in the oculus was a gift of Mayor Adam, and came from the dome the of the Temple of Music, the most ornate building at the Pan American Exposition, and the site of President William McKinley’s assassination.”* However, no documentary evidence is currently available to substantiate this claim. Newspaper accounts of the hospital’s dedication on November 12, 1912, fail to mention the oculus, and Coxhead’s original drawings, which may have indicated the dome’s provenance, are missing.

Furthermore, other written reports also do not substantiate this claim. According to several sources cited, “a visual comparison between the hospital’s dome²² and this rendering²³ of the Temple of Music shows no resemblance between the two.”

- Further, among the **Scope of Work** “Historic” issues to be address and the questions to be answered are the following:
 - Investigate and identify the significance of the Property in the history of the United States and to its region, state, community, or neighborhood. What is its architectural, and / or cultural significance as it relates to a historical figure or event?
 - Determine what designations the Property has or is it eligible for in recognition of its significance?

²² ["Licata, Elizabeth. J.N. Adam Memorial Hospital. Buffalo Spree, December 2010"](#)

²³ ["Art Nouveau and Other Expressions: Rediscovering the Architecture of Esenwein & Johnson. Buffalo and Erie County Historical Society, 2007". Buffalohistory.org.](#)

- Confirm whether the Property eligible for historical rehabilitation tax credits or other tax credits?
- Confirm whether the Property is eligible for grants, low-interest loans, and other benefits?
- Determine whether the Property is encumbered by, or eligible for, a preservation or conservation easement?

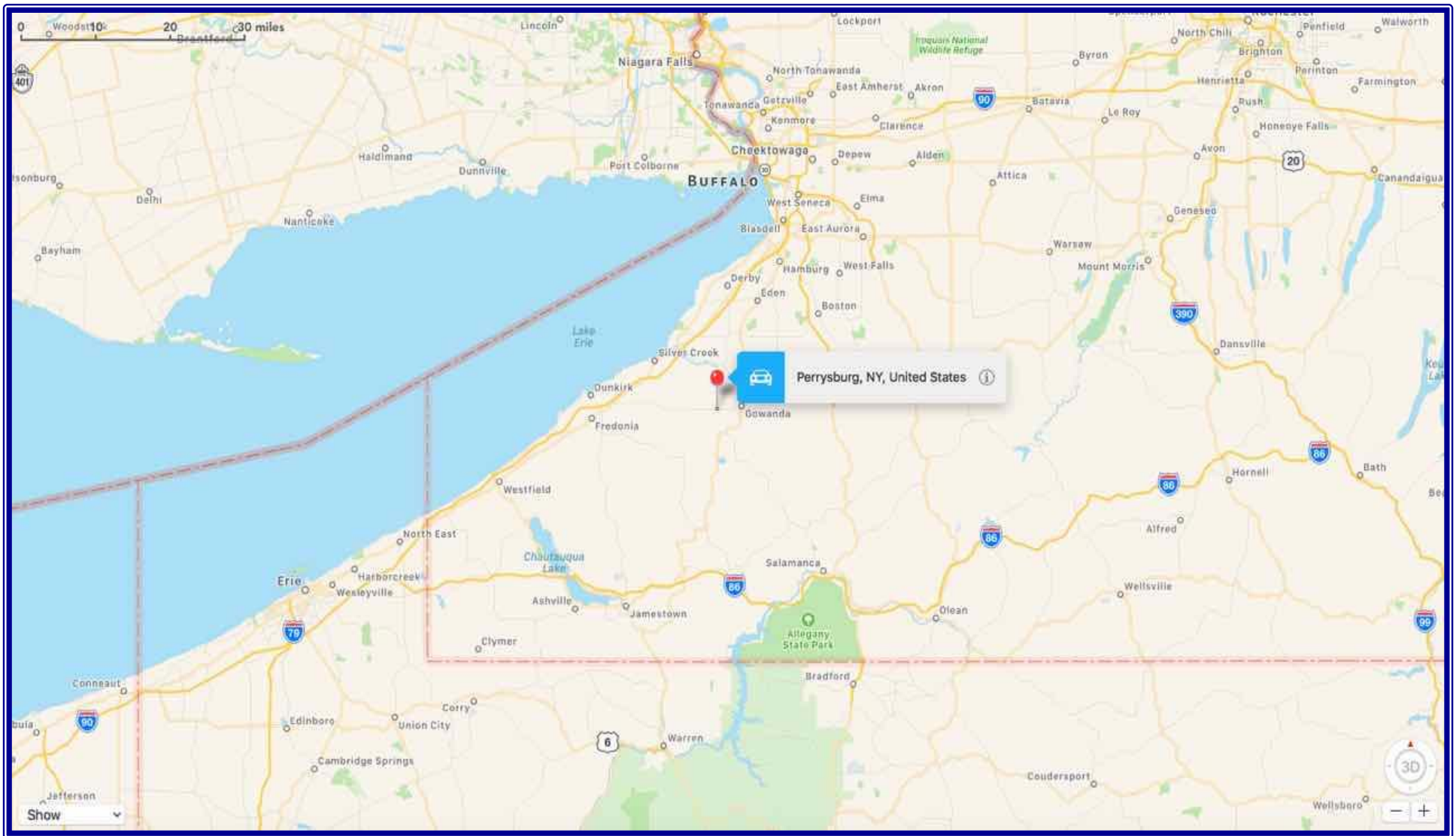
NRER Comment in Response: The significance of the Property in US history and in the Western New York region, the Buffalo / Perrysburg community or neighborhood is clear. It was a major local healthcare facility during the early and mid 20th Century – between 1910 and 1991. However, what is its architectural, and / or cultural significance as it relates to a historical figure or event? This latter question all hinges upon the veracity of the contention that the dome is in fact the same dome from the Exposition. It is apparent that knowledgeable authorities disagree on this point.

According to Ms. Jennifer Walkowski, the Historic Preservation Specialist in the National Register Unit – Western NY Region, the subject Property WAS *ELIGIBLE* in the 1980's when the nomination form was submitted, and when J.N. Adam was described as being "IN EXCELLENT CONDITION." However, that nomination form was never forwarded for listing to the New York State or National Registers of Historic Places. J.N. Adam remains eligible for both Registers. However, if there ever were interest in having this nomination forwarded for listing, the Division for Historic Preservation would need to have a new nomination prepared. Given its current deteriorating condition, and the lack of adequate support for its most compelling argument, i.e., the origin of the dome, it is extremely unlikely to imagine that a new nomination form would have any chance at success in 2017 and beyond.

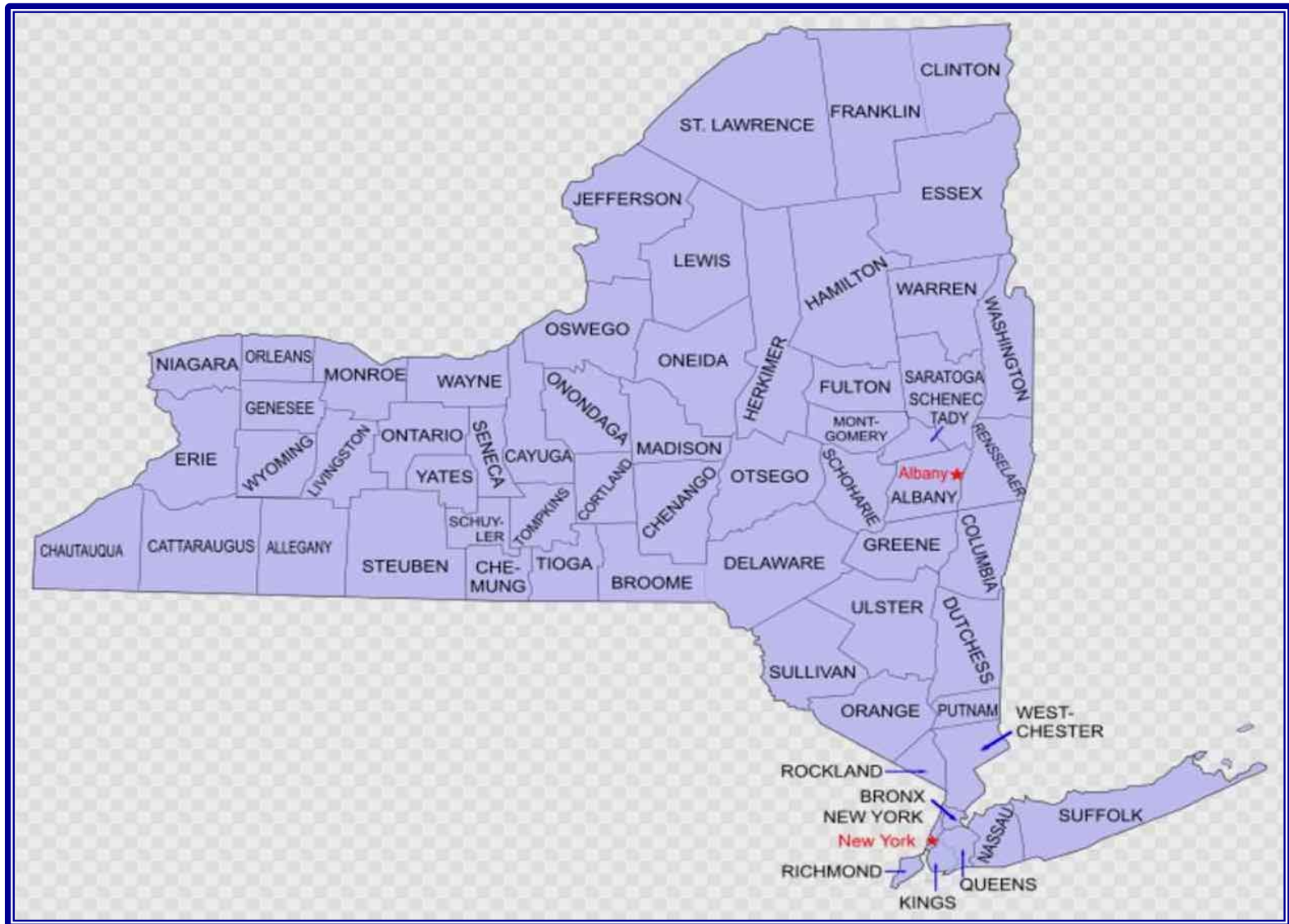
Being listed in the State and National Register is a boost for property owners to revitalize their buildings, as it makes them eligible for various public preservation programs and services such as matching state grants and state and federal historic rehabilitation tax credits. Spurred by the state and federal historic rehabilitation commercial tax credits administered by the State Historic Preservation Office, developers invested \$500 million statewide in 2014 to revitalize properties listed on the National Register of Historic Places, while homeowners using a tax credit invested more than \$9.8 million statewide on home improvements to help revitalize historic neighborhoods. However, given its current physical and environmental condition, whether the J.N. Adam Property is eligible for grants, low-interest loans, and other benefits is unanswerable. The current owner is the People of the State of New York. It is a redundant issue, as NYS is not in the redevelopment business.

Finally, it is highly unlikely that the Property is encumbered by, or eligible for, a preservation or conservation easement, and such an easement would serve no point. The basis for a conservation easement is a federal tax benefit to the Grantor.

REGIONAL LOCATION



NEW YORK STATE COUNTIES

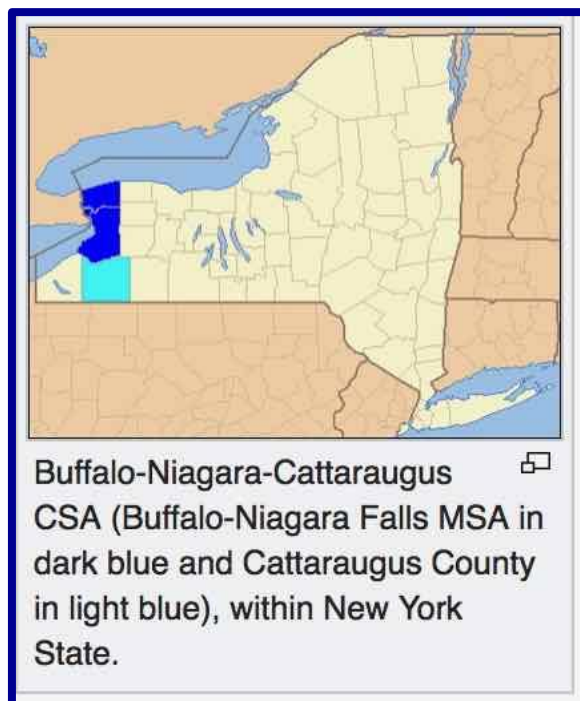


REGIONAL AREA ANALYSIS

The Regional Area Analysis is an examination of the area in which the subject Property is found. Its purpose is to determine the relationship between that area and its effect on the quantity, quality, and duration of the subject property's future income stream. The value of real property reflects and is influenced by the interaction of basic forces that motivate activity. These forces, sometimes referred to by the acronym "PEGS," are divided into four major categories: physical and environmental conditions, economic circumstances, governmental controls and regulations, and social trends. The interaction of all these forces influences the value of every parcel of real estate in the market. These forces are dynamic, they are constantly changing, and both exert pressure on, and are affected by human activities. Therefore, current conditions must be analyzed with trends in the forces that influence value to detect the direction, speed, duration, strength, and limits of these trends.²⁴

Real estate improvements are provided in response to demand generated by a population with effective household purchasing power. The number of households is the primary determinant of demand for several types of real estate. The demand for commercial and industrial real estate is created by a population's demand for goods and services to be produced or distributed at these sites. Hotel demand also depends upon growth in commercial real estate, to serve the needs of business travelers. The demand for housing is a result of population growth, with acceptable levels of income, which in turn is a result of the availability of jobs. Multifamily housing demand is specifically influenced by the growth or decline in the job market. Consequently, the measurement of trends that impact the formation of households and their household characteristics, and the economics of households and job growth are crucial to the analysis.

We have examined the Buffalo–Niagara–Cattaraugus Combined Statistical Area ("CSA") regional economy to substantiate its economic health, and the likely prospects for continued residential and commercial real estate market activity. Although the four forces provide convenient categories for examining general regional data, it is their interaction that creates trends and ultimately influences property value. In the narrative that follows, we will identify and discuss these trends and influences.

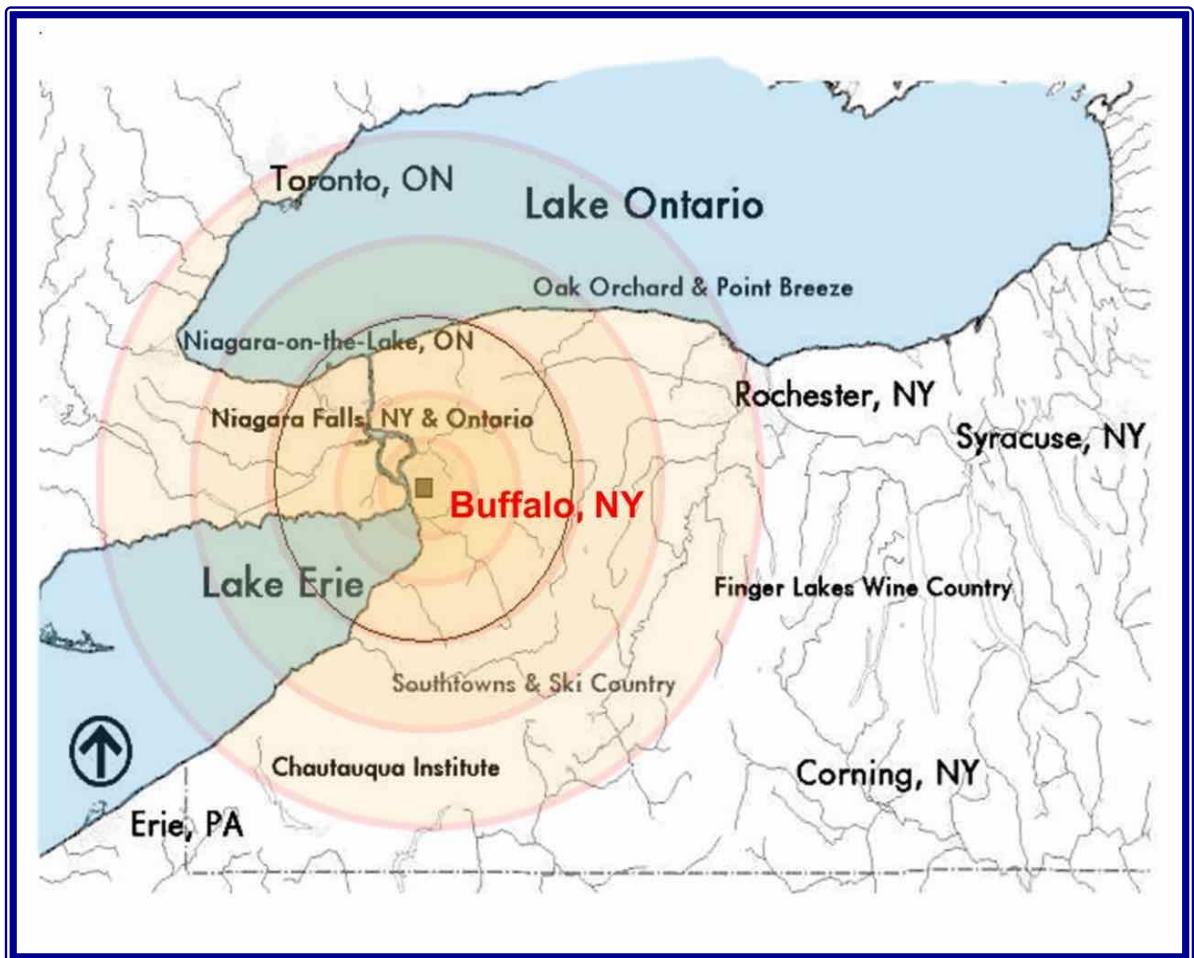


²⁴ "Foundations of Appraisal," *The Appraisal of Real Estate*, 9th Ed., Appraisal Institute, pg. 4 and 135

Physical, Environmental and Historical Forces

The subject Property is situated within the Buffalo – Niagara - Cattaraugus Combined Statistical Area (“CSA”), which is designated by the US Census Bureau as made up of the three counties in western New York - Erie, Niagara and Cattaraugus as shown in the table on the prior page. This statistical area includes one metropolitan area (the City of Buffalo) and one micropolitan area. As of the 2010 Census, the CSA had a population of 1,215,826. It is part of the Great Lakes Megalopolis, which contains an estimated 54 million people.

This geographic area is also referred to as the Western New York Region - an area that includes the Buffalo - Niagara metropolitan area - comprised of Erie and Niagara counties - plus the addition of Allegany, Cattaraugus and Chautauqua counties. This area covers approximately 4,974 square miles and shares a border with Canada located along Lake Erie and Ontario. The subject Property straddles the boundary of, and is situated within both the Town and Hamlet of Perrysburg, a locale that lies in the northwest corner of Cattaraugus County, and which in turn is contained within the CSA but is outside of the borders of the Buffalo MSA.



Buffalo MSA Overview

Conversely, the Buffalo - Niagara Falls MSA is a metropolitan area that encompasses just two counties – Erie and Niagara. As of the 2010 census, the MSA had a population, of 1,135,509 inhabitants. It is the second largest metropolitan area in the state of New York, centered on the urbanized area of the City of Buffalo. By way of comparison, as of the April 1, 2010, the CSA, which adds Cattaraugus County and its 80,317 people, had a population of 1,215,826 inhabitants.

For analysis, MSA's nationally include 94 percent of the U.S. population - 85 percent in MSA's and 9 percent in micropolitan statistical areas ("MISA's"). Of 3,143 counties in the United States, 1,167 are in the 381 MSAs in the U.S. and 641 counties are in the 536 MISAs (1,335 counties are in non-metro areas). The Buffalo-Cheektowaga-Niagara Falls, NY MSA had a 2015 population of 1,135,230, which was the 50th ranked MSA in the United States.

City of Buffalo

Physical, Environmental and Historical Forces

Buffalo is called "The Queen City" and is the second largest city in the State of New York, but comprises only 41 square miles of land. It is the hub of the Buffalo - Niagara Region - as Buffalo goes, so goes the region. There is a population of approximately 1.3 million people in the surrounding Buffalo metropolitan area. Residents of Western New York can enjoy the urban lifestyle of cities such as Buffalo and Niagara Falls, combined with the small town character of communities nestled into the surrounding countryside.

Buffalo is strategically located in a bi-national multi-polar urban region sometimes known as the "Golden Horseshoe" (photo below). It is home to nearly ten million people and stretches from the Greater Toronto Area, around the western end of Lake Ontario, through the Niagara Peninsula and across Western New York, including the Buffalo and Rochester metropolitan areas.



REGIONAL LOCATION



JN ADAM DEVELOPMENTAL COMPLEX, PERRYSBURG, NY

In 2004 – the City of Buffalo published the most recent Buffalo Comprehensive Plan. According to the Plan “The Golden Horseshoe is [was] the fourth largest urban region in North America, and with a growth rate of 110,000 people per year, and the region was the second fastest growing major urban region on the continent. Most of the growth is on the Canadian side of this binational region but the future potential for investment and economic growth in the U.S. parts of the region, because of our proximity to our Canadian economic partners, is substantial and should be exploited.

Buffalo’s region is also frequently defined in terms of five or eight Western New York counties, sometimes for political or administrative purposes, such as in the program of the Empire State Development Corporation (ESDC). In 2004, their five-county region contained a population of 1,443,743 people. ESDC reports significant business investment and economic growth in this region, although mostly outside of core cities and older suburbs. However, is the two-county region comprising Erie and Niagara Counties, also known as the Buffalo-Niagara Falls MSA defines the core of a regional labor market, media market, a commuter-shed, a transportation planning area, and many other regional functions including ongoing efforts to improve metropolitan governance.

In all but the broadest definitions of this region, Buffalo has long been the dominant urban center, economically, politically, culturally and demographically. Over the past half century, however, Buffalo’s predominant position in the region has deteriorated as the urban core declined in population and the suburbs grew. In 1950 nearly two-thirds of the people in Erie County lived in the City of Buffalo. By the turn of the century, less than one-third of the population lived there.

Not only the core cities suffered, however. The combined population of Erie and Niagara counties peaked at about 1.35 million around 1970. By 2000 the population had declined to 1.17 million – a net loss of about 180,000. Yet, even as population leveled off and then dropped, the total area occupied by urbanization continued to grow – by 132 percent between 1950 and 2000. Even in the period of overall population decline, from 1970 to 2000, the urbanized area grew by a third. Urban sprawl has brought huge economic, social, and environmental costs, particularly for the core cities.

Operating expenditures for local governments in Erie and Niagara Counties have increased 65 percent in the ten-year period of 1994 – 2004 – nearly triple the rate of inflation – with no appreciable increase in services. In Buffalo, taking inflation into account, local home prices have actually dropped 24 percent over that same period. As assessments have declined, municipalities have been forced to raise taxes to maintain current services. As a result, by 2004, the finances of the City of Buffalo were clearly under heavy strain.

Historic Perspective

Around 1850, Buffalo became known as “the Queen City of the Great Lakes,” recognized by

the nation for its spirit of entrepreneurship, economic vitality, its great public institutions and a rich civic culture. Its citizens were rightly proud. Millard Fillmore coined the description “Queen City” in his 1847 address to the commencement ceremony of the Faculty of Medicine, the first department of the newly established University of Buffalo, of which Fillmore was chancellor. Buffalo had already built its economy on the basis of the “crowded wharves, glutted warehouses” and teeming tenements surrounding the Erie Canal terminus and harbor. Then, with the foundation of the University, Fillmore foresaw a new era for Buffalo, bringing benefits to the city, the surrounding countryside, and adjacent states.

Joseph Ellicott had laid out his celebrated radial street plan 43 years before Fillmore imagined Buffalo as the Queen City, but creating a city that lived up to the image did not happen overnight. It was 21 years later, in 1868, when William Dorsheimer took Frederick Law Olmsted driving on a Sunday afternoon and showed him the gently rolling farmland overlooking the city that Olmsted chose as the site for Delaware Park. It took decades to shape and implement the plans, the architecture, parks, parkways, enterprises and institutions that came to symbolize Buffalo. Piece by piece, layer by layer, the urban fabric was enriched, as Upjohn, Sullivan, Burnham, Richardson, Wright, Saarinen, Rudolph, Pei, Yamasaki and many others made their contributions.

For the balance of the 19th century, and well into the 20th century, the brand name Queen City of the Lakes suited Buffalonians' image of their city and themselves. They rejoiced in the beauty and advantages of their location beside Lake Erie, the Buffalo and Niagara Rivers. They savored the success of their burgeoning manufacturing and trade, their connections to and influence on the region and the wider world beyond the Great Lakes. They celebrated their churches, parks, and neighborhoods, and the sophistication of their arts, learning and architecture. They took justifiable pride in their city, exemplified by the city's bravura in staging the Pan American Exhibition in 1901.

During the 20th century, Buffalo's fortunes declined, influenced by changing international and national economic conditions, downward in the Depression, upward during World War II. In the last three decades of the century, the city endured a generation of hardship, loss and change. The City of Buffalo was in financial crisis, its leaders, working under the supervision of the Buffalo Fiscal Stability Authority, faced many difficult matters. However, in 2016, there is new hope that Buffalo has finally begun to emerge from this difficult period.

Linkages

Buffalo is the hub of a dense, complex and inter-modal transportation system that connects Buffalo to the region, the nation and the world. It encompasses the local street network, local and regional bus and rail transit, regional, national, and cross-border highway connections, mainline rail freight and passenger facilities, intercity bus service, marine connections to the state, the continent, and overseas, and scheduled passenger airline and airfreight service through the Buffalo Niagara International Airport.

The regional transportation system is owned, managed, and operated by a great number and variety of public and private entities. Because their facilities and services are interconnected and Buffalo sits at the hub of the system, the City must collaborate with them all. It also works closely with the Greater Buffalo Niagara Regional Transportation Council, the cooperative association of area governments charged with regional transportation planning.

The Buffalo / Niagara Falls regional transportation system consists of major transportation links. The New York State Thruway and various major interstate highways and expressways provide the opportunity for significant international travel by connecting four USA / Canada international bridge crossings with the rest of the State to the east, south and southeast.

There are over one million people residing in Erie County and nearly one-third of these are residents of the City of Buffalo. The City of Buffalo represents the central location of the urbanized area for the Niagara Frontier region. Erie County ranks first among the counties in the state in having the largest number of high volume state maintained lane miles, with approximately 1,724 lane miles in the non-toll interstate category.

By Water

Waterborne shipping has always been and continues to be an important element in the regional transportation system. Access to ports includes the Port of Buffalo, located on the Great Lakes System with access to intercontinental destinations through the Welland Canal. Many Buffalo shippers also access the Ports of Toronto and Montreal for container shipments. The Port of Buffalo provides links to other ports on the Great Lakes, St. Lawrence Seaway and beyond. The Buffalo Port Terminals in Lackawanna (Gateway Metroport) are privately owned and operated by Buffalo Crushed Stone and handle general bulk cargo. Several grain and utility companies have their own terminals on the Buffalo River.

The Erie Canal connects Buffalo to New York via Albany and the Hudson River. Once Buffalo's primary transportation link to the world and long a major cargo route, the canal now carries mostly recreational craft and is becoming an important catalyst for tourism development.

By Air

Buffalo Niagara International Airport is the region's largest air passenger and cargo facility, serving 3.4 million passengers per year with more than 200 flights per day. Air passenger service is also available from Niagara Falls International Airport and Chautauqua County Jamestown Airport. Niagara Falls International Airport provides the longest runway in the area with the capacity to land large transport and carrier planes, such as the C5A and 747. Niagara Falls International Airport also functions as an Air Force and Army Reserve Base.

Scheduled airfreight service is provided through Buffalo Niagara International Airport and through Canadian international airports in Toronto and Hamilton.

By Rail

Buffalo remains an important hub for rail transportation with mainline connections and expansive switching yards. Amtrak has daily service to New York, Boston, Toronto and Chicago through three passenger stations in the region, including Downtown Buffalo's Exchange Street station. Passenger volume has been rising about five percent per year. Freight service is provided by (4) Class "I" railroads that have service to the Western New York region including CSX, Norfolk Southern, Canadian National, and Canadian Pacific.

By Land

The New York State Thruway (I-90) provides an important connection between New York State / New England and destinations west for both commercial and private vehicles. Interstate 90 (I-90) passes through Western New York, providing local companies with high-speed access to points east, as well as west to the Pennsylvania border. The New York State Thruway (I-90) and Niagara Section (I-190), plus the NYSDOT Youngmann Expressway (I-290) form an outer loop. The NYSDOT Scajaquada Expressway (NY198) and the Kensington Expressway (NY33) form the inner loop.

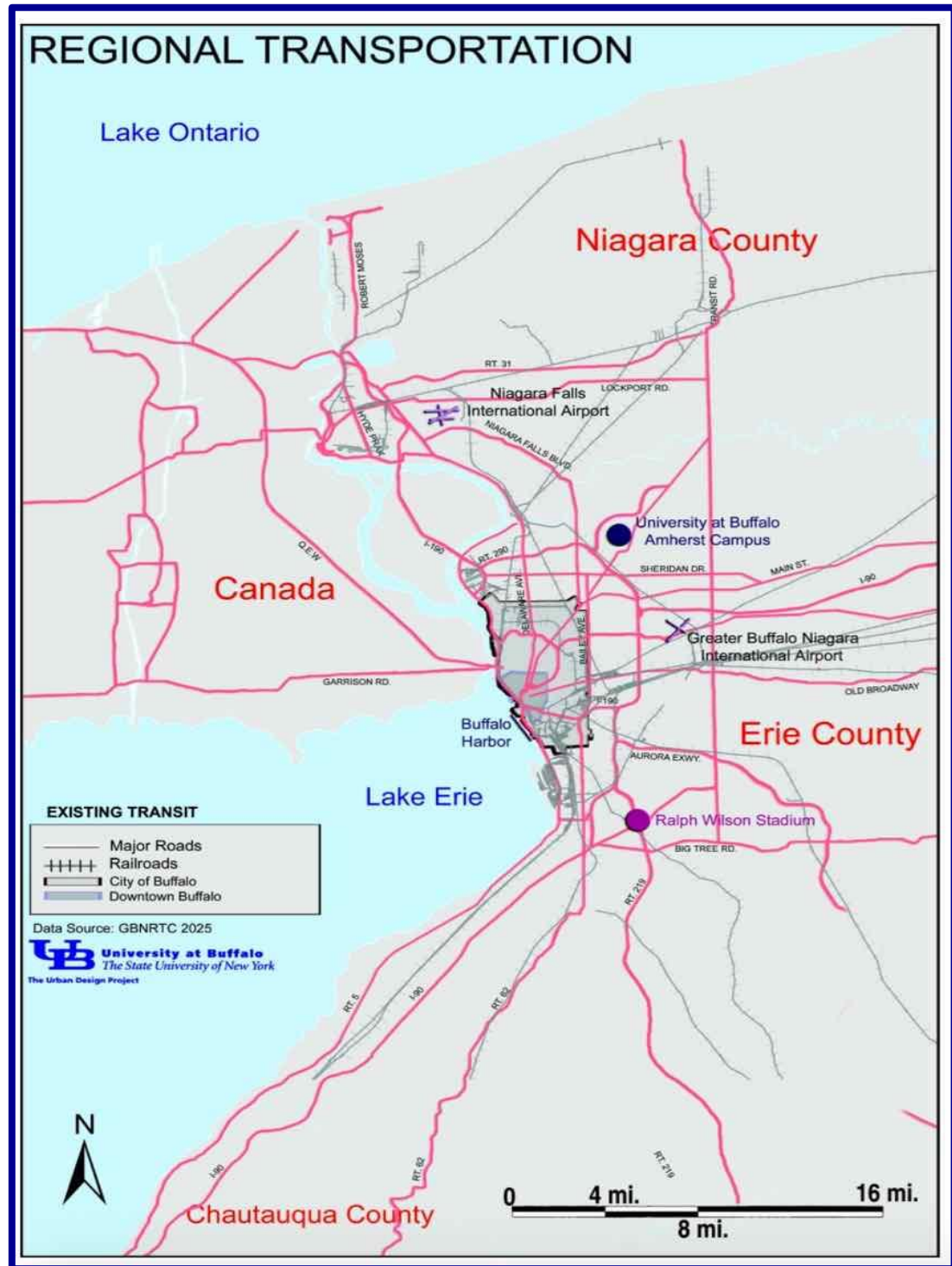
The Kensington Expressway provides the primary connection between Downtown Buffalo and the Greater Buffalo International Airport. In addition, Route 219 provides a north-south corridor to I-86 along the Southern Tier. The Western New York Region is also a gateway to Canada with four bridges that provide fast, easy access into the country. The Peace Bridge is a key link in both the regional and North American transportation systems. It carries automobile and truck traffic across the Niagara River between Buffalo and Fort Erie, the U.S. and Canada. Since 1989, when the North American Free Trade Agreement went into effect, truck traffic across the Peace Bridge has increased significantly. Automobile traffic, however, has declined from its previous level. Total traffic is unchanged since 1989 – about 21,000 vehicles per day. Nevertheless, delays at the bridge have increased sharply in recent years, due in some combination to increased volume, stricter inspection routines prompted by security concerns, and the limits of inspection staff and facilities.

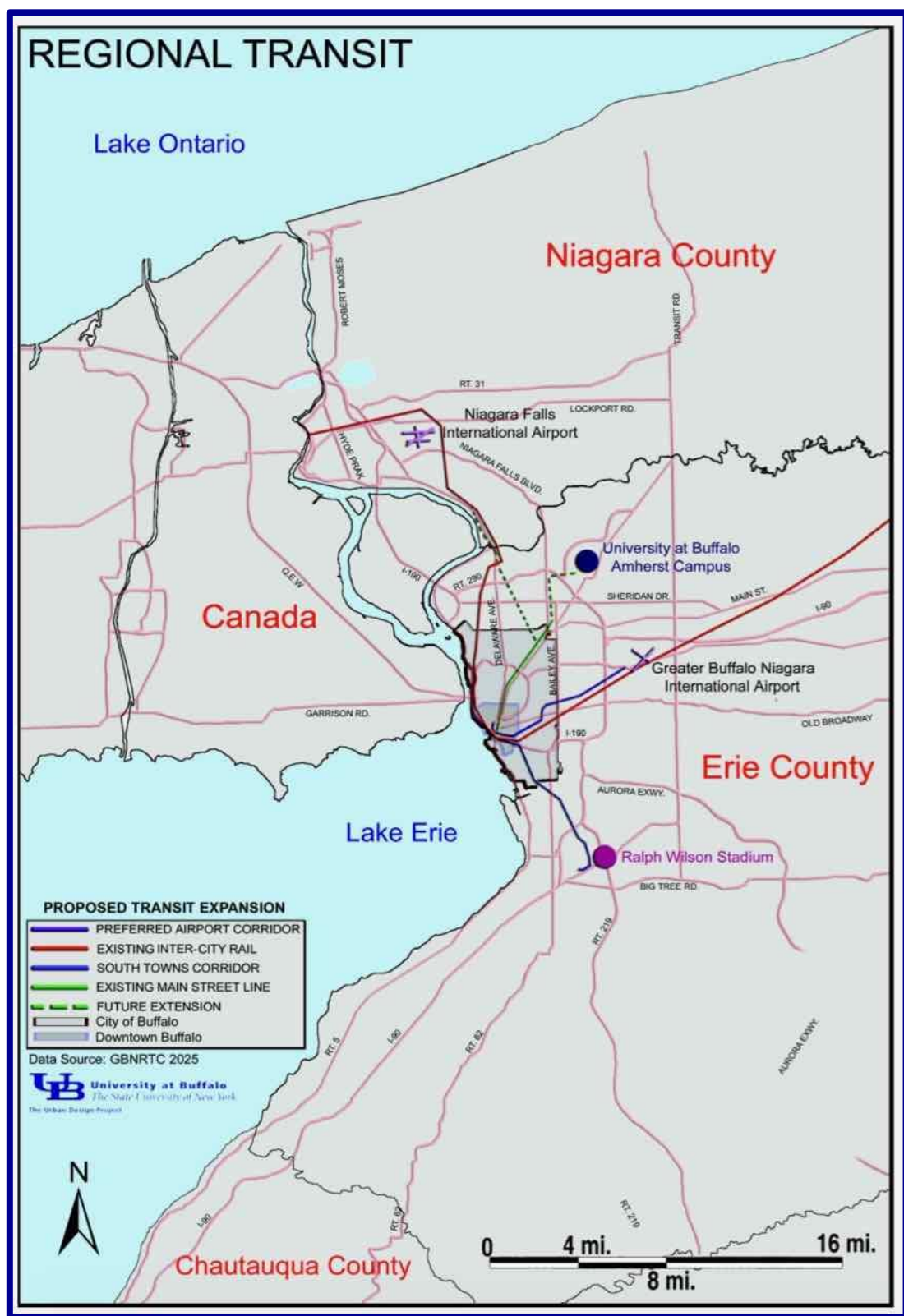
The City owns most of the streets within its corporate boundaries, about 675 miles of the regional total of 6,155 roadway miles. Of these 675 miles, 210 are eligible for federal aid, leaving the City to maintain almost 465 miles on its own account.

The Niagara Frontier Transportation Authority (NFTA) provides public transit service in the region through its subsidiary NFTA Metro. They operate a fleet of 332 buses serving Buffalo and other communities in the region. Metro also operates the 6.4-mile long Metro Rail, which connects downtown Buffalo to the University at Buffalo's South Campus.

Overall, the system carries 94,000 passengers daily; buses in Buffalo carry 55,000 of these; Metro Rail serves 20,000 passengers a day.

In summary, there are no physical or environmental forces that detrimentally affect the Regional area, or its real estate market.





Economic Forces

Today the Western New York / Buffalo CSA area economy consists of a mixture of industrial, light manufacturing, high technology and service-oriented private sector companies. Historically, Buffalo's key industries largely involved durable goods manufacturing, and in particular - steel. Buffalo and the surrounding area were long involved in railroad commerce, steel manufacture, automobile production, aircraft / aerospace design and production, Great Lakes shipping, and grain storage.

In recent decades, however, many of these industries have contracted substantially at the national level, and even more sharply locally. Instead of relying on a single industry or sector for its economic future, the Western New York region has been making more effort to take a diversified approach, in order to have the potential to create opportunities for growth and expansion in the 21st century.

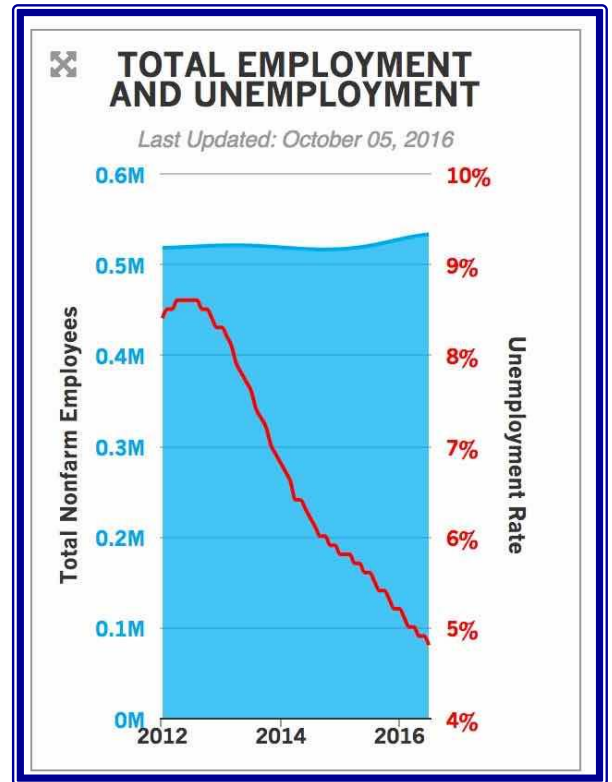
Employment

Overall, employment in Buffalo has shifted as its population has declined and manufacturing has diminished, as shown in the graph below. This decline has been ongoing since 1990 as shown in the chart that follows.

Industry	1990	2000
Agriculture, forestry, fishing, hunting	720	165
Mining	31	7
Construction	4,855	3,694
Manufacturing	21,201	14,906
Wholesale trade	4,891	4,257
Retail trade	22,415	12,172
Transportation and warehousing	5,823	5,474
Utilities	2,527	749
Information		2,974
Finance, insurance, real estate, rental & leasing	9,282	6,509
Professional and related services	10,199	9,774
Professional, scientific and technical services	3,864	4,840
Educational services	13,286	12,166
Health care and social assistance	17,612	20,218
Arts, entertainment and recreation	1,461	1,371
Accommodation and food services		8,166
Other services	5,933	5,498
Public Administration	6,901	6,012
Total	131,001	114,062
Source: U.S. Census Bureau / OSP Planning Analysis		
Table 3 City of Buffalo, Employed Population (16 years and older)		

Total employment²⁵ and the unemployment rate have an inverse relationship. These metrics can be used to determine the health of the local labor market. Jobs are a major factor for the housing demand in a market area. High levels of employment and low unemployment rates tend to lead to healthier housing markets, which is **not the case** in Buffalo.

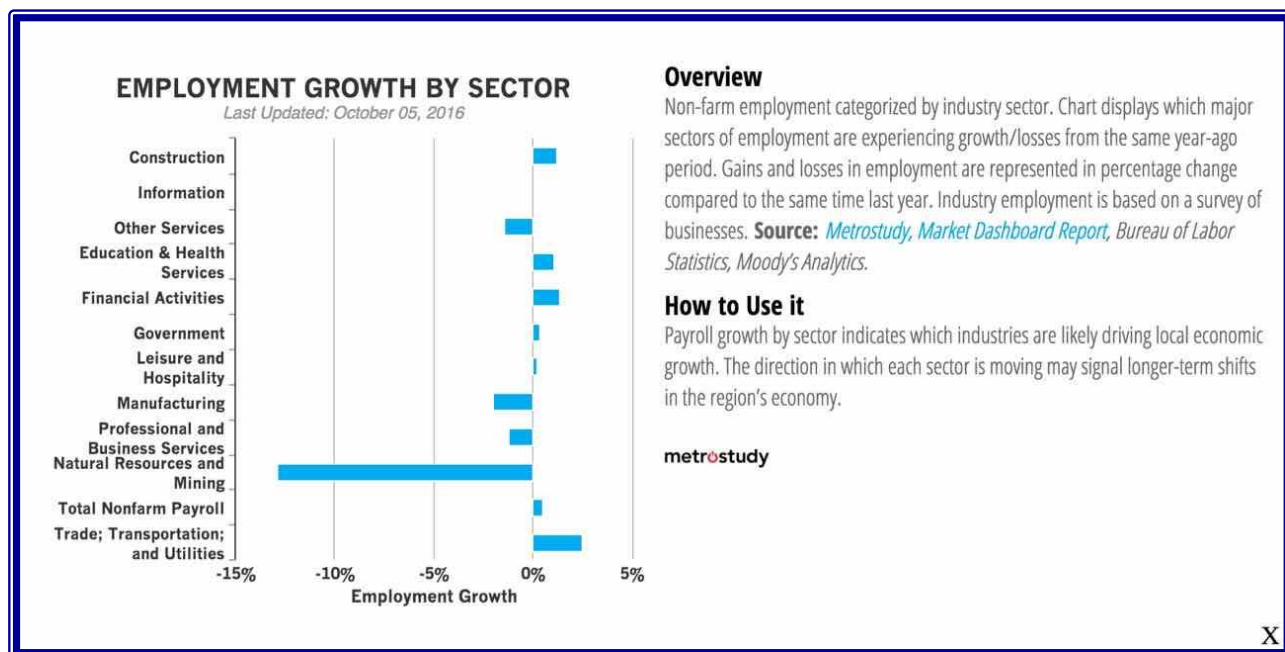
Most of these industries - railroad commerce, steel manufacture, automobile production, aircraft / aerospace design and production, Great Lakes shipping, and grain storage - have all left the city through the years. Major steel production no longer exists in the area, although several smaller steel mills remain in operation. For example, Gibraltar Industries, a leading manufacturer, processor, and distributor of steel products for the building, industrial, and vehicular markets, is headquartered in Buffalo. As of the 1950 United States Census, Buffalo was the 15th largest city in the country, the nation's largest inland port (twelfth overall), second biggest rail center, sixth largest steel producer, and eighth largest manufacturer.



Today, manufacturing accounts for a slightly above-average share of employment in the Buffalo area. Key manufacturing sector industries within the metropolitan area includes transportation equipment, primary and fabricated metals, machinery, plastics and chemicals. As manufacturing's share of the local economy has dwindled, health and education, as well as some other service industries, have accounted for increasingly large shares of economic activity. Being on the border with Canada, trade with Canada has also continued to play an important role in the local economy.

During the most recent economic downturn, the Buffalo Metropolitan Area sustained job losses comparable to the state as a whole (3.8 percent), but these losses were considerably milder than the national decline of over 6 percent. Employment began a steady recovery starting in 2010; as of the end of 2013, employment was less than ½ percent below its pre-recession peak. The area's housing market also held up much better than the nation's during the recession. While national home prices underwent steep declines, home prices in the Buffalo metropolitan area appreciated, though at a slow pace.

²⁵ Total employment refers to non-farm wage and salaried employees in the area. The unemployment rate is the percentage of unemployed persons in the region's labor force. Employment data are based upon a survey of businesses, while unemployment rate information is based upon a survey of households.



GDP

Gross Domestic Product is the most comprehensive measure of metro economic activity, and is the sum of the GDP originating in all industries in the metro. Between 2009 and 2014, 282 out of the total 381 MSA's nationally experienced an increase in real Gross Domestic Product (GDP). The Buffalo-Cheektowaga-Niagara Falls, NY MSA ranked number 54 among the 381 metros based on 2014 GDP. The GDP (millions of current dollars) changed from \$47,185 in 2009 to \$54,942 in 2014 a change of \$7,757, or 16.44 percent over the period and 2.74 percent annually. Real GDP (millions of real, inflation adjusted, dollars) changed from \$47,185 in 2009 to \$50,130 in 2014, a change of \$2,945 or 6.24 percent over the period and 1.04 percent annually.

The State of New York, with over 15,000 employees, is the city's largest employer. Other major employers include the United States government, Kaleida Health, M&T Bank, the University at Buffalo, General Motors, Time Warner Cable and Tops Friendly Markets. Buffalo is also home to Rich Products, Canadian brewer Labatt, Cheese Company Sorrento Lactalis, Delaware North Companies and New Era Cap Company.

Corporations & Banking

Buffalo is the home to the corporate headquarters of three Fortune 500 companies. The corporate headquarters of M&T Bank was founded in the city in 1856. M&T is one of the nation's largest 20 banks, with \$81 billion in assets and more than 15,000 employees, a third of which are located in the Buffalo area. M&T's footprint includes 750 branches in New York, Maryland, Pennsylvania, Virginia, Washington, D.C., West Virginia, Delaware, New

Jersey, and Florida. HSBC bank has a major back-office presence in Buffalo, with more than 3,000 employees located in the area. Key Bank, Bank of America, Citizens Bank, and several local banks also have a major branch presence in the region.

Buffalo is home to the headquarters of several other major corporations, including Rich Products, Labatt USA, the New Era Cap Company, Sorrento Lactalis, and Delaware North Companies. Delaware North's new headquarters is an \$80 million, 12-story office tower with a 120-room Westin hotel, which opened in 2016.

Life Sciences

Buffalo has increasingly become a center for bioinformatics and human genome research, including work by researchers at the University at Buffalo and the Roswell Park Cancer Institute. This consortium is known as the Buffalo Niagara Medical Campus. It also includes: Buffalo Hearing & Speech Center, Buffalo Medical Group Foundation, Hauptman-Woodward Medical Research Institute, Kaleida Health, Olmsted Center for the Visually Impaired, Cleveland BioLabs and Upstate New York Transplant Services. The DNA samples used in The Human Genome Project were also collected from anonymous donors from Buffalo.

Entrepreneurial resources and life science business consultants accelerate the growth and development of emerging companies found within the Buffalo Niagara Medical Campus and Upstate New York Region. For example, Buffalo BioSciences is a technology commercialization partner to the New York State Center of Excellence in Bioinformatics & Life Sciences and contributed to the launch and early success of Empire Genomics — a firm based on research conducted at Roswell Park Cancer Institute by Dr. Norma Nowak enabling the delivery of personalized medicine.

However, Buffalo's economy has begun to see significant improvements since the early 2010s. Money from New York State Governor Andrew Cuomo through a program known locally as "Buffalo Billion" has brought new construction, increased economic development, and hundreds of new jobs to the area. As of March 2015, Buffalo's unemployment rate was 5.9 percent, slightly above the national average of 5.5 percent. In 2016, the U.S. Bureau of Economic Analysis valued the Buffalo area's economy at \$54.9 billion.

Economic Development

Buffalo's economy continues to build momentum, with nearly \$8 billion in construction projects either completed or underway in the City of Buffalo since 2013, according to Buffalo Business First, a business newspaper. That figure climbs to \$19.2 billion when including projects from the region as a whole.

RiverBend, a solar panel production facility operated by Solar City, is expected to begin production in June 2017 and create 3,000 permanent jobs. SolarCity, which plans to merge

with Tesla, will produce solar roof tiles at the facility, as well as solar cells and modules for Panasonic. The 1.2 million square-foot facility will be the largest solar manufacturing facility in the western hemisphere, and have the ability to expand five-fold to accommodate future growth. New York State spent \$750 million in the construction of the facility, and SolarCity has planned to invest \$5 billion.

While RiverBend is the signature project in Governor Andrew Cuomo's pledge to invest \$1 billion in state funds to spur economic development in Buffalo, the "Buffalo Billion" also led to a commitment by IBM to bring 500 jobs to a new, 100,000-square-foot, state-owned computer information technology center in Buffalo to train future and current industry workers and to create cutting-edge software for energy, health, defense and other industries.

The "Buffalo Billion" has also led to critical state investments at the Buffalo Niagara Medical Campus (BNMC), a consortium of the region's top health care, education, and research institutions. The 120-acre site adjacent to downtown employs more than 12,000 people currently, with 17,000 employees at the BNMC expected by 2017, due to the completion of several major projects at the campus, including the University at Buffalo's \$375 million new medical school and Kaleida Health's \$270 million Women & Children's Hospital, which are both under construction. Roswell Park Cancer Institute, which just completed a \$50 million expansion at the BNMC, recently secured United States Food and Drug Administration (FDA) approval to begin clinical trials of a possible lung cancer vaccine.

The site is also home to Buffalo General Hospital, the University at Buffalo's Clinical and Translational Research Center, the Hauptman-Woodward Medical Research Institute, and Kaleida Health's recently completed \$291 million Gates Vascular Institute.

Other major projects include:

- Buffalo's tallest building, the Seneca One Tower, was purchased in September by Doug Jemal, the #2 commercial real estate developer in the Washington, D.C. market, who plans to spend as much as \$200 million on a mixed-use redevelopment, according to the Buffalo News.
- A \$40 million expansion of the Buffalo Creek Casino, including 360 new slot machines, 10 table games, a performance stage, and a high-end restaurant, is under construction.
- The historic Richardson Olmsted Complex is being renovated into a 90-room, \$56 million boutique hotel and high-tech conference center, operated by the same company that runs The Mansion on Delaware Avenue.
- In October, Governor Cuomo committed \$1 million in state funding for a study to build a new passenger train station in Buffalo.

Buffalo is implementing an overhaul of the City's zoning regulations, known as the Green

Code, a development framework that aims to promote investment, facilitate job creation, restore the environment, and improve the quality of life for residents.

The City, in an effort to revitalize its East Side and provide employment opportunities for nearby residents, is partnering with the state on the Northland Corridor Redevelopment Project, which includes the creation of a new manufacturing hub and training center. The project includes the redevelopment of 50 acres of land, with existing road, rail, and utility infrastructure, into shovel-ready industrial sites. The anchor tenant will be the Western New York Workforce Training Center, a \$44 million facility that will focus primarily on training for careers in the advanced manufacturing and energy sectors.

The long-term future of the National Football League's Buffalo Bills was ensured with the purchase of the franchise for \$1.4 billion by Buffalo Sabres owner Terry Pegula, who has committed to keeping the team in the region for the foreseeable future. Pegula has also committed to building a new stadium for the Bills, which could potentially be located in the City of Buffalo.

Canadian Impact

The impact of Canadians on the local economy is expected to increase as the "Golden Horseshoe" region of Southern Ontario (Toronto-Niagara Falls-Hamilton area) is projected to grow from 8.8 million people today to 11.5 million by 2031. An expanded Peace Bridge Plaza was completed in 2016, which will strengthen the region's ties with Southern Ontario by making border crossings quicker and easing congestion on the bridge.

The plan also includes \$2 million for improvements to the surrounding neighborhood. Canadians are estimated to make up 40 percent of the approximately 5 million passengers that use the Buffalo Niagara International Airport each year, supporting 17,000 jobs with \$1.1 billion economic impact. Buffalo's proximity to Canada has resulted in robust retail growth at a time when the retail industry has struggled across the country.

Housing & Real Estate Markets

The city of Buffalo has a number of attractive, stable, well-built neighborhoods where conditions are good to excellent. **But otherwise, despite the City's best efforts, most neighborhoods have experienced loss of population and deterioration during the past - in years 1990 through 2005. These trends occurred due to the loss of jobs in the city, out-migration to the suburbs and beyond, and the increase in individuals and families living below the poverty line and depending on social assistance.**

Much of Buffalo's housing stock is old and in poor condition. Fifty-eight percent of the total housing stock, nearly 84,000 units, was built before 1940. Many of the dwellings are frame construction that has been poorly maintained, leading to dilapidation, blight or abandonment.

Jurisdiction:	1990	2000
City of Buffalo		
Total housing units	151,971	145,574
Total occupied	136,436	122,720
Vacant units	15,535	22,854
% Vacant	10.20%	15.70%
Remainder of Erie County*		
Total housing units	250,160	270,294
Total occupied	240,558	258,153
Vacant units	9,602	12,141
% Vacant	3.80%	4.50%
Total Erie County		
Total housing units	402,131	415,868
Total occupied	376,994	380,873
Vacant units	25,137	34,995
% Vacant	6.30%	8.40%
Remainder of MSA*		
Total housing units	340,545	323,145
Total occupied	325,367	366,009
Vacant	15,178	20,010
% Vacant	4.50%	6.20%
Total MSA		
Total housing	492,516	511,583
Total occupied	461,803	469,019
Vacant	30,713	42,564
% Vacant	6.20%	8.30%
Table 7 Buffalo- Niagara Falls MSA Housing Statistics		

In 2000, Buffalo had 145,574 housing units in 54 designated City neighborhoods, of which just 43 percent of the occupied units were owner-occupied. **However, 22,854 or 15.7 percent of the housing units were vacant or abandoned. There were also 10,170 vacant residential lots and 8,684 abandoned structures, leaving the city with a substantial clearance and reconfiguration problem.**

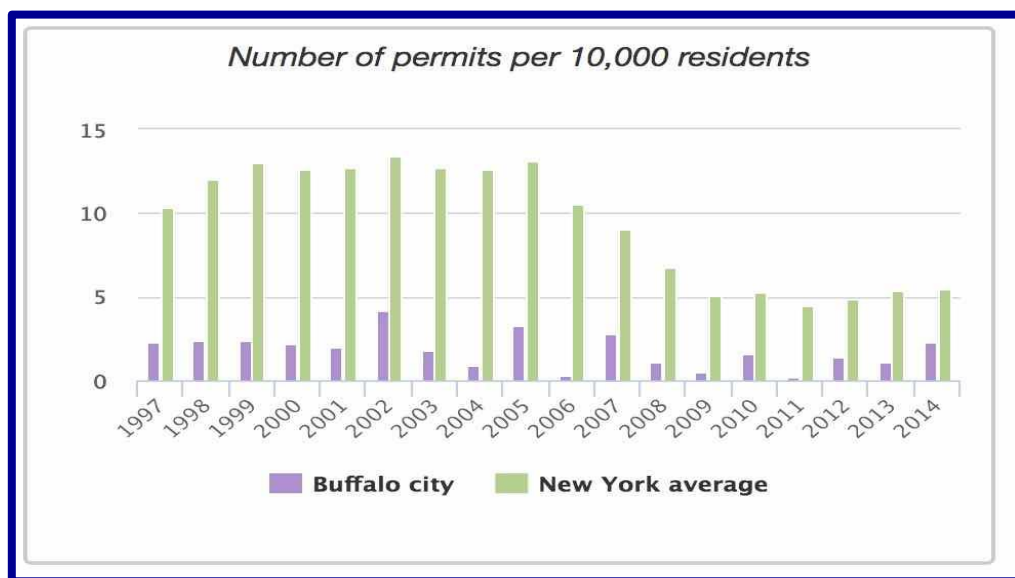
Furthermore, few new homes have been built over the past several decades. From 1990 to 2000 only 3,656 new units were built. Many of these were delivered through public housing programs or with public assistance. There has been little unsubsidized private sector investment. By comparison, the housing stock expanded by 20,134 units in the remainder of Erie County, as shown in the Table above.

As shown, new single-family housing permits in the City of Buffalo have been few. The average cost of these new homes has been considerably below \$200,000 per dwelling unit. The number of permits per 10,000 residents is significantly below the number for the State of New York. Over the past decade, local home prices have continued their slow-but-steady growth, rising by almost 26 percent – during a period when the Great Recession pummeled the national housing market. During that time, the median sale price of existing homes across the country has inched up by just 2 percent.

Single-family new house construction building permits:

- 1997: 67 buildings, average cost: \$62,500
- 1998: 71 buildings, average cost: \$62,600
- 1999: 69 buildings, average cost: \$62,600
- 2000: 64 buildings, average cost: \$62,600
- 2001: 59 buildings, average cost: \$62,600
- 2002: 123 buildings, average cost: \$103,800
- 2003: 51 buildings, average cost: \$104,800
- 2004: 27 buildings, average cost: \$114,000
- 2005: 97 buildings, average cost: \$153,000
- 2006: 9 buildings, average cost: \$184,000
- 2007: 81 buildings, average cost: \$182,200
- 2008: 33 buildings, average cost: \$196,400
- 2009: 14 buildings, average cost: \$136,200
- 2010: 47 buildings, average cost: \$198,600
- 2011: 6 buildings, average cost: \$99,300
- 2012: 42 buildings, average cost: \$155,500
- 2013: 32 buildings, average cost: \$175,700
- 2014: 66 buildings, average cost: \$174,000

In 2015, the uptick in sales has included only modestly higher home prices. The median sale price during the second quarter of 2015, at \$129,800, is 2 percent higher than it was in 2014 – just a quarter of the 8 percent price increase nationally. Home prices here also remain reasonable, with a median-priced home selling for almost \$100,000 less than the nationwide median of \$229,400, according to National Association of Realtors data.



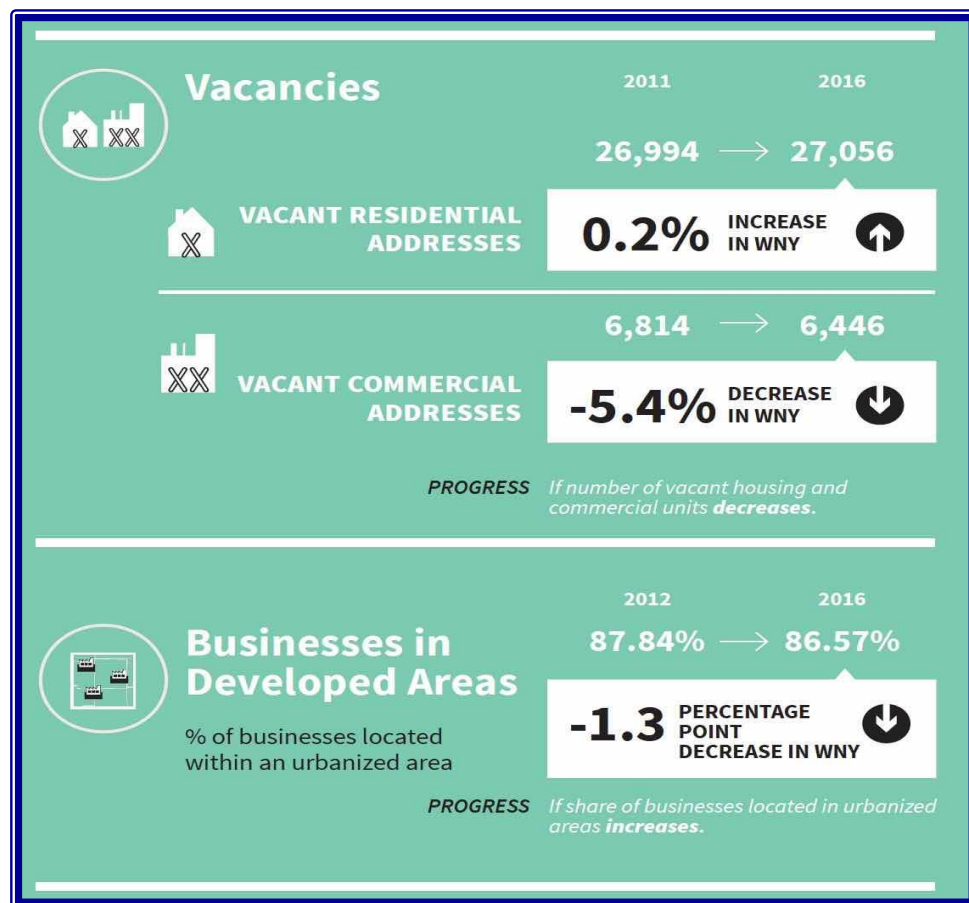
According to Kiplinger's magazine, using data from Clear Capital, Buffalo's home prices increased 20.3 percent from 2006 to 2015. This rate of increase ranks fourth among the nation's top 100 metro areas, behind only Austin, Honolulu, and Denver. With the Buffalo Niagara Medical Campus and Canalside being located on the city's Metro Rail subway

system, \$91 million is being invested in real estate projects, primarily housing, near the subway stations.

Residential density is yet another important aspect of the city's structure. **Population density is declining with overall population decline, overall and in the majority of the city's Planning Communities. Between 1990 and 2000 the city's density fell from 8,073 to 7,206 people per square mile. Only two Planning Communities, Elmwood and Central, had an increase in density, and only Central increased in total population during this period.**

Loss of density has both positive and negative implications for the sustainability and character of Buffalo and the vitality of its neighborhoods. Medium and high densities are features of urbanity; they help to attract and sustain urban amenities and they bring life to urban streets. Reductions in density add strain to the city's capacity to maintain its amenities and infrastructure. Lower densities tend to be associated with suburban communities, often with quieter neighborhoods and greater open space.

Vacant commercial addresses declined, supported by the region's growth in firms and jobs. Residential vacancies are slightly growing, but the trend over time is showing signs of slowing.





Market Overview: Real Estate

NOVEMBER 2016

Buffalo Metro

National Home Values

Current: \$192,500
 Monthly Change: 0.6%
 Quarterly Change: 1.9%
 Annual Change: 6.5%
 Negative Equity*: 10.9%

Buffalo Home Values

Current: \$139,100
 Monthly Change: 1.3%
 Quarterly Change: 2.5%
 Annual Change: 3.6%
 Negative Equity*: 5%

Home Values Forecast

(next 12 months)

National: 3.2%
 Buffalo Metro: 4.4%

Major Cities - Home Values

Town of Orchard Park

Current: \$226,300
 Monthly Change: 0.7%
 Annual Change: 2.2%

Grand Island

Current: \$218,200
 Monthly Change: 0.6%
 Annual Change: 6.8%

Lackawanna

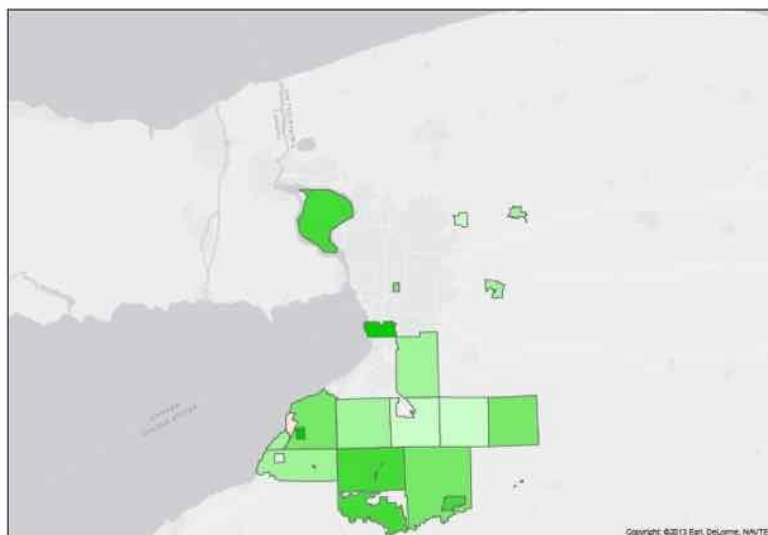
Current: \$109,800
 Monthly Change: 1.4%
 Annual Change: 13.2%

Evans

Current: \$131,600
 Monthly Change: 0.7%
 Annual Change: 4.9%

Town of Eden

Current: \$162,000
 Monthly Change: 1.3%
 Annual Change: 2.3%



Home Values (ZHVI)

Increasing Values: -%
 Decreasing Values: -%
 Fall From Peak: 0%
 Peak ZHVI Date: 2016-11
 Peak ZHVI: \$139,100

Sales

Median Sale Price: \$-
 Monthly Change: -%
 Annual Change: -%
 Sale Price/Sq. Ft.: \$-
 Sale-to-list Price Ratio: -
 Sold for a Loss/Gain: -%/-%

Foreclosures

Homes Foreclosed: -/10,000
 Monthly Change: -
 Annual Change: -
 Foreclosure Resales: -%
 Monthly Change: -pp
 Annual Change: -pp

Rent

Zillow Rent Index: \$1,178
 Monthly Change: 1.1%
 Annual Change: -0.2%
 Rent List Price: \$1,200
 Rent List/Sq. Ft.: \$1

Listings

Median List Price: \$139,900
 Monthly Change: -%
 Annual Change: -%
 List Price/Sq. Ft.: \$100
 Listings with Price Cut: 13.6%
 Amount of Price Cut: 4.4%

How do we track home values? To track home values, we use the Zillow Home Value Index (ZHVI). The ZHVI is the mid-point of estimated home values for the area. Half the estimated home values are above this number and half are below.

* Negative equity data is from 2016Q3.

NOVEMBER 2016

Largest Cities Covered by Zillow

	Home Values- ZHVI (\$)	ZHVI MoM (%)	ZHVI QoQ (%)	ZHVI YoY (%)	ZHVI Peak (\$)	Peak Month	Change from Peak (%)	Rents- ZRI (\$)	ZRI MoM (%)	ZRI QoQ (%)	ZRI YoY (%)	Forecast ZHVI (\$)	Forecast YoY (%)	Home Value Bottom	Negative Equity (%)
Akron	155,900	0.7	2.6	2.2	155,900	2016-11	0.0	1,409	-0.8	-1.8	3.5	162,632.3	4.3	2009 Q4	
Angola	119,800	0.8	3.3	13.9	119,800	2016-11	0.0	1,094	1	-0.7	-3.6	124,599.5	4	2010 Q1	
Angola on the Lake	118,500	0.5	-0.7	-0.9	119,900	2016-07	-1.2	1,096	1.2	-1.4	-5.7	124,473.3	5	2012 Q1	
Boston	189,800	1.4	2	0.6	189,800	2016-11	0.0	1,494	0.7	-1.5	-7.3	198,192.6	4.4	2009 Q4	2.8
Brant	152,400	0.9	2.4	2.8	152,400	2016-11	0.0	1,175	0.4	-7.6	-13.7	158,826.7	4.2	2011 Q3	
Clarence Center	259,900	1	2.3	0.4	259,900	2016-11	0.0	2,034	0.4	3	-0.7	268,896.4	3.5	2011 Q1	
Colden	167,900	1.1	2	1.1	170,000	2014-11	-1.2	1,257	-0.3	-5.4	-12.8	175,386.9	4.5	2013 Q1	6.5
Concord	149,800	1.4	3.4	4.5	149,800	2016-11	0.0	1,211	-0.6	-6.2	-12.4	155,946.3	4.1	2013 Q1	5.7
Evans	131,600	0.7	1.9	4.9	131,600	2016-11	0.0	1,156	2.5	-1.4	-10.2	137,444.2	4.4	2009 Q4	3.4
Grand Island	218,200	0.6	1.9	6.8	218,200	2016-11	0.0	1,733	0.3	0.3	2.7	229,132.4	5	2009 Q4	3.2
Lackawanna	109,800	1.4	2.7	13.2	109,800	2016-11	0.0	1,009	2.3	7.5	8.7	117,774.4	7.3	2009 Q4	4.9
Lake Erie Beach	109,800	1.1	1.2	1.9	109,800	2016-11	0.0	1,062	0.1	-2	-4.2	117,859.7	7.3	2011 Q1	4.2
Sardinia	143,800	1.6	4.2	3.4	143,800	2016-11	0.0	1,208	-0.4	-4.9	-12.5	149,626	4.1	2011 Q1	7.7
Sloan	77,100	1.6	4	5.5	77,100	2016-11	0.0	1,008	1.9	7.5	13.5	79,061.76	2.5	2012 Q1	
Springville	128,200	1	3.5	7	128,200	2016-11	0.0	1,168	0.4	-1.5	1	135,102.1	5.4	2013 Q1	
Town Line	172,500	1	2	1.6	172,500	2016-11	0.0	1,467	-0.4	-1.7	4	180,051.1	4.4	2009 Q4	
Town of Eden	162,000	1.3	2.5	2.3	162,000	2016-11	0.0	1,208	-0.4	-8.8	-16.4	168,996.4	4.3	2011 Q1	4
Town of Holland	171,200	2.6	5.9	4.9	171,200	2016-11	0.0	1,308	-0.7	-6	-10.3	177,266.8	3.5	2011 Q1	3.5
Town of North Collins	134,900	1.4	4.9	7.9	134,900	2016-11	0.0	1,110	1.6	-1	-8.3	139,912.4	3.7	2013 Q1	2.8
Town of Orchard Park	226,300	0.7	1.3	2.2	226,300	2016-11	0.0	1,630	3.2	3.3	-1.1	235,373.1	4	2012 Q1	3.7

Largest Counties Covered by Zillow

	ZHVI Peak (\$)	Peak Month	Change from Peak (%)	Rents- ZRI (\$)	ZRI MoM (%)	ZRI QoQ (%)	ZRI YoY (%)	Forecast ZHVI (\$)	Forecast YoY (%)	Home Value Bottom	Negative Equity (%)	Home Values- ZHVI (\$)
Erie				1,222	1.4	1.4	0				4.7	
Niagara				939	1.3	-6.7	-11.1				6.3	

*The top 20 largest cities and top 10 (or all) counties within the metro are listed. Additional counties, cities, neighborhoods and ZIP codes may be available online at www.zillow.com/research/data by emailing press@zillow.com

Zillow Research:

Zillow® is the leading real estate and rental marketplace dedicated to empowering consumers with data, inspiration and knowledge around the place they call home, and connecting them with the best local professionals who can help. In addition, Zillow operates an industry-leading economics and analytics bureau led by Zillow's Chief Economist Dr. Svenja Gudell. Dr. Gudell and her team of economists and data analysts produce extensive housing data and research covering more than 450 markets at Zillow Real Estate Research. Zillow also sponsors the quarterly Zillow Home Price Expectations Survey, which asks more than 100 leading economists, real estate experts and investment and market strategists to predict the path of the Zillow Home Value Index over the next five years. Zillow also sponsors the bi-annual Zillow Housing Confidence Index (ZHCI) which measures consumer confidence in local housing markets, both currently and over time. Launched in 2006, Zillow is owned and operated by Zillow Group (NASDAQ: Z), and headquartered in Seattle.

 Zillow Real Estate Research www.zillow.com/research/

MARKETBEAT

Office Snapshot 2Q 2016

Buffalo, NY



BUFFALO, NY OFFICE

Economic Indicators

	2Q 15	2Q 16	12-Month Forecast
Buffalo Employment	556k	559k	▲
Buffalo Unemployment	5.6%	5.2%	▼
U.S. Unemployment	5.4%	4.9%	▼

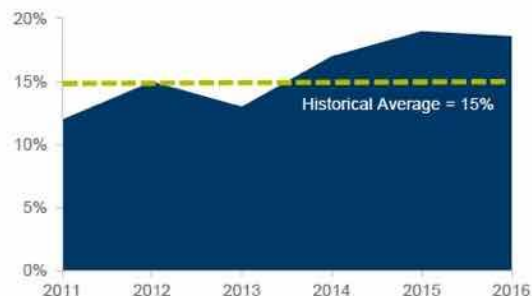
Market Indicators (overall, all classes)

	2Q 15	2Q 16	12-Month Forecast
Overall Vacancy	19.1%	17.8%	▲
Leasing Activity	135k	117k	▲
Under Construction	410k	394k	▼
Overall Average Asking Rent	\$17.34	\$17.70	▲

*Rental rates reflect gross asking \$/sqft

Overall Leasing Activity/Asking Rent
4Q TRAILING AVERAGE


Overall Vacancy



Economy

The Buffalo-Niagara MSA incorporates a five-county area around Buffalo, NY. The 2010 Census reported the Buffalo-Niagara MSA population at 1.14 million, ranking it as the 47th largest MSA in the country. According to the U.S. Bureau of Labor Statistics, Buffalo's average unemployment rate for 1Q 2016 was 5.2%, which is slightly higher than the national average of 4.9%. Buffalo's economy continues to expand and diversify, led by major growth in the health-care and education sectors. The region's largest economic sectors are financial services, technology, healthcare and education. Since 2010, nearly \$5.5 billion in construction projects are either completed, underway, or in the planning stages. This number climbs to \$10 billion when including projects from the surrounding communities. Buffalo's proximity to Canada has resulted in robust growth in many different sectors of the local economy. This impact will increase significantly as the "Golden Horseshoe Region" population of Southern Ontario is expected to grow from 8.8 million today to 11.5 million by 2031.

Market Overview

By Q2 2016, the metropolitan Buffalo office market maintained 21.8 million square feet (MSF) of space operating at an overall average vacancy rate of 17.8% and average direct lease rate of \$17.70 per square foot (PSF) gross. The CBD supports over 11.8 MSF of space operating at a 20.4% overall vacancy rate and average lease rate of \$16.75 PSF. The Amherst Suburban Market totals 10 MSF of office space and an overall vacancy rate of 14.8% with an average lease rate of \$18.25 PSF. Class A space in these combined markets totals 5.3 MSF operating at a vacancy of 8.0% and an average lease rate of \$23.60 PSF. While the average asking lease rate has remained the same over the past 12 months, overall occupancy cost is rising due to increased tenant improvement costs. The outlook going forward is an expectation for increased suburban vacancy due to a shift in millennial housing preferences to the CBD. With little availability in the CBD Class A market, it remains to be seen whether developers will build on spec or continue on with redevelopment projects.

Outlook

Buffalo is in the midst of one of the most impressive transformations of this century. Many projects have been completed, while others are on the cusp of completion or are in the planning stages. Finished projects include: Columbus McKinnon (30,000 SF), Black Rock Data Center (46,000 SF) and Roswell Park's Clinical Science Center (42,000 SF). Projects "in the works" include Unifund's 520 Ellicott Street (24,000 SF), Ciminelli's 465 Washington Street (72,176 SF), Fairmount Creamery (122,740 SF), Statler City (536,000 SF), Krog's Trico Building (617,000 SF) and the Solar City Project at Riverbend Commerce Park (1.25 MSF). Economic development initiatives are creating jobs and helping to fuel a resurgence of the City's Downtown Area. Buffalo is a classic American city undergoing a 21st-century renaissance.

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MARKETBEAT

Office Snapshot 2Q 2016

Buffalo, NY

CUSHMAN &
WAKEFIELDPyramid Brokerage
Company

SUBMARKET	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	OVERALL VACANCY RATE	CURRENT LEASING ACTIVITY	YTD LEASING ACTIVITY	UNDER CNSTR	AVERAGE ASKING RENT (ALL CLASSES)*	AVERAGE ASKING RENT (CLASS A)*
CBD	89	11,850,375	60,787	2,356,458	20.4%	56,254	74,223	24,000	\$16.75	\$27.00
Amherst Suburban	248	10,001,042	28,737	1,451,191	14.8%	61,145	158,074	370,000	\$18.25	\$23.00
BUFFALO, NY TOTALS	337	21,851,417	89,524	3,807,649	17.8%	117,399	232,297	394,000	\$17.50	\$25.00

*Rental rates reflect gross asking \$/sqft/year

SUMMARY BY CLASS	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	OVERALL VACANCY RATE	CURRENT LEASING ACTIVITY	YTD LEASING ACTIVITY	UNDER CNSTR	AVERAGE ASKING RENT OVERALL*	AVERAGE ASKING RENT DIRECT*
Class A	52	5,330,276	11,626	426,729	8.0%	78,649	101,335	394,000	\$23.60	\$23.93
Class B	285	16,521,141	77,898	3,380,920	20.9%	38,750	130,962	0	\$17.70	\$17.67

Key Lease Transactions 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Key Towers North, Buffalo, NY	40,000	Lippes, Matias & Wexler	Lease	CBD
Waterfront Village, 40 LaRiviere, Buffalo, NY	30,808	Synacor	Renewal	CBD
6390 Main Street, Williamsville, NY	14,970	Fiserv Solutions	Lease	Amherst Suburban
LCO at Exchange, 726 Exchange St, Buffalo, NY	14,757	Brock Schechter Polakoff	Renewal	CBD
LCO at Exchange, 726 Exchange St, Buffalo, NY	11,000	Hanover Insurance	Renewal	CBD

Key Sales Transactions 2016

PROPERTY	SF	SELLER/BUYER	PRICE / \$ PSF	SUBMARKET
300 Crosspoint Pkwy, Getzville, NY	253,920	Uniland Development/GEICO	\$23,073,623 / \$91	Amherst Suburban
144 Genesee Street, Buffalo, NY	140,000	Uniland Development/Catholic Health	\$43,594,739 / \$311	CBD
55 & 75 Pineview Drive, Amherst, NY	42,602	Ciminelli Development/Summit Educational Resources	\$2,850,000 / \$67	Amherst Suburban
374 Delaware Avenue, Buffalo, NY	30,150	374 Delaware LLC/Plaza Group	\$1,100,000 / \$36	CBD
305 Spindrift Drive, Williamsville, NY	29,930	Mark J. Peszko/Bm8 Spindrift LLC	\$3,197,296 / \$107	Amherst Suburban
763 Main Street, Buffalo, NY	29,445	Gelder Properties LLC/Sinatra & Company	\$2,750,000 / \$94	CBD
620 Main Street, Buffalo, NY	18,000	598 Main Street, LLC/618-620 Main LLC	\$1,400,000 / \$7	CBD

About Cushman & Wakefield

Cushman & Wakefield is a global leader in commercial real estate services, helping clients transform the way people work, shop, and live. The firm's 43,000 employees in more than 60 countries provide deep local and global insights that create significant value for occupiers and investors around the world. Cushman & Wakefield is among the largest commercial real estate services firms in the world with revenues of \$5 billion across core services of agency leasing, asset services, capital markets, facilities services (branded C&W Services), global occupier services, investment management (branded DTZ Investors), tenant representation and valuations & advisory. To learn more, visit www.cushmanwakefield.com or follow @Cushwake on Twitter.

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MARKETBEAT

Industrial Snapshot 2Q 2016

Buffalo, NY



BUFFALO, NY OFFICE

Economic Indicators

	Q2 15	Q2 16	12-Month Forecast
Buffalo Employment	555k	559k	▲
Buffalo Unemployment	5.6%	5.2%	▼
U.S. Unemployment	5.4%	4.9%	▼

Market Indicators (Overall, All Product Types)

	2015	2016	12-Month Forecast
Overall Vacancy	9.2%	9.0%	▼
Leasing Activity	268k	130k	▲
Under Construction	2.1M	1.9M	▲
Overall Average Asking Rent	\$4.13	\$4.13	■

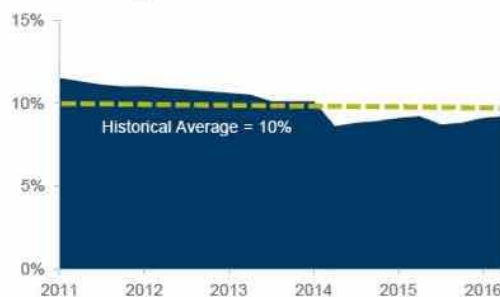
*Rental rates reflect net asking \$/sq. ft.

Overall Leasing Activity/Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

The Buffalo-Niagara MSA incorporates a five-county area around Buffalo, NY. The 2010 Census reported the Buffalo-Niagara MSA population at 1.14 million, ranking it as the 47th largest MSA in the country. According to the U.S. Bureau of Labor Statistics, Buffalo's average unemployment rate for 1Q 2016 was 5.2%, which is slightly higher than the national average of 4.9%. Buffalo's economy continues to expand and diversify, led by major growth in the health-care and education sectors. The region's largest economic sectors are financial services, technology, healthcare and education. Since 2010, nearly \$5.5 billion in construction projects are either completed, underway, or in the planning stages. This number climbs to \$10 billion when including projects from the surrounding communities. Buffalo's proximity to Canada has resulted in robust growth in many different sectors of the local economy. This impact will increase significantly as the "Golden Horseshoe Region" population of Southern Ontario is expected to grow from 8.8 million today to 11.5 million by 2031.

Market Overview

At the close of 2Q 2016, the Buffalo-Niagara MSA supported 110.2 million square feet (MSF) of industrial space including 64.3 MSF of manufacturing space, 42.7 MSF of warehouse/distribution space and 3.2 MSF of office service space. The overall vacancy rate increased to 9.0% and the overall asking rental rate remained at \$4.13 per square foot (PSF) (which is a weighted average). During 2Q, a total of twelve industrial properties sold in the region totaling 719,073 square feet (SF) with an average sale price of \$47.70 PSF. It is important to note that the majority of available industrial inventory in the Buffalo-Niagara market is older and outdated Class B/C space. As a result of this lack of quality industrial product, any new construction that occurs will command higher rental rates.

Outlook

Projects that are underway include: FedEx Ground Transport (320,000 SF), Ashton Potter expansion (55,000 SF) and Benderson's Broadway Development Park expansion (64,600 SF/ 35,000 SF) and 2550 Walden project (100,000 SF). The need for quality functional industrial space remains. Record low vacancy rates for high-bay space shift market momentum to landlords/sellers. There are several speculative development projects by area developers that we expect to become reality – this includes Sonwil Distribution's plan to build two 40,000- SF high-bay buildings on spec starting 3Q 2016. Project completions in 2016 include MJ Mechanical (40,000 SF) and a portion of the 1.25- MSF Solar City Project at Riverbend Commerce Park. The Solar City Project is expected to be totally completed by the end of 2016. The region is poised to become a magnet for other businesses that will supply components and services to the Solar City operation. This has already proven true with Danforth's plans to break ground in Fall 2016 on an 85,000- SF operations hub/spec building on six acres of their 26-acre site located directly across from the Solar City Project – the remaining 20 acres will be made available to other "supplying companies" of Solar City. Additionally, the announcement by Ahold USA that it is closing two distribution centers in the Buffalo area means that approximately 700,000 SF of additional warehouse space that will be available in 3Q 2016.

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MARKETBEAT

Industrial Snapshot 2Q 2016

Buffalo, NY



SUBMARKET	INVENTORY (SF)	YTD LEASING ACTIVITY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	UNDER CONSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG. NET RENT (ALL TYPES)	OVERALL WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (OS)	OVERALL WEIGHTED AVG. NET RENT (WD)
SUBURBAN	66,052,187	150,007	398,785	9.0%	694,230	0	\$4.13	\$3.95	\$5.75	\$4.25
CITY	44,151,021	38,054	489,368	9.0%	1,200,000	0	\$4.13	\$3.95	\$5.75	\$4.25
BUFFALO, NY TOTALS	110,203,208	188,061	888,153	9.0%	1,894,230	0	\$4.13	\$3.95	\$5.75	\$4.25

*Rental rates reflect asking \$/psf/year

MF = Manufacturing OS = Office Service/Flex WD = Warehouse/Distribution

Key Lease Transactions 2016

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
2475 George Urban Blvd, Depew, NY	13,200	Osmose Utility Services	Warehouse	SUBURBAN
10 Centre Drive, Orchard Park, NY	12,087	Carleton Technologies	Warehouse/Manufacturing	SUBURBAN
255 Fire Tower Drive, Tonawanda, NY	11,408	Creative Comfort Systems	Warehouse	SUBURBAN

Key Sales Transactions 2016

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE/\$PSF	SUBMARKET
4055 Casilio Pkwy, Clarence, NY	83,000	King of Black/ Ron Senior Enterprises	Warehouse	\$2,700,000 / \$33	SUBURBAN
801 Exchange Street, Buffalo, NY	77,000	801 Buffalo LLC / Seneca Larkin Holdings	Warehouse	\$4,095,000 / \$53	CITY
221 Lein Road, West Seneca, NY	59,408	Delavan Industries/ Sherwood Electromotion	Manufacturing	\$1,961,700 / \$33	SUBURBAN
550 Fillmore Avenue, Tonawanda, NY	48,916	550 Fillmore Avenue LLC / Fox Martin Holdings	Warehouse	\$1,000,000 / \$20	SUBURBAN
25 Boxwood, Cheektowaga, NY	32,362	25 Boxwood Lane, LLC / Bed Time Products LLC	Warehouse	\$610,000 / \$19	SUBURBAN

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Real Estate Market Conclusions

All regional real estate market segments are performing only fair to poorly. Due to a lack of employment growth Housing starts are low, and commercial property absorption activity is meager compared with available supply, in some cases with several years inventory available. Demand is low, and pricing is fair to poor. This situation does not bode well for any redevelopment / alternative use of the subject JN Adam complex, which is situated in a far more rural location. As a result, it is a reasonable conclusion that it would attract significantly less development demand than exists in Buffalo, the heart of the regional economy.

Standard of Living

The loss of traditional jobs in manufacturing, rapid suburbanization and high costs of labor have led to economic decline, making Buffalo one of the poorest among U.S. cities with populations of more than 250,000 people. An estimated 28.7 to 29.9 percent of Buffalo residents live below the poverty line, behind either only Detroit, or Detroit and Cleveland. Buffalo's median household income of \$27,850 is third lowest among large cities, behind only Miami and Cleveland. However the median household income for the larger metropolitan area is \$57,000.

This situation, in part, has led to the Buffalo-Niagara Falls metropolitan area having the most affordable housing market in the U.S. today. The quarterly NAHB / Wells Fargo Housing Opportunity Index (HOI) noted that nearly 90 percent of the new and existing homes sold in the metropolitan area during the second quarter were affordable to families making the area's median income of \$57,000. The area median price of homes was \$75,000. As of 2014, however, the median home price in the city was \$95,000.

Buffalo faces large issues with vacant and abandoned houses, as the city ranks second only to St. Louis on the list of American cities with the most vacant properties per capita. Since 2000, the city has torn down 2,000 vacant homes but as many as 10,000 still remain. Mayor Byron W. Brown unveiled a \$100 million, five-year plan to demolish 5,000 more houses. The city's move away from heavy industry and toward a service and bioinformatics economy has brought improved air and water quality, which benefit not only residents and tourists but also the bioregion as a whole.

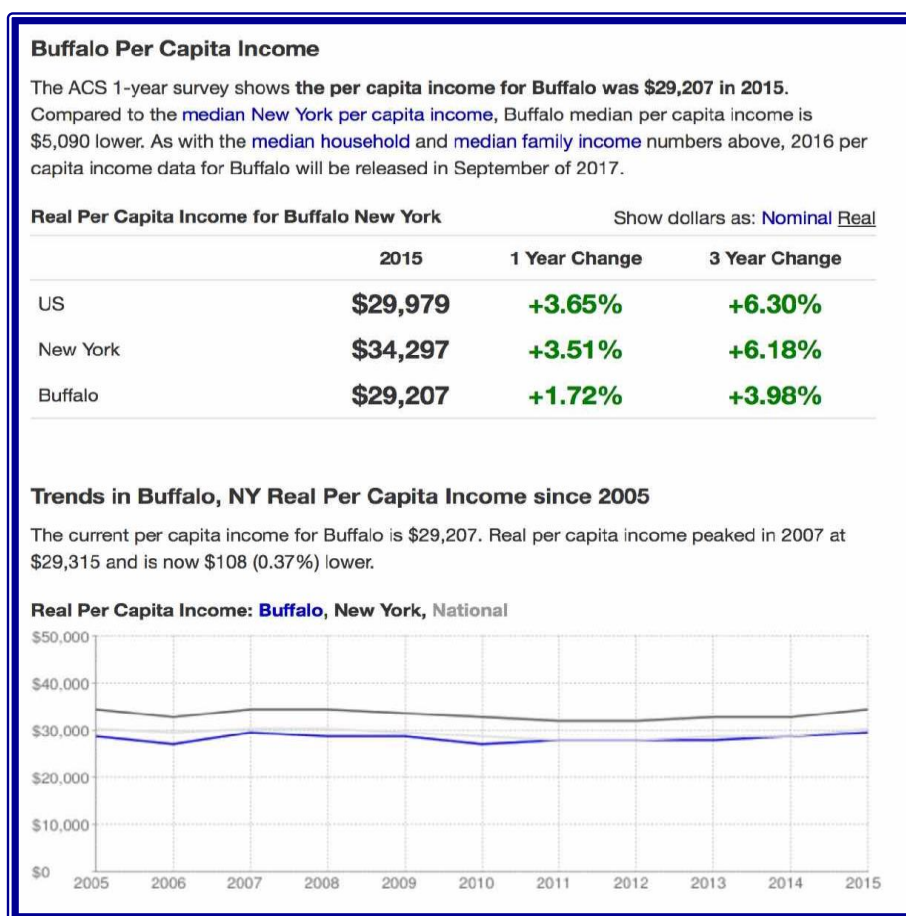
However, Buffalo's economy has begun to see some improvements since the early 2010s. Money from Governor Andrew Cuomo, plans for new construction programs, and hundreds of new jobs have brought strong economic change to the area.

Income

Per capita personal income ("PCPI") is a comprehensive measure of individual economic

well being. Based on PCPI, the Buffalo-Cheektowaga-Niagara Falls, NY MSA was ranked number 242 in 2008 and 185 in 2014, out of the 917 MSA's for which personal income was estimated. The PCPI changed from \$37,039 in 2008 to \$43,676 in 2014, a change of \$6,637 (17.9 percent), or an average annual increase of 2.95 percent.

By 2015, Buffalo-Cheektowaga-Niagara Falls, NY (MSA) had a per capita personal income (PCPI) of \$45,769. This PCPI ranked 97th in the United States and was 95 percent of the state average, \$48,288, and 95 percent of the national average, \$48,112. The 2015 PCPI reflected an increase of 4.2 percent from 2014. The 2014 - 2015 state change was 3.9 percent and the national change was 3.7 percent. In 2005, the PCPI of Buffalo-Cheektowaga-Niagara Falls, NY (MSA) was \$32,102 and ranked 153rd in the United States. The 2005 - 2015 compound annual growth rate of PCPI was 3.6 percent. The compound annual growth rate for the state was 2.8 percent and for the nation was 3.0 percent.



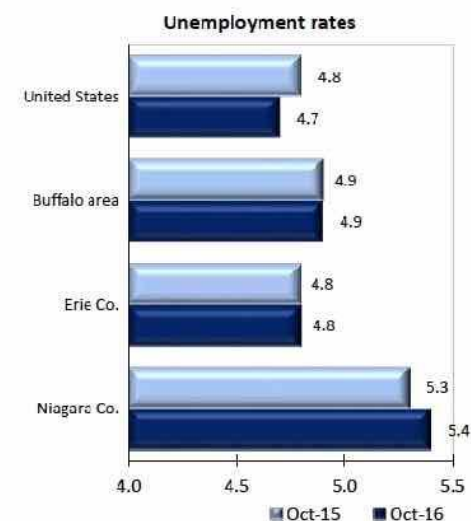
The Census ACS 1-year survey reports that the median household income for the Buffalo-Niagara Falls metro area was \$51,772 in 2015, the latest figures available. Buffalo median household income is \$9,078 lower than the median New York household income and \$4,003 less than the US median household income. The 2016 metro income data (including Buffalo median household income) will be released in September of 2017. MSA median household income is also somewhat below average in both Erie and Niagara counties.

Buffalo Area Economic Summary

Updated November 30, 2016

This summary presents a sampling of economic information for the area; supplemental data are provided for regions and the nation. Subjects include **unemployment**, **employment**, **wages**, **prices**, **spending**, and **benefits**. All data are not seasonally adjusted and some may be subject to revision. Area definitions may differ by subject. For more area summaries and geographic definitions, see www.bls.gov/regions/economic-summaries.htm.

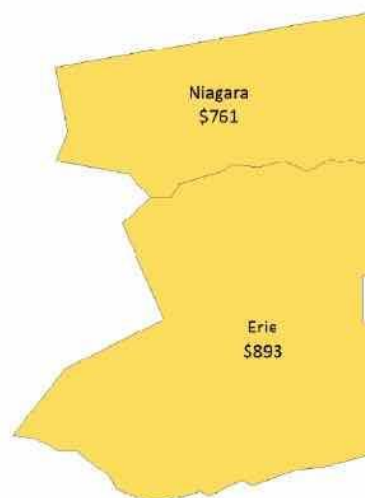
Unemployment rates for the Buffalo area, selected area counties, and the nation



Source: U.S. BLS, Local Area Unemployment Statistics.

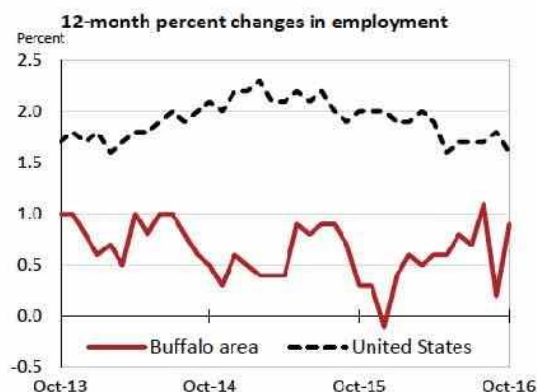
Average weekly wages for all industries by county

Buffalo area, 1st quarter 2016
(U.S. = \$1,043; Area = \$875)



Source: U.S. BLS, Quarterly Census of Employment and Wages.

Over-the-year changes in employment on nonfarm payrolls and employment by major industry sector



Source: U.S. BLS, Current Employment Statistics.

Buffalo area employment (numbers in thousands)	Oct. 2016	Change from Oct. 2015 to Oct. 2016	
		Number	Percent
Total nonfarm	559.7	5.2	0.9
Mining, logging, and construction	22.9	-0.2	-0.9
Manufacturing	51.1	-1.1	-2.1
Trade, transportation, and utilities	106.2	2.0	1.9
Information	7.6	0.3	4.1
Financial activities	34.6	1.2	3.6
Professional and business services	72.6	0.8	1.1
Education and health services	97.7	0.4	0.4
Leisure and hospitality	51.6	2.2	3.7
Other services	24.2	0.4	1.6
Government	91.2	0.0	0.0

Source: U.S. BLS, Current Employment Statistics.

Over-the-year change in the prices paid by urban consumers for selected categories



Source: U.S. BLS, Consumer Price Index.

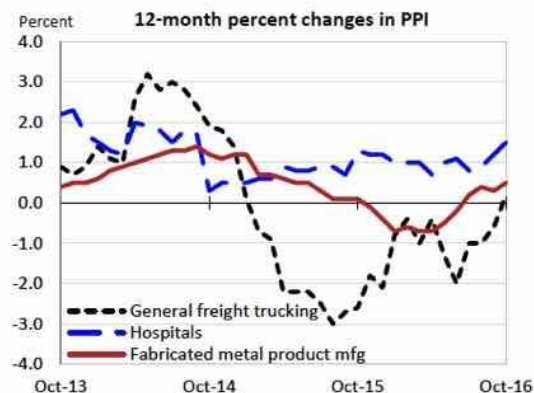
Average annual spending and percent distribution for selected categories

Northeast Region average annual expenditures 2015



Source: U.S. BLS, Consumer Expenditure Survey.

Over-the-year changes in the selling prices received by producers for selected industries nationwide



Source: U.S. BLS, Producer Price Index.

Average hourly wages for selected occupations

Occupation	Buffalo area	United States
Total, all occupations	\$21.66	\$23.23
General and operations managers	51.65	57.44
Lawyers	47.48	65.51
Insurance underwriters	35.09	34.93
Accountants and auditors	34.74	36.19
Registered nurses	33.55	34.14
Construction laborers	17.23	17.57
Customer service representatives	17.17	16.62
Team assemblers	16.42	15.17
Receptionists and information clerks	14.11	13.67
Retail salespersons	12.02	12.67
Childcare workers	10.57	10.72
Cooks, fast food	9.95	9.43

Source: U.S. BLS, Occupational Employment Statistics, May 2015.

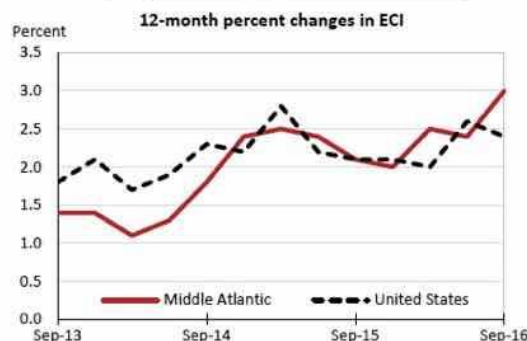
Employer costs per hour worked for wages and selected employee benefits by geographic division

Private industry, June 2016	Middle Atlantic (1)	United States
Total compensation	\$40.46	\$32.29
Wages and salaries	26.51	22.52
Total benefits	13.95	9.77
Paid leave	3.00	2.22
Vacation	1.51	1.15
Supplemental pay	2.92	1.16
Insurance	3.28	2.58
Retirement and savings	1.67	1.27
Legally required benefits	3.08	2.54

(1) Middle Atlantic includes NJ, NY, and PA.

Source: U.S. BLS, Employer Costs for Employee Compensation.

Over-the-year changes in wages and salaries



Source: U.S. BLS, Employment Cost Index.

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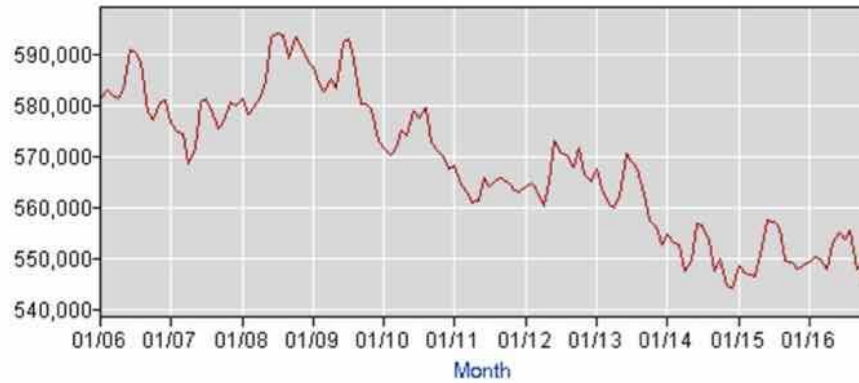
Not Seasonally Adjusted

Area: Buffalo-Cheektowaga-Niagara Falls, NY Metropolitan Statistical Area

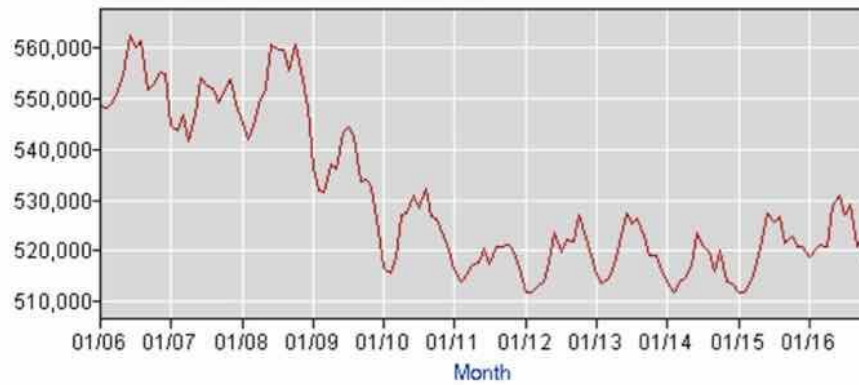
Area Type: Metropolitan areas

State/Region/Division: New York

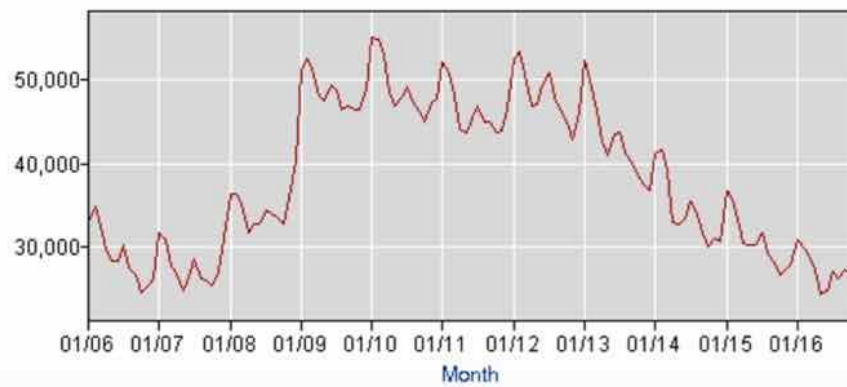
labor force



employment

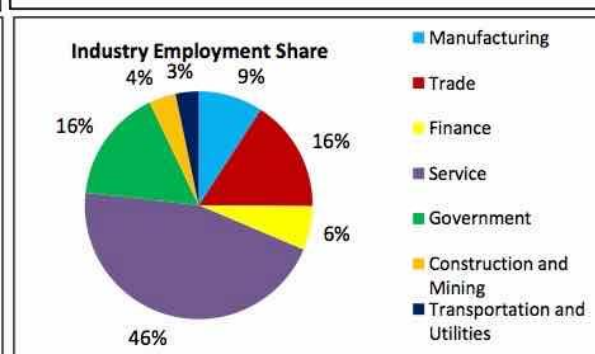
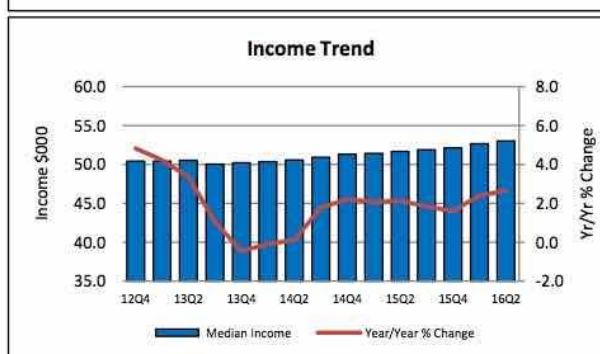
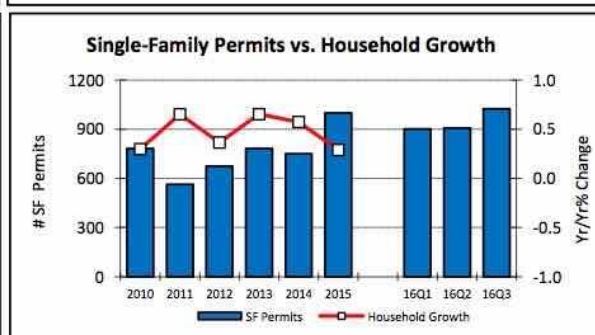
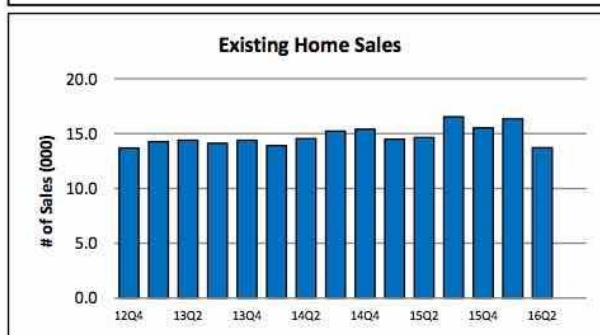
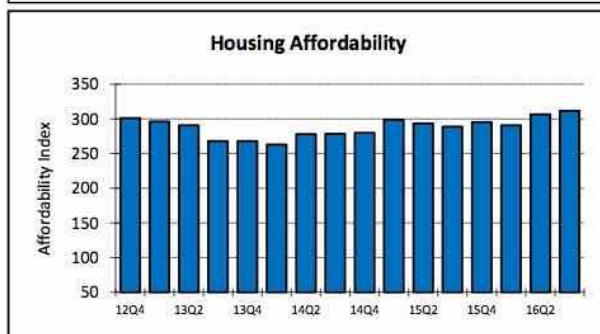
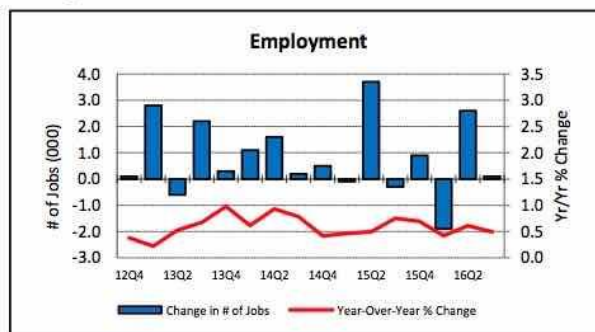
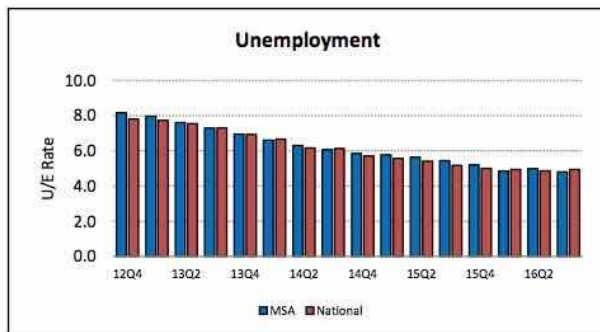


unemployment



Buffalo, NY Economic & Housing Indicators

MGIC



Produced by: MGIC Credit Policy Department - January 2017

Governmental Forces

Governmental decisions lead directly to the allocation of resources. These decisions encompass budget considerations, the tax and regulatory environment, and economic development initiatives, factors that have a direct effect upon the real estate market and the value of property.

The City of Buffalo has a mayor and a council of nine councilmembers. Buffalo also serves as the seat of Erie County with some of the 11 members of county legislature representing at least a portion of Buffalo. At the state level, there are three state assembly members and two state senators representing parts of the city proper. At the federal level, three members of the House of Representatives represent Buffalo.

The subject Property is situated in Cattaraugus County, which is one of the 57 counties in New York State (outside New York City). Given its rural character, the County is comprised of many smaller towns villages, hamlets and census designated places. Following is a brief overview of these various governmental classifications.

Administrative Divisions of New York

The administrative divisions of New York are the various units of government that provide local government services in the state of New York. The state is divided into counties, cities, towns, and villages, which are all municipal corporations with their own governments that provide most local government services. The New York State Constitution provides for democratically elected legislative bodies for counties, cities, towns and villages. These legislative bodies are granted the power to enact local laws as needed in order to provide services to their citizens and fulfill their various obligations.

Whether a municipality is defined as a city, town, or village is dependent not on population or land area, but rather on the form of government selected by the residents and approved by the state legislature. New York has 62 counties, which are subdivided into 932 towns and 62 cities. It also has 10 Indian reservations. In total, the state has more than 3,400 active local governments and more than 4,200 taxing jurisdictions. Briefly, the governmental designations that are applicable to the subject assignment include the following entities.

County – The County is the primary administrative division of New York. There are sixty-two counties in the state. Five of the counties are boroughs of the city of New York and do not have functioning county governments. While originally created as subdivisions of the state meant to carry out state functions, counties are now considered municipal corporations with the power and fiscal capacity to provide an array of local government services. Such services generally include law enforcement and public safety, social and health services (such as Medicaid), and education (special needs and community colleges).

City – In New York, each city is a highly autonomous incorporated area that, with the exceptions of New York City and Geneva, is contained within one county. The U.S. Census Bureau classifies Cities in New York as incorporated places. They provide almost all services to their residents and have the highest degree of home rule and taxing jurisdiction over their residents.

The main difference between a city and a village is that cities are organized and governed according to their charters, which can differ widely among cities, while most villages are subject to a uniform statewide Village Law (twelve villages still operate under charters issued by the state legislature prior to a revision of the State Constitution in 1874 that forbade chartering villages). Also, villages are part of a town (or towns; some villages cross town borders), with residents who pay taxes to and receive services from the town.

Cities are neither part of nor subordinate to towns except for the city of Sherrill, which for some purposes is treated as if it were a village of the town of Vernon. Some cities are completely surrounded by a town, typically of the same name.

There are sixty-two cities in the state. As of 2000, 54.1 percent of state residents were living in a city; 42.2 percent were living in New York City; and 11.9 percent were living in one of the other 61 cities. In 1686, the English colonial governor granted the cities of New York and Albany city charters, which were recognized by the first State Constitution in 1777. All other cities have been established by act of the state legislature and have been granted a charter. Cities have been granted the power to revise their charters or adopt new ones. There are no minimum population or area requirements in order to become a city. While there is no defined process for how and when a village becomes a city, the Legislature requires clear evidence, usually in the form of a locally drafted charter that the community in question seeks to incorporate as a city.

Town – In New York, a Town is a municipal corporation, which is the major division of each county (excluding the five counties that comprise New York City), very similar to townships in other states such as Pennsylvania, Ohio, and Indiana. The U.S. Census Bureau classifies towns in New York as minor civil divisions. All residents of New York who do not live in a city or on an Indian reservation live in a town.

Towns provide or arrange for the primary functions of local government. While some provide most municipal services for all town residents and selected services for residents of villages, some provide little more than road maintenance. There are 932 towns in New York. As of 2000, 45.8 percent of state residents were living in a town, and 35.9 percent were living in a town - but outside of a village. Whereas cities and villages can cross county boundaries, all towns in New York are within a single county.

New York towns are classified by statute as being a *town of the first class* or a *town of the second class*. Additionally, a town of the first class can further be classified as a *suburban*

town upon meeting certain criteria. Originally, towns of different classes possessed different powers. Since 1964, all towns, regardless of classification, have had the same legal powers as were once available only to suburban towns. Even so, towns of different classifications continue to have organizational differences and certain conditions that must be met before a town's classification changes.

The town board serves as the legislative branch. The board is composed of one elected supervisor (or chief executive officer in suburban towns) and a specific number of elected councilpersons; towns of the second class generally have two but may have four councilpersons, whereas towns of the first class generally have four but can have two or six. The supervisor presides over the board, voting on all matters but not possessing veto or tie-breaking power. Certain towns operate under a town manager form of government, as permitted by legislation enacted in 1976. All town justices were originally part of a town's board. Today, justices belong to a separate judicial branch known as Town Court or Justice Court, part of New York's Justice Court system.

A town may contain one or more villages. Five towns are coterminous with their single village: Green Island in Albany County; East Rochester in Monroe County; and Scarsdale, Harrison and Mount Kisco in Westchester County. When such an entity is formed, officials from either unit of government may serve in both village and town governments simultaneously. A referendum is held to decide whether residents prefer a village-style or town-style government, which will then function primarily as a village or town but will perform some of the functions of the other form.

Towns can contain several hamlets and communities. If the United States Postal Service (USPS) has a post office in a hamlet it often will use the name of that hamlet, as will the local fire department or elementary school. Businesses may also use the name of a hamlet as part of their name. The United States Census Bureau will, with consideration from the town, designate a census-designated place (CDP) that may use the name of one or more hamlets, though boundaries may differ from what is used by the ZIP code, local fire department, or other classification methods.

Towns in New York may be further subdivided into wards, although as of 2013, only eleven of the state's 932 towns used this system. In towns operating under the ward system, citizens vote for councilmen who represent a specific area (ward) of the town, as opposed to the at-large councilmen elected in the majority of the state's towns.

Towns vary in size and population. The largest town by area is Brookhaven (Suffolk County), which covers 531.5 square miles, but more than half of that is water. The town of Webb (Herkimer County) has the greatest land area, at 451 square miles. The smallest town – Green Island (Albany County), covers 0.7 square miles. The town of Hempstead (Nassau County) has about 760,000 people (2010 census), making it more populous than any city in the state except New York City. *Red House (Cattaraugus County), the least*

populous, has 38 permanent residents (2010 census).

Census-Designated Place – A census-designated place (“CDP”) is defined by the United States Census Bureau as “a statistical entity defined for each decennial census according to Census Bureau guidelines, comprising a densely settled concentration of population...” that is not part of a city or a village “...but is locally identified by a name.” CDPs may cross town and county borders. State and local officials and the Census Bureau define CDPs collaboratively. They are defined for each census, and it is commonplace to change boundaries and define new CDPs for each census. The Census Bureau formerly referred to CDPs as “unincorporated places” from 1950 through the 1970 decennial censuses. The term CDP was first used for the 1980 census, and minimum population criteria for CDPs were dropped with the 2000 Census.

Hamlet – Though the term “hamlet” is not defined under New York law, many people in the state use the term hamlet to refer to a community within a town that is not incorporated as a village but is identified by a name, i.e. an unincorporated community. Hamlets often have names corresponding to the names of a local school district, post office, or fire district. Because a hamlet has no government of its own, it depends upon the town or towns that contain it for municipal services and government.

Suffolk County publishes maps that give hamlet boundaries, but towns within the county also publish maps that conflict both in the number of hamlets and their boundaries. Nevertheless, the town administers all land not situated within a village. Most of the rest of New York’s hamlets, however, have less defined boundaries, and most towns have areas that are not considered to be a part of any hamlet.

The New York State Department of Transportation (“NYSDOT”) puts hamlet names on rectangular green signs with white lettering at roadside locations of its choosing. The NYSDOT and local governments also provide community identification signs on some scenic byways to be placed at the roadside boundaries of hamlets, as decided by the sign provider.¹ Many towns have special zoning or planning districts and planning strategies for their hamlets, and many place welcome signs at the gateways to the hamlets. Some hamlets are former villages that have dissolved their incorporation (Old Forge in Herkimer County; Rosendale, in Ulster County; and Andes in Delaware County, for example).

Village – In New York, a village is an incorporated area. About 85 percent of villages fall within a single town. The Census Bureau classifies Villages in New York State as incorporated places. Like all municipal corporations, villages have clearly defined legal boundaries. A village is a municipality that provides services to the residents, services that may or may not include garbage collection, management of cemeteries, street and highway maintenance, street lighting, and building codes. Some villages provide their own police and other municipal services.

Villages have less autonomy than cities. Those services not provided by the village are provided by the town or towns containing the village. As of the 2000 census, 9.9 percent of the state's population was living in one of the 556 villages in New York.

The legislature of a village is the board of trustees composed of a mayor and (usually) four trustees. The board is responsible for approving mayoral appointments, managing village finances and property, and approving a budget. The mayor, who is generally the chief executive of the village, may vote in all business before the board and must vote to break a tie. The mayor generally does not possess veto power, unless local law provides for this situation. Administrative duties of the mayor include enforcing laws and supervising employees. A village may also have a full-time village manager who performs these administrative duties instead of the mayor. In 2007, sixty-seven villages had such a manager. Some villages have their own village justice, while others utilize the justice of the town or towns in which they are located.

To be incorporated, the area of the proposed village must have at least 500 inhabitants and not be part of an existing city or village. Additionally, the proposed village can be no more than 5 square miles in area, unless its boundaries are to be coterminous with a school, fire, improvement or other district, or the entire town. The process of incorporation begins with a petition by either 20 percent of residents or owners of 50 percent of assessed real property. If deemed legally sufficient, incorporation is then voted upon by the qualified voters living in the proposed village only. Some villages have fewer than 500 residents, having incorporated before the present population requirement of 500 or fallen below the 500-resident threshold after incorporation.

A village may also be dissolved, returning all government control to the town level. The process of dissolution can be initiated by the village board itself, or upon the submission of a proper petition to the board. The village board must produce a "dissolution plan" that settles specific matters, such as the village's debts, its employees and property, and the financial impact dissolution would have on village and non-village town residents. This plan is voted upon by village voters only.

About 15 percent of villages cross other municipal boundaries. More than 70 villages are located in two or more towns. Seven villages are in two counties. The Village of Saranac Lake is in three towns and two counties. Five towns are coterminous with their single village.

There are no known moratoriums or anti-growth measures in place that affect the subject property type.

Social Forces

Social forces are exerted primarily through population characteristics. The demographic composition of the population reveals the potential, basic demand for real estate services.

Potential for change in the aggregate population and in its demographic attributes affects the local market area surrounding the subject property. As stated earlier, population also drives demand and represents a reliable predictor of future long-term care demand.

Population

The region's long-term downward population trend continued, albeit more slowly, in the 1990s, led by continued migration from central cities. From 1990 to 2000, the population of the Buffalo-Niagara Falls MSA declined by fewer than 20,000 people – **a change that could be read as a leveling off from the steeper decline in the twenty years previous. However, compared with the broader state and national picture, these trends are evidence of deep distress.**

In the same decade, Erie and Niagara Counties both lost population at rates of 1.9 and 0.4 percent respectively, due mainly to decline in Buffalo and Niagara Falls. At the same time, suburban and outlying areas in each county experienced modest population growth: 2.7 percent in Erie County and 3.4 percent in Niagara County.

The trend of people moving out of the two main cities has continued unabated. By 2000, the population of Buffalo had declined by 35,475 or nearly 11 percent since the previous census. Buffalo's neighbor, Niagara Falls shrank by more than ten percent during the same period, from 61,840 to 55,593. **Over the same period, the nation as a whole grew by more than 13 percent and New York State grew by more than five percent –**

Historical population		
Census	Pop.	%±
1810	1,508	—
1820	2,095	38.9%
1830	8,668	313.7%
1840	18,213	110.1%
1850	42,261	132.0%
1860	81,129	92.0%
1870	117,714	45.1%
1880	155,134	31.8%
1890	255,664	64.8%
1900	352,387	37.8%
1910	423,715	20.2%
1920	506,775	19.6%
1930	573,076	13.1%
1940	575,901	0.5%
1950	580,132	0.7%
1960	532,759	-8.2%
1970	462,768	-13.1%
1980	357,870	-22.7%
1990	328,123	-8.3%
2000	292,648	-10.8%
2010	261,310	-10.7%
Est. 2015	258,071 ^[51]	-1.2%

Historical Population Figures^[52]
U.S. Decennial Census^[53]
2013 Estimate^[54]

Jurisdiction	1950	1970	1990	2000
City Of Buffalo	580,132	462,768	328,123	292,648
Remainder of Erie County	319,106	650,723	640,409	657,617
Buffalo-Niagara MSA	1,089,230	1,349,211	1,189,288	1,170,111
New York State	14,830,192	18,241,391	17,990,455	18,976,457
United States	151,325,798	203,302,031	248,709,873	281,421,906

Source: U.S. Census Bureau / OSP Information & Data Analysis

Table 1 Buffalo Area Population

nearly a million people. Within the Buffalo - Niagara Falls metropolitan area, roughly 80 percent of the population reside in Erie County, which includes the City of Buffalo. Niagara County, which includes the City of Niagara Falls, is considerably less densely populated. **Population in both counties has declined for the past four decades**, including between 2000 and 2010, when the decline was approximately -3 percent, exceeded only by the decline in the Rochester MSA.

The profile of those residents left behind is striking, although several long-term trends seem to have leveled off (Table 2 below). Measured from 1970, the trends are dramatic. The percentage of large households with five+ people dropped by about half between 1970 and 2000 while the percentage of one-person households rose by about 50 percent.

Central New York MSA Population Figures

Geographic Area	Total Population		Population Change	
	2000	2010	Number	Percent
NY State	18,976,811	19,378,102	401,291	2.1%
Syracuse MSA	650,154	662,577	12,423	1.9%
Albany-Schenectady-Troy MSA	875,583	870,716	-4,867	-0.6%
Binghamton MSA	252,320	251,725	-595	-0.2%
Buffalo-Niagara Falls MSA	1,170,111	1,135,509	-34,602	-3.0%
Elmira MSA	91,070	88,830	-2,240	-2.5%
Glens Falls MSA	124,345	128,923	4,578	3.7%
Ithaca MSA	96,501	101,564	5,063	5.2%
Kingston MSA	177,749	182,493	4,744	2.7%
Poughkeepsie-Newburgh-Middletown MSA	621,517	670,301	48,784	7.8%
Rochester, NY MSA	1,098,201	1,054,323	-43,878	-4.0%
Utica-Rome MSA	299,896	299,397	-499	-0.2%

Source: U.S. Census Bureau, 2000 and 2010.

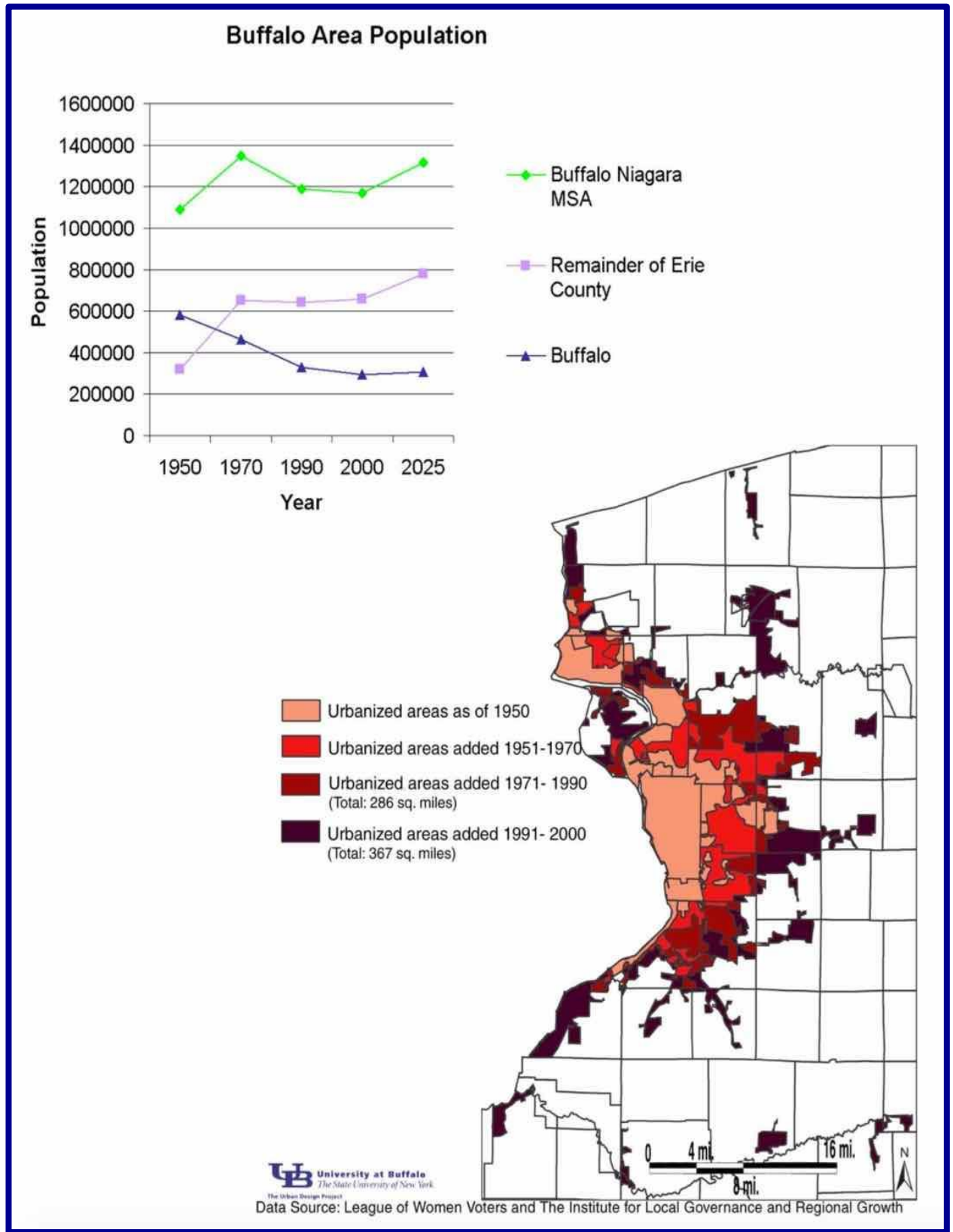
Categories	1950	1970	1990	2000
Population	580,132	462,768	328,123	292,648
White	542,432	364,367	212,449	159,300
All other races	37,700	98,401	115,674	133,348
Persons under 18	26.00%	30.80%	24.20%	26.30%
Persons 60 and older	13.30%	18.40%	19.40%	17.00%
Total housing units	165,538	166,107	151,970	145,574
Households	164,640	157,951	136,436	122,720
Households 5 or more persons	20.60%	17.00%	8.70%	8.50%
One person households	8.10%	25.60%	35.60%	37.70%
Persons per households	5.2	2.92	2.4	2.38
All families	149,420	112,508	78,245	67,053
Married couple families*	74.00%	54.90%	33.20%	27.60%
Families with female heads*		13.20%	20.20%	22.30%
Poverty**		15.20%	25.60%	26.70%

Source: U.S. Census Bureau / OSP Information & Data Analysis

Table 2 City of Buffalo Population and Housing

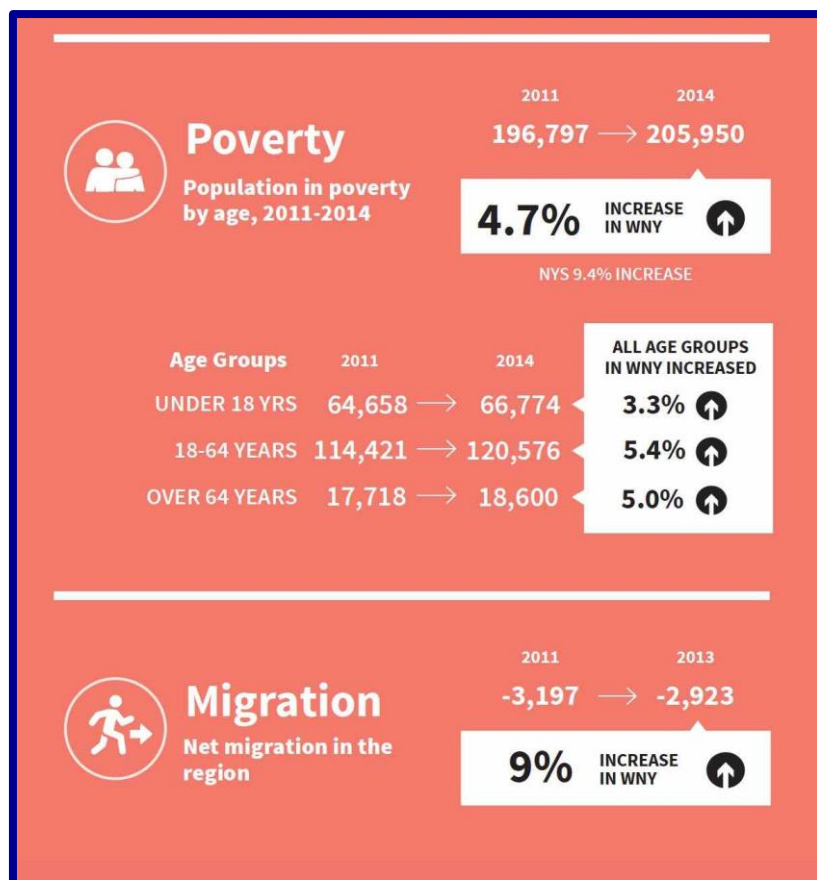
* Percent of total households

** Percent of all persons



The proportion of households living in poverty and those with a female head-of-household both rose sharply while the percentage of married family households declined by about half during the same period. None of these trends was reversed during the 1990s, but they each slowed significantly.

In terms of the area's demographic profile, Blacks make up roughly 12 percent of the population of the MSA - close to the national average. Hispanics account for 4 percent of the population and Asians for just above 2 percent—both well below the nationwide figures



	1990	2000
White	63%	51%
Black	30%	37%
Hispanic	5%	8%
Other	2%	4%

Table 5 City Population by Race

Current Population

The total population of the Buffalo-Cheektowaga-Niagara Falls, NY MSA metro changed from 1,135,566 in 2010 to 1,136,642 in 2015, a change of **-336** (0 percent). Among all 917 metros, this metro was ranked 48th in 2010 and 50 in 2015, based on total population. Annual net migration was 802 in 2011, **-646** in 2012, 1,097 in 2013, 1,402 in 2014 and 1,402 in 2015.

The Buffalo MSA is projected to have a total population in 2020 of 1,175,225. The projected population change from 2010 to 2020 is +39,883 or +3.5 percent in total, **but just 0.035 percent annually**. The population ages 65 years and over is projected to change from 183,572 in 2010 to 248,884 in 2020, a change of +65,312 or +35.6 percent. **The rule of**

thumb that indicates a healthy housing market is annual growth in households of 1.0 percent or greater. These figures suggest a stagnant housing market in the Buffalo MSA.

The following demographic data are based upon the 14202 zip code that essentially consists of Downtown Buffalo and the adjacent areas. Population is declining, and the number of people below the poverty line is the highest income cohort.

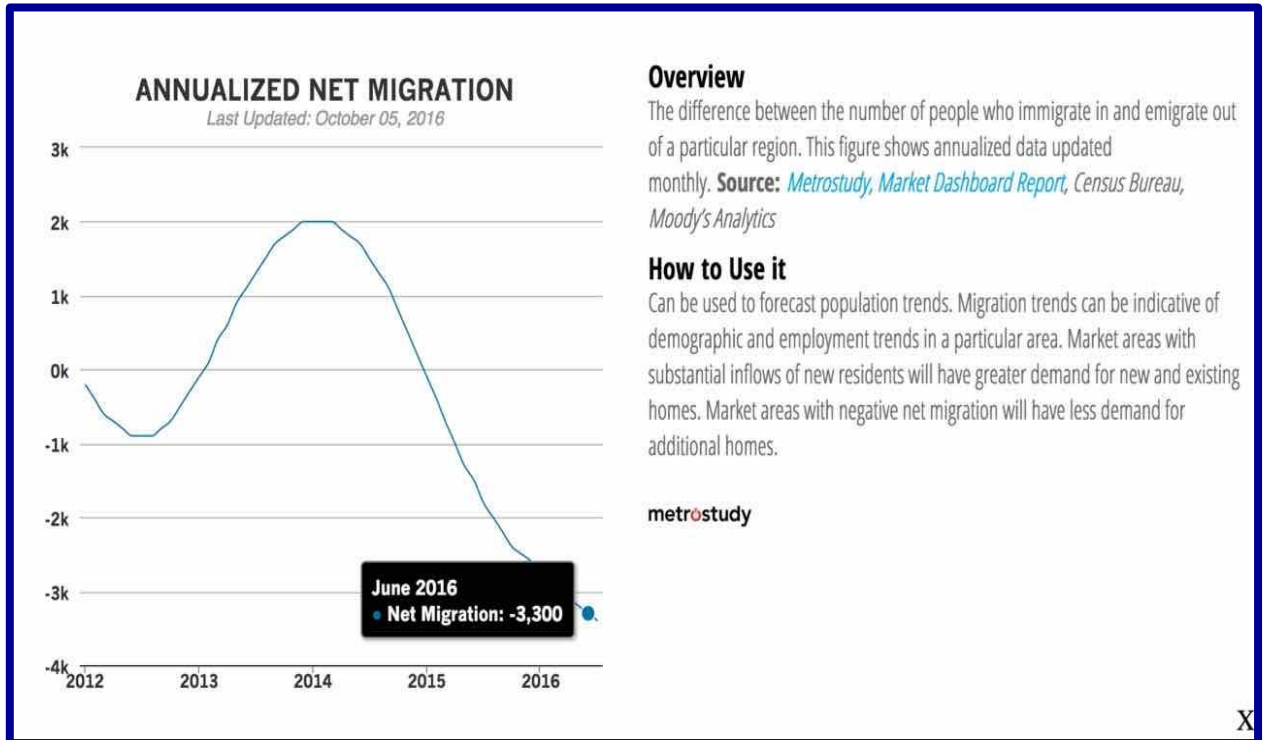
LOCAL AREA DEMOGRAPHICS							
DESCRIPTION	1 MILE	3 MILES	5 MILES	DESCRIPTION	1 MILE	3 MILES	5 MILES
POPULATION				AVERAGE HOUSEHOLD INCOME			
2000 Population	16,992	117,481	288,404	2016	\$46,451	\$45,890	\$47,478
2010 Population	15,633	100,129	256,738	2021	\$49,030	\$48,549	\$49,849
2016 Population	15,719	99,039	250,485	Change 2016-2021	5.55%	5.79%	4.99%
2021 Population	15,080	92,918	237,839	MEDIAN HOUSEHOLD INCOME			
Change 2000-2010	(8.00%)	(14.77%)	(10.98%)	2016	\$29,264	\$29,024	\$32,322
Change 2010-2016	0.55%	(1.09%)	(2.44%)	2021	\$31,812	\$31,263	\$34,446
Change 2016-2021	(4.07%)	(6.18%)	(5.05%)	Change 2016-2021	8.71%	7.71%	6.57%
POPULATION 65+				PER CAPITA INCOME			
2010 Population	1,640	12,230	30,862	2016	\$23,583	\$21,199	\$20,835
2016 Population	1,710	12,711	31,491	2021	\$25,125	\$22,581	\$21,963
2021 Population	1,777	12,915	32,483	Change 2016-2021	6.54%	6.52%	5.41%
Change 2010-2016	4.27%	3.93%	2.04%	2015 HOUSEHOLDS BY INCOME			
Change 2016-2021	3.92%	1.60%	3.15%	<\$15,000	31.0%	30.7%	26.1%
NUMBER OF HOUSEHOLDS				\$15,000-\$24,999	12.9%	14.2%	14.4%
2000 Households	7,708	52,125	121,816	\$25,000-\$34,999	11.8%	12.2%	13.0%
2010 Households	7,334	45,744	111,776	\$35,000-\$49,999	14.5%	12.8%	13.9%
2016 Households	7,218	43,936	106,284	\$50,000-\$74,999	13.3%	13.7%	14.7%
2021 Households	6,959	41,391	101,135	\$75,000-\$99,999	5.9%	6.2%	7.6%
Change 2000-2010	(4.85%)	(12.24%)	(8.24%)	\$100,000-\$149,999	6.8%	6.7%	7.3%
Change 2010-2016	(1.58%)	(3.95%)	(4.91%)	\$150,000-\$199,999	1.4%	1.4%	1.5%
Change 2016-2021	(3.59%)	(5.79%)	(4.84%)	\$200,000 or greater	2.2%	2.1%	1.6%
HOUSING UNITS (2016)				MEDIAN HOME VALUE			
Owner Occupied	1,495	14,077	44,694	\$135,034	\$67,365	\$68,266	
Renter Occupied	5,697	29,904	61,590	AVERAGE HOME VALUE			
HOUSING UNITS BY YEAR BUILT				\$202,877	\$136,080	\$109,011	
Built 2010 or later	71	401	485	HOUSING UNITS BY UNITS IN STRUCTURE			
Built 2000 to 2009	459	1,417	2,018	1, detached	1,027	11,093	38,579
Built 1990 to 1999	436	2,046	3,278	1, attached	393	1,687	3,363
Built 1980 to 1989	418	1,358	2,173	2	1,340	14,138	37,625
Built 1970 to 1979	582	2,151	4,734	3 or 4	634	4,416	8,362
Built 1960 to 1969	433	2,077	6,141	5 to 9	708	2,768	4,540
Built 1950 to 1959	785	3,002	13,345	10 to 19	337	1,323	2,736
Built 1940 to 1949	402	2,946	10,405	20 to 49	903	2,808	3,628
Built 1939 or earlier	3,631	28,537	63,706	50 or more	1,792	5,585	7,157
				Mobile home	47	137	243
				Boat, RV, van, etc.	10	27	51

Source: Pitney Bowes/Gadberry Group - GroundView®

Migration

In Buffalo, a variety of factors have pushed the continued migration from the city. Some out-migrants seek better schools for their children, including programs in physical education, arts, computer science, and better libraries. Others want to live closer to work now that a higher proportion of regional jobs are located in the suburbs. Still others seek a broader range of choices in housing and neighborhoods. As shown in the following table,

Annualized Net Migration through June 2016 is **-3,300 people annually**. This is a very bad indicator for the region as well as for the rural areas outside of Buffalo. Given these conditions in Buffalo, why would any investor entertain new development / redevelopment in the Town of Perrysburg?



Quality of Life

Just 20 minutes from Buffalo are the breathtaking views of the world famous Niagara Falls. With Canada being so close, Toronto brings a strong international flair to the area with its world-class restaurants, theatre and entertainment. Buffalo is also fortunate to have easy access to Fort Erie and Niagara Falls Ontario's Clifton Hill, which lies just across the Peace Bridge. Clifton Hill is fun for all ages, with attractions like the Niagara SkyWheel helicopter rides over the falls and plenty of restaurants.

Like most large cities, Buffalo is home to festivals that have become part of the city's culture and tradition. They include the Taste of Buffalo, the National Buffalo Wing Festival, Buffalo Brewfest, The Allentown Art Festival, Dyngus Day Buffalo and the BASH, a military fundraiser for disaster preparedness education and response in Western New York communities. Western New York brings in top musicians, such as the Rolling Stones, and has cultural resources such as museums, art galleries, theaters and more

Capitalizing on its Lake Erie shoreline and historic significance as the western terminus of the Erie Canal, Buffalo has recently made great strides in developing its waterfront. The

strategy, executed by all levels of government, has been to use public investment in parks and amenities in order to spur private development.

The centerpiece of this effort is the Canalside, below, a year-round destination on the southern edge of downtown. The completed phases include a central wharf, a navigable commercial slip, the excavation of historic streets and buildings, a pedestrian bridge, a new building housing a restaurant and a museum, an amphitheater, and a public park. The project also included the \$30 million renovation of the Donovan State Office Building into One Canalside, which includes office space, retail and a 96-room Marriott hotel.

More than 1.5 million visitors enjoyed Canalside in the summer of 2016, with more visitors expected during the colder months thanks to its popular ice rink, which is larger than the rink at Rockefeller Plaza in New York City. Three new buildings at Canalside, including the Explore and More Children's Museum, are also planned.

Canalside's popularity has led to more than a half billion dollars in private development in the area surrounding the attraction. This includes HarborCenter, below, where the National Hockey League's (NHL) Buffalo Sabres have completed a \$250 million project, which includes a 20-story facility with two ice rinks, a 200-room Marriott hotel, retail, and a high-end sports bar known as "716". Connected to the Sabres' arena, the Key Bank Center, HarborCenter hosted the 2016 NHL Draft and will host the 2018 World Junior Hockey Championships, beating out Chicago, Pittsburgh, St. Louis, and Tampa for the international event.

Waterfront development has also spread past downtown, with recent park projects leading to nearby residential developments on the Outer Harbor and the Buffalo River. Buffalo Riverfest Park and Mutual Riverfront Park has resulted in new apartment buildings on the Buffalo River, such as the \$18 million Buffalo River Landing and the \$9 million



301 Ohio building. Wilkeson Pointe and other improvements have led to the first residential project on the Outer Harbor, the 23-story, \$85 million Queen City Landing apartment building, which obtained City approval to begin construction in 2016.

For sports fans, Western New York offers the National Football League's Buffalo Bills and the National Hockey League's Buffalo Sabres. The Sabres play in a state-of-the-art sports

complex in downtown Buffalo. Western New York is also home to the Buffalo Bisons, the triple “A” affiliate MLB team to the Blue Jays.

An examination of the educational profile of the population within the Buffalo MSA indicates that approximately 27 percent of adults hold a college degree—somewhat below the statewide average of 31.6 percent but close to the nationwide average.

Western New York is home to 15 four-year colleges and universities and 20 two-year schools and professional programs annually graduating 20,000.

2014-15 School Year. Extended detail available in [business edition](#).

Institution	City Name	Code	Level	Total UG Enrollment	Fulltime UG Enrollment	Total Grad Enrollment	Fulltime Grad Enrollment
Bryant & Stratton College-Amherst	Getzville, NY	189556	5	356	214	0	0
Bryant & Stratton College-Buffalo	Buffalo, NY	189583	5	800	429	0	0
Bryant & Stratton College-Online	Orchard Park, NY	480091	5	2,584	1,578	0	0
Bryant & Stratton College-Southtowns	Orchard Park, NY	374972	5	561	362	0	0
Buffalo State SUNY	Buffalo, NY	196130	8	9,475	8,326	1,608	514
Canisius College	Buffalo, NY	189705	8	2,868	2,725	1,313	562
D'Youville College	Buffalo, NY	190716	9	1,963	1,505	1,104	775
Daemen College	Amherst, NY	190725	9	2,045	1,677	755	553
Erie Community College	Buffalo, NY	191083	3	12,733	8,424	0	0
Hilbert College	Hamburg, NY	191621	7	960	842	52	39
ITT Technical Institute-Getzville	Getzville, NY	420404	3	326	256	0	0
Medaille College	Buffalo, NY	192925	9	1,914	1,749	565	534
Niagara County Community College	Sanborn, NY	193946	3	6,478	3,994	0	0
Niagara University	Niagara University, NY	193973	9	3,176	2,833	839	452
Trocaire College	Buffalo, NY	196653	5	1,467	671	0	0
University at Buffalo	Buffalo, NY	196088	9	19,882	18,166	10,113	6,422
Villa Maria College	Buffalo, NY	197142	5	477	361	0	0

The growth in the education sector is led by the University at Buffalo, the largest public university in New York State, with more than 28,000 students across 3 campuses. The construction of the university’s new medical school at the BNMC is part of the “UB2020” plan, a comprehensive growth strategy to increase jobs, enrollment, and research funding at the school. UB2020 is expected to create more than 1,000 jobs at the university, in addition to 2,000 private-sector research jobs and 1,600 construction jobs. In addition to the University at Buffalo, the area is home to 20 other colleges & universities, for a total of 110,000 students and 32,000 employees in higher education, creating a \$3.2 billion economic impact.

The city is home to two private healthcare systems, which combined operate eight hospitals and countless clinics in the greater metropolitan area, as well as three public hospitals operated by Erie County and the State of New York. Buffalo General/Gates Vascular Institute has earned top rankings in the US for their cutting edge research and treatment into stroke and neurological care. ECMC has been accredited as a Level One Trauma Center and serves as the trauma and burn care center for Western New York, much of the Southern Tier as well as portions of Northwestern Pennsylvania and Ontario, Canada. Over the years, Roswell Park has also become recognized as one of the United States' leading

cancer treatment and research centers, and it recruits physicians and researchers from across the world to come live and work in the Buffalo area.

The Buffalo parks system has over 20 parks with several parks accessible from any part of the city. The Olmsted Park and Parkway System is the hallmark of Buffalo's many green spaces. Three-fourths of city parkland is part of the system, which comprises six major parks, eight connecting parkways, nine circles and seven smaller spaces. Constructed in 1868 by Frederick Law Olmsted and his partner Calvert Vaux, the system was integrated into the city and marks the first attempt in America to lay out a coordinated system of public parks and parkways. The Olmsted designed portions of the Buffalo park system are listed on the National Register of Historic Places and are maintained by the Buffalo Olmsted Parks Conservancy (BOPC), a non-profit, for public benefit corporation which serves as the cities parks department. It is the first non-governmental organization of its kind to serve in such a capacity in the United States.

Economic and Real Estate Market Conclusions

According to local sources and press, the Buffalo regional economy is beginning to come back - after being mired in financial crisis. Unfortunately, it appears that it still has a very long way to go.

- **The loss of traditional jobs in manufacturing, rapid suburbanization and high costs of labor have led to economic decline, making Buffalo one of the poorest among U.S. cities with populations of more than 250,000 people. An estimated 28.7 to 29.9 percent of Buffalo residents live below the poverty line, behind either only Detroit, or Detroit and Cleveland.**
- **Buffalo's median household income of \$27,850 is third lowest among large cities, behind only Miami and Cleveland. However the median household income for the larger metropolitan area is \$57,000.**
- **The region's long-term downward population trend continued, albeit more slowly, in the 1990s, led by continued migration from central cities. From 1990 to 2000, the population of the Buffalo-Niagara Falls MSA declined by fewer than 20,000 people – a change that could be read as a leveling off from the steeper decline in the twenty years previous. However, compared with the broader state and national picture, these trends are evidence of deep distress.**
- **In the same decade, Erie and Niagara Counties both lost population at rates of -1.9 and -0.4 percent respectively. Population in both counties has declined for the past four decades. The trend of people moving out of the two main cities has continued unabated. By 2000, the population of Buffalo had declined by**

35,475 or nearly 11 percent since the previous census. Buffalo's neighbor, Niagara Falls shrank by more than ten percent during the same period, from 61,840 to 55,593. **Over the same period, the nation as a whole grew by more than 13 percent and New York State grew by more than five percent.**

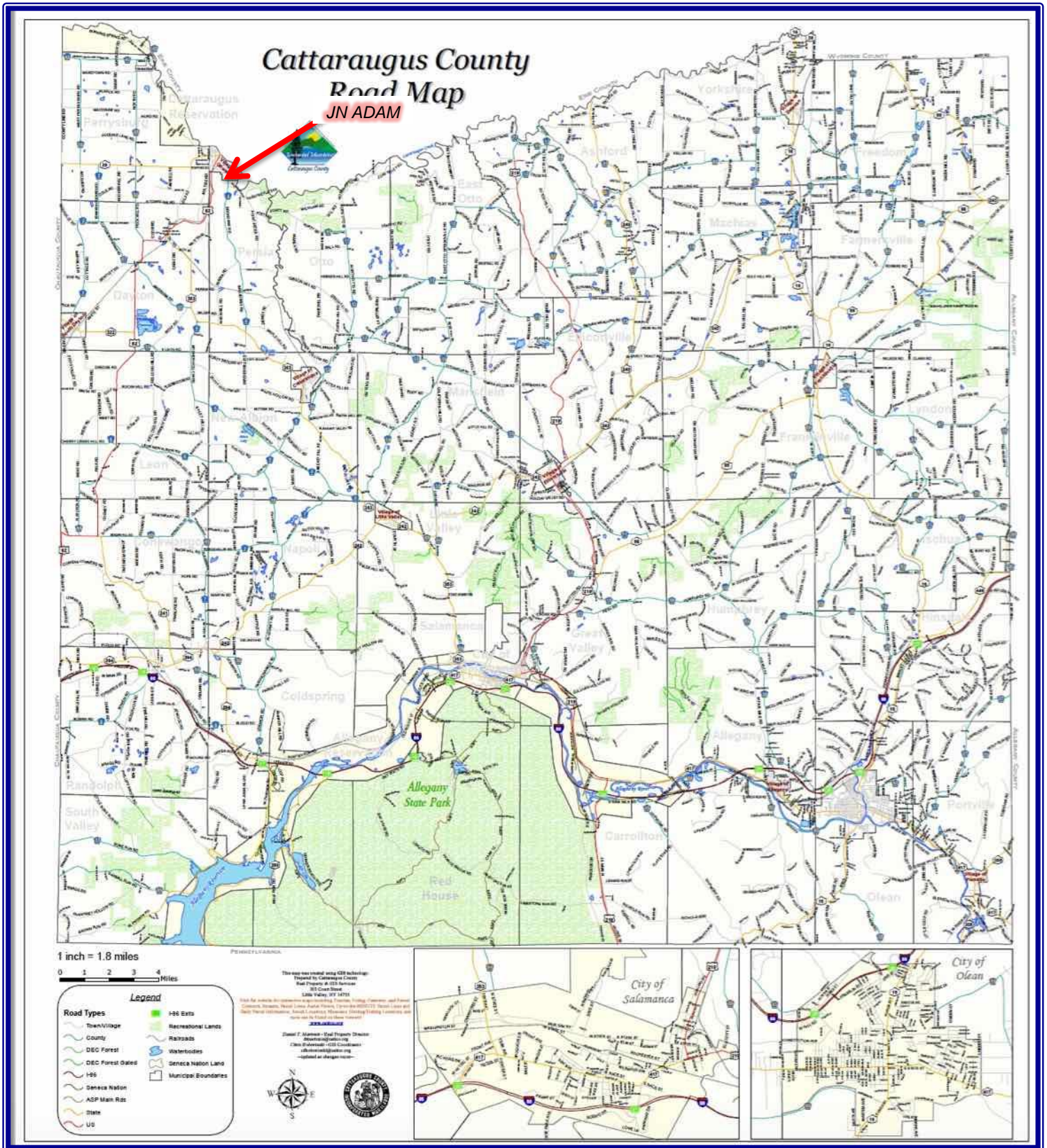
- As discussed above, **Annualized Net Migration through June 2016 is -3,300 people annually.**
- **Buffalo faces large issues with vacant and abandoned houses, as the city ranks second only to St. Louis on the list of American cities with the most vacant properties per capita. Since 2000, the city has torn down 2,000 vacant homes but as many as 10,000 still remain.**
- **Furthermore, few new homes have been built over the past several decades. From 1990 to 2000 only 3,656 new units were built. Many of these were delivered through public housing programs or with public assistance. There has been little unsubsidized private sector investment.**

Employment and population growth are major determinants of demand for residential and commercial real estate development. Because both are growing slowly – or declining - all regional real estate market segments are performing only fair to poorly. Due to a lack of employment growth housing starts are low, and commercial property absorption activity is meager compared with available supply, in some cases with several years inventory available. Office vacancy rates are in the 20 percent range. Demand is low, and pricing is fair to poor.

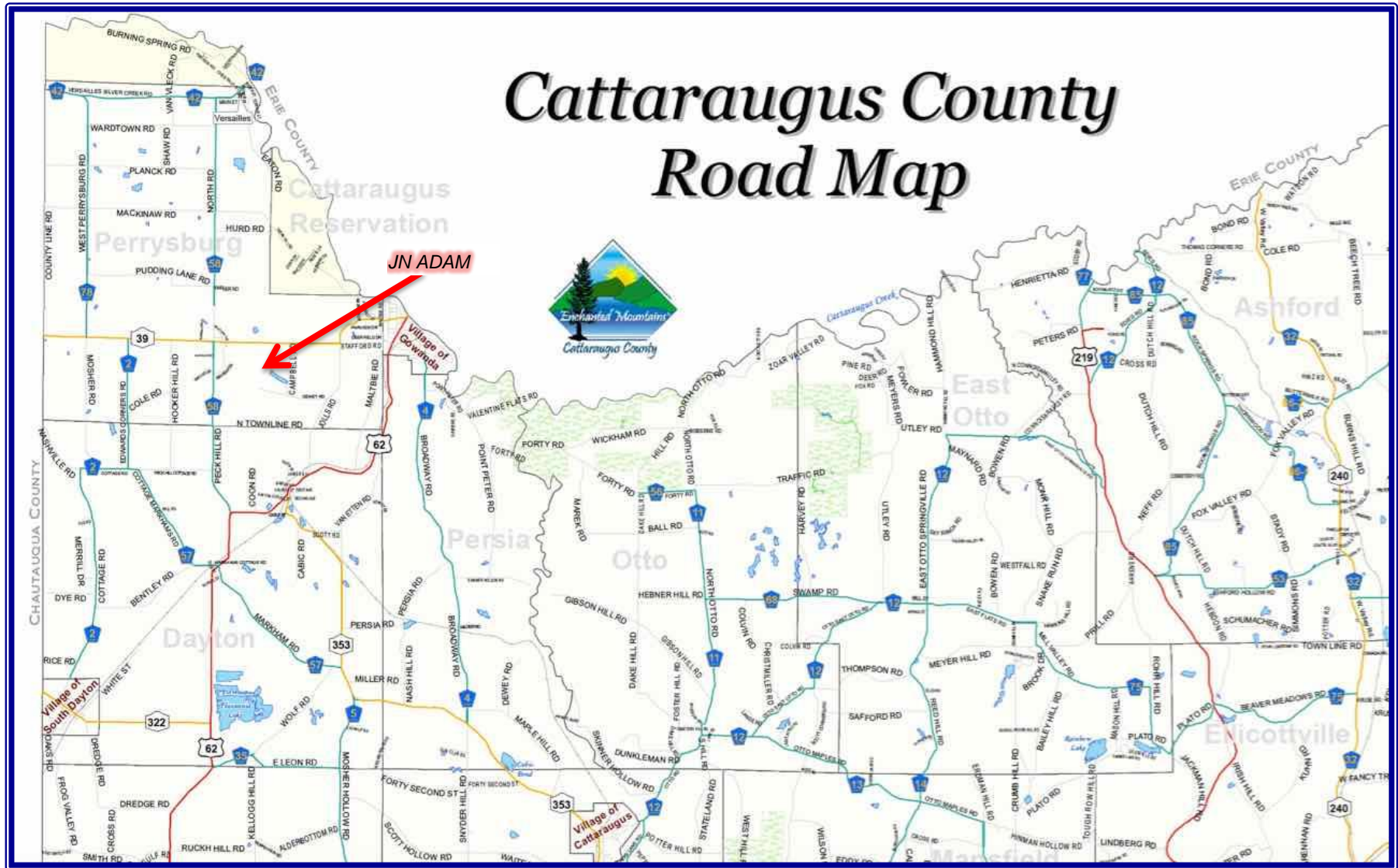
This situation does not bode well for any redevelopment / alternative use of the subject JN Adam complex, which is situated in a far more rural location 30+ miles south of Buffalo. As a result, it is a reasonable conclusion that it would attract significantly less development demand than exists in Buffalo, the heart of the regional economy.

These are all very bad indicators for the region as well as for the rural areas outside of Buffalo. People are fleeing; Existing housing is vacant; Commercial vacancy rates are high. Given all of these conditions in Buffalo, why would any investor entertain the prospect of new development / redevelopment in the Town of Perrysburg?

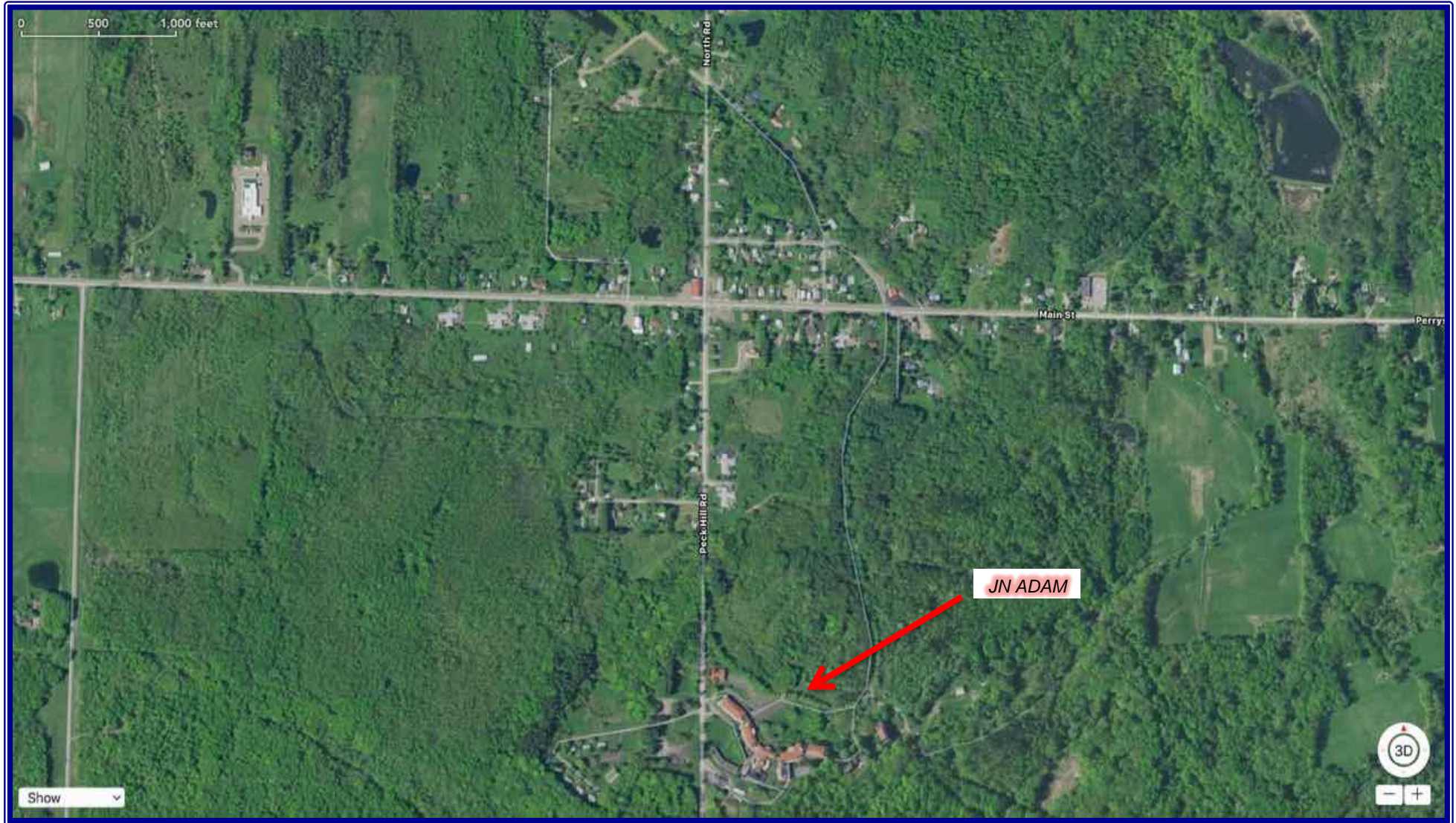
This economic and real estate situation does not bode well for redevelopment / alternative use of the subject JN Adam complex, which is situated in a far more rural and isolated location. It is a reasonable conclusion that the complex would attract significantly less development demand than might exist in the heart of the Buffalo regional economy, which itself has been in rough shape for decades.



LOCAL AREA ROAD MAP



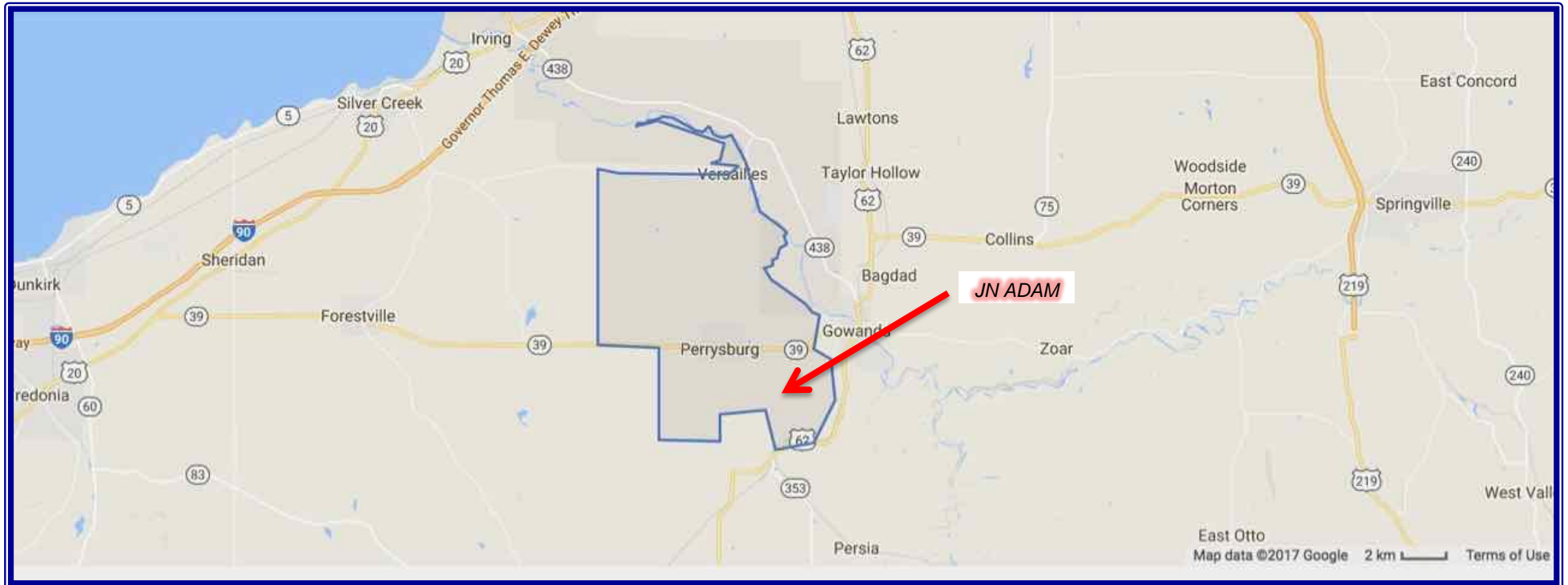
LOCAL AREA AERIAL MAP



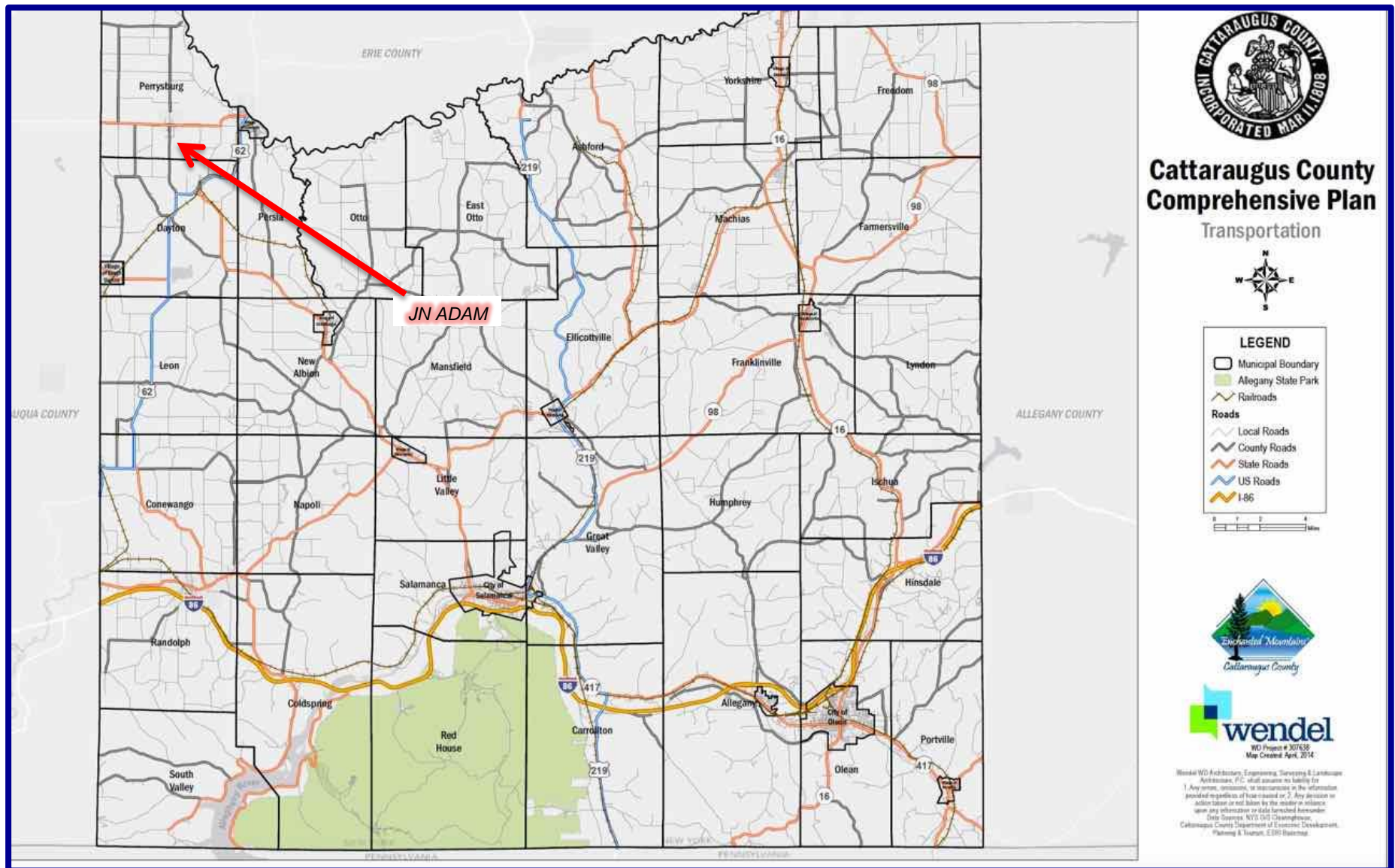
MAIN STREET PERRYSBURG



TOWN LIMITS OF PERRYSBURG

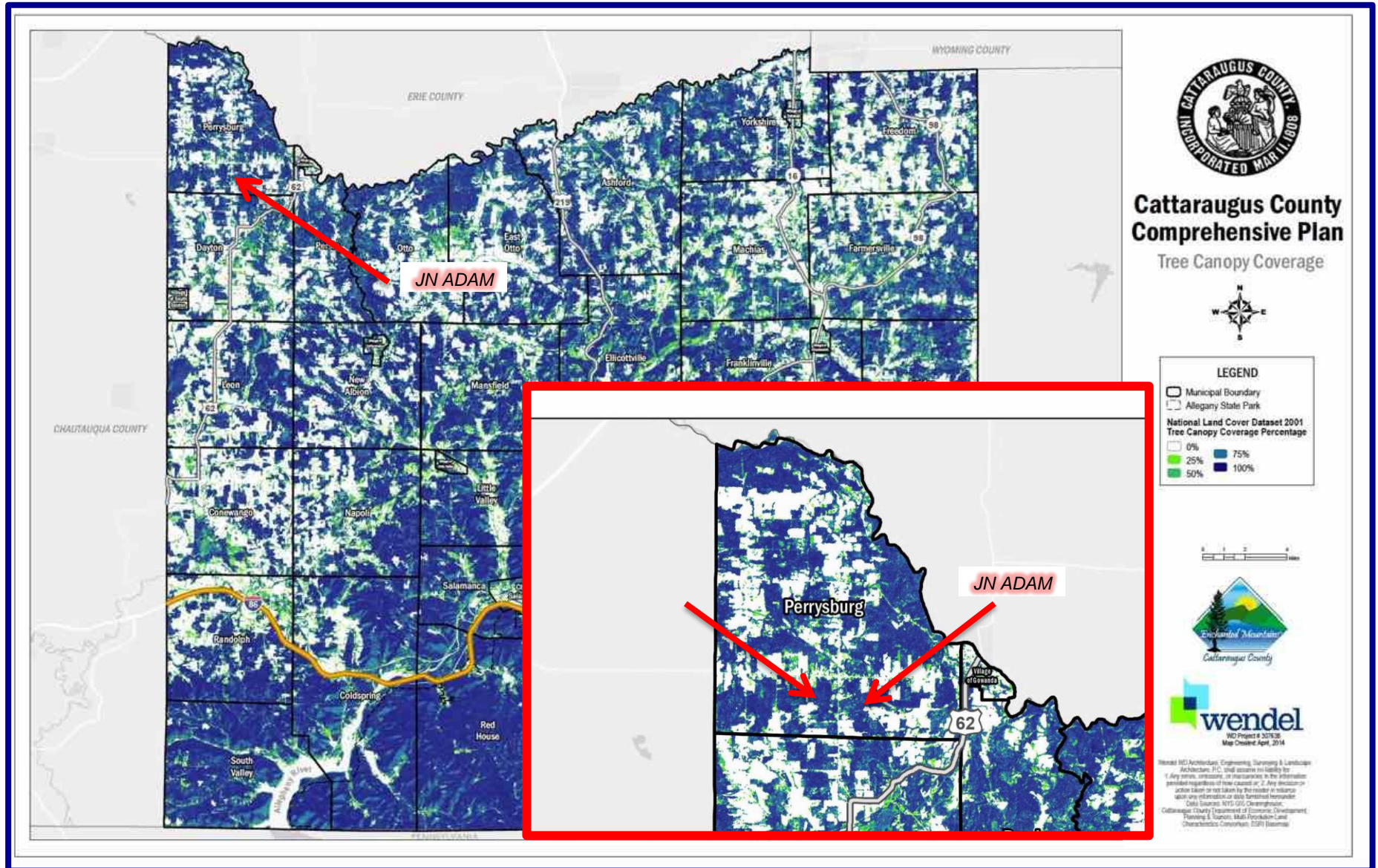


ROADWAY INFRASTRUCTURE



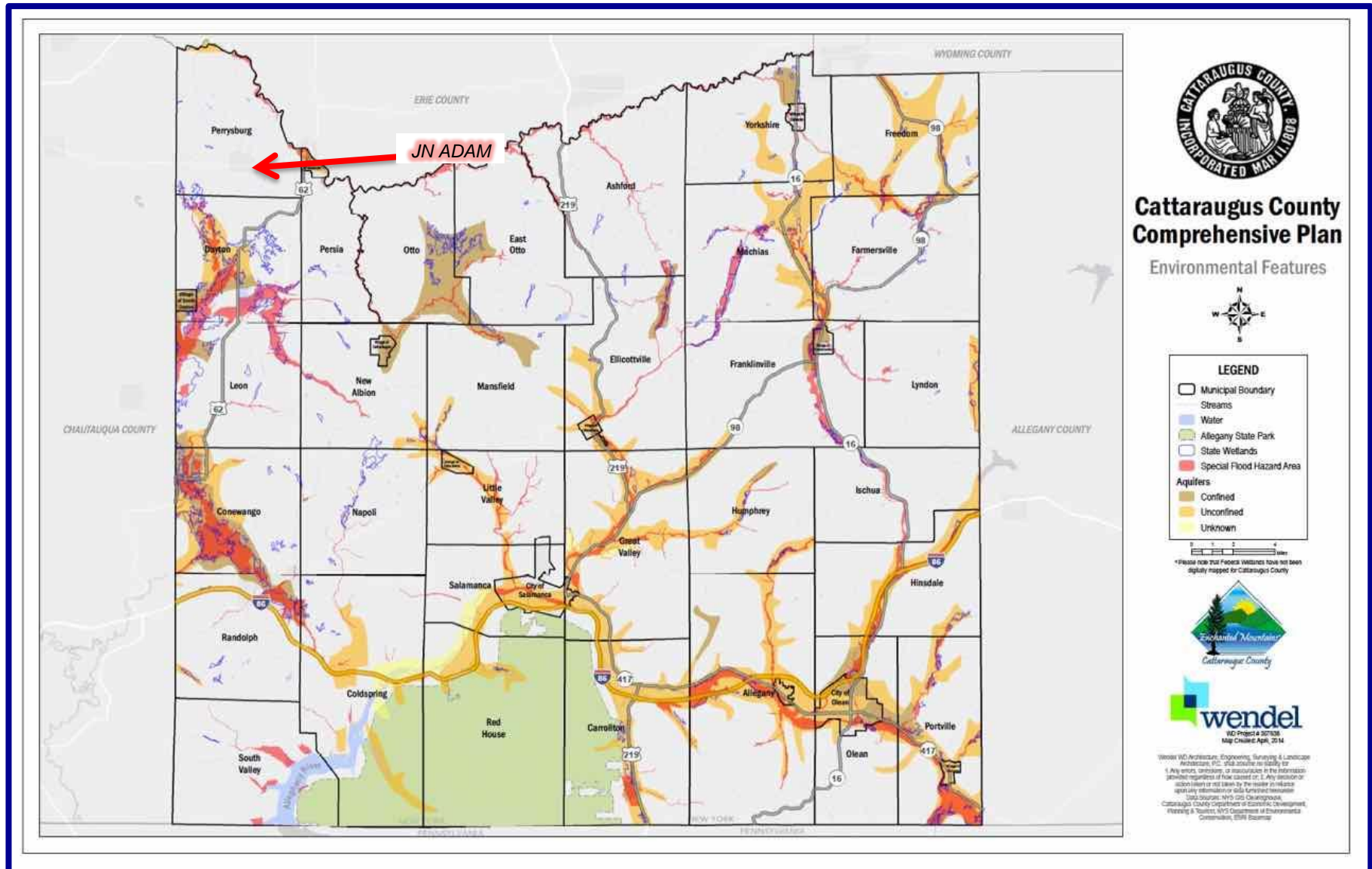
JN ADAM DEVELOPMENTAL COMPLEX, PERRYSBURG, NY

TREE CANOPY MAP



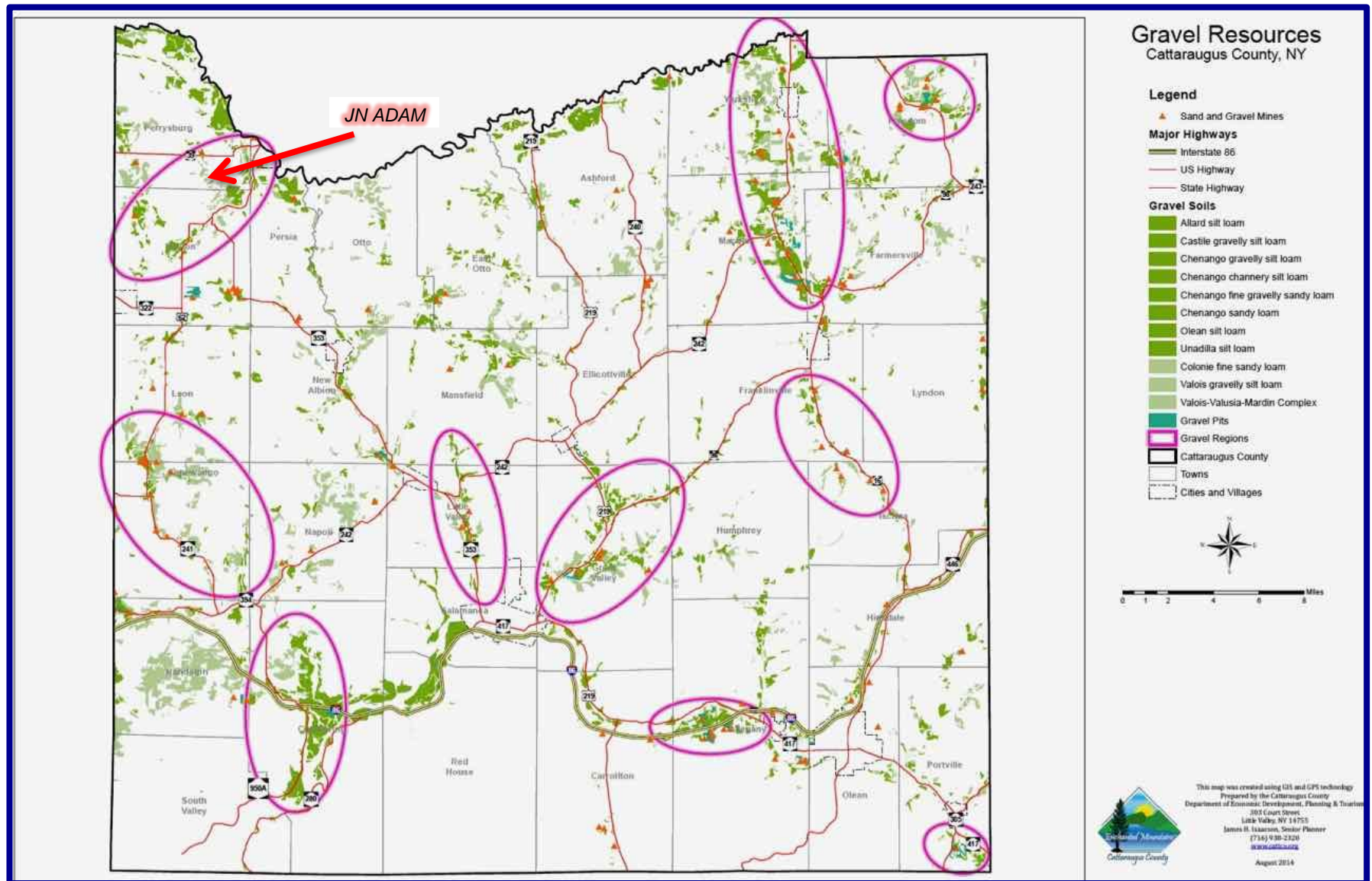
JN ADAM DEVELOPMENTAL COMPLEX, PERRYSBURG, NY

ACQUIFER LOCATIONS



JN ADAM DEVELOPMENTAL COMPLEX, PERRYSBURG, NY

GRAVEL PRODUCTION AREAS



LOCAL MARKET AREA DESCRIPTION

The value of real property reflects and is influenced by the interaction of basic forces that motivate activity. These forces, sometimes referred to by the acronym "PEGS," are divided into four major categories: physical and environmental conditions, economic circumstances, governmental controls and regulations, and social trends. The interaction of all these forces influences the value of every parcel of real estate in the market, and a thorough identification and investigation of these forces is the foundation of the highest and best use analysis for the subject Property.

The subject Property is situated in the northwest corner of Cattaraugus County, and is further situated on and straddles the boundary of both the Town and Hamlet of Perrysburg. It is situated in the southern section of the Town of Perrysburg.

Cattaraugus County***Physical & Environmental Forces***

Cattaraugus County is located in rural southwestern New York State - the westernmost part of New York State, and lies approximately 70 miles southwest of Buffalo, 50 miles northeast of Erie, PA. It is bordered by Pennsylvania to the south, Chautauqua County and Lake Erie to the west and Allegany County to the east. The northern boundary of the County is formed by the Cattaraugus Creek, which separates Cattaraugus from Erie and Wyoming Counties. The Allegheny River flows through the southern portion of the County.

Cattaraugus County is a very scenic area. It is characterized by wooded hillsides that form the foothills of the Appalachian Mountains, interspersed with farm fields and attractive settlements. Cattaraugus Creek runs through the picturesque Zoar Valley, a protected conservation area that is home to old growth forest and unique ecological features. Allegany State Park, the largest State Park in New York, occupies 65,000 acres along the southern central boundary. The County is also home to 2 cities, Olean and Salamanca, 9 villages and 32 towns. In addition, there are a number of unincorporated historic hamlets that contribute to the rural character of the County. The Allegany, Cattaraugus and Oil Springs Territories are independent areas in the County, under the governance of the Seneca Nation of Indians.

Topography

Both residents and visitors prize Cattaraugus County's landscape. The terrain is generally characterized by moderately steep, tree-covered hillsides that are punctuated by valleys that were formed by streams. Scenic vistas of hillsides and river valleys abound throughout the County. The County's topography is varied - in general, there is a larger proportion of flat land in the northeast and northwest portions of the County (Perrysburg south to Randolph

and Freedom south to Lyndon). Steeper slopes characterize the central and southern communities. The southern communities are also higher in elevation than the northernmost communities, with elevations in Ellicottville, Allegany, Carrollton, and neighboring towns reaching 2,300 feet above sea level, contrasted with the river valleys, which are generally at 1,400 feet.

The Tree Canopy Coverage Map on the prior pages illustrates the forested character of the County. Virtually every town has a substantial amount of tree coverage, although the percentage of tree coverage tends to be higher in the southern part of the County. Not only does the amount of tree coverage contribute to the natural beauty of the area and the overall environmental quality of the region, but also forestry is an integral component of the County's economy.



The climate is varied, parts being tempered by Lake Erie and parts at higher altitudes providing cool summers and snow cover for three major ski resort areas. The average summer temperature is 77 degrees and winters average 32 degrees.

Aquifers

Aquifers are important reservoirs of groundwater. As defined by New York State's Department of Environmental Conservation (NYSDEC), "an aquifer is an underground geological formation that is able to store and yield water." Aquifers are distributed throughout Cattaraugus County, as shown on the Environmental Features Map included earlier.

The aquifer along the Allegheny River has been designated by NYS Department of Health as a Primary Aquifer, one of 18 aquifers so designated in New York State. This designation recognizes that Primary Aquifers are very productive aquifers used as sources of water supply by municipal water systems. Other aquifers in the County are classified as Principal Aquifers, which means they are very productive, but which are not in current use as a major source of water supply for municipal water systems.

Many parts of the County are not served by a municipal water supply system, so homes and businesses in those areas rely on private water wells. In addition, some municipal water systems, such as the City of Olean and Villages of Allegany and Ellicottville, obtain at least a part of their municipal water supply from wells. It is important, therefore, to protect the quality and quantity of groundwater and aquifers as an essential resource in Cattaraugus County.

The condition of the abandoned hospital improvements observed during our Property

inspection STRONGLY suggests the presence of significant environmental contamination - potentially from asbestos, lead, mold and potentially other toxic substances. No environmental reports were available for our review. The location of aquifers is an important consideration, **given the potential for eventual seepage into an aquifer that may be possible from these long-abandoned, derelict structures.**

Linkages

A network of federal, state, county and local roads serves the communities in Cattaraugus County, but the subject area is far removed from primary roadways. These roads connect local communities, provide access to markets for local businesses, and accommodate traffic and trade traveling through the County. As a predominately rural area, the majority of these roads are circuitous in nature, responding to the natural topography of the area.

By Car

Interstate routes I-86 and I-90 connect with major eastern, Canadian and western cities and markets. Interstate-90, the New York State Thruway is the primary roadway to access the Town of Perrysburg. I-90 is a north / south highway that runs along the eastern shore of Lake Erie, from Buffalo south through Chautauqua County, which is east of Perrysburg. South of the city of Buffalo, the Thruway meets the Aurora Expressway (NY 400) and the Southern Expressway (US 219) at exits 54 and 55 in West Seneca. Just southwest of exit 55, I-90 and the Thruway pass through the Lackawanna toll barrier, which serves as the northeast end of the minor closed ticket system.

Again a toll road, I-90 heads southwestward, roughly parallel to the shoreline of Lake Erie to Blasdell, where it connects to NY Route 179 (the Milestrip Expressway). Farther southwestward, the Thruway is joined by US Route 20, which parallels the Thruway to the Pennsylvania state line. As the route passes from Erie County to Chautauqua County, it cuts through the northwestern portion of the Cattaraugus Indian Reservation, situated on Cattaraugus Creek. The Thruway continues alongside US Route 20 to the Ripley toll barrier, the southwestern end of the system just northeast of exit 61. The Thruway ends about 1 mile after exit 61, at the Pennsylvania state line. I-90, however, continues onward into Pennsylvania. From I-90, one must take one of several local, two-lane county or state roadways east into Cattaraugus County and the Town of Perrysburg.

Interstate 86 is the major east-west corridor through the County connecting Allegany County to the east and Chautauqua County to the west. In Cattaraugus County, it also is designated as New York State Route 17. I-86 is a limited access roadway designed to facilitate long-distance, interstate travel. There are 12 exits located within Cattaraugus County. However, because I-86 is in the southern part of the county, it is not an effective route into Perrysburg.

In addition to I-86, there are two main federal routes, 219 and 62, providing north-south

access through the County. Route 62 serves the western portion of the County, and skirts along the western side of the Town of Perrysburg. Route 219 is a limited access highway runs approximately through the center of the County from Erie County to the north and Pennsylvania to the south. There have been studies to upgrade the Cattaraugus County portion of Route 219 to a limited access “Southern Expressway” which would tie into I-86. This would complete the 28-mile gap in the interstate system, and provide better access between Buffalo and Canada to points south. At a local level, Route 219 is an important route for tourism trade, providing access to Ellicottville, Salamanca and Allegany State Park.

In addition to Route 17, other major New York State routes through Cattaraugus County include Routes 16, 98, 240, 241, 242, 353 and 417. These roadways, along with Routes 219 and 62, connect major population centers in the County. In addition, Cattaraugus County owns and maintains 398 miles of County roads. The remaining roadways within the County are local roads, owned and operated by the local municipality. Map 9 depicts the County’s roadway and rail system.

By Air

The Cattaraugus County-Olean Airport (KOLE) covers 426 acres in the Town of Ischua, located approximately 12 miles north of Olean. This airport is a city-owned public use airport with one asphalt and one grass runway. The airport can accommodate small private planes and gliders to small turboprop and jet aircraft. For commercial air service, residents rely mostly on the major airports in the cities of Buffalo and Erie PA, and to a smaller extent the Jamestown Airport. The Counties are served by, as well as the Chautauqua County Airport.

By Rail

Cattaraugus County is served by several rail lines, which are shown on the Transportation Map. These lines are the Southern Tier Extension and the Buffalo line, both of which are owned by the Southern Tier Extension Railroad Authority (STERA); the Buffalo and Pittsburgh line; and the New York and Lake Erie line. Operators of these lines provide freight service. There is no passenger (Amtrak) service in Cattaraugus County.

Public Transportation

Adequate public mass transit is important for any large-scale development projects. There is a definite need for efficient and reliable public transportation in Cattaraugus County, as 21.7 percent of the population is over 60, 17.2 percent of the population lives below the poverty level, and an estimated 9.2 percent of total households in 2010 had no vehicle. There are currently two regional transit operators and two transit systems operating within the County. In addition, there are a number of common carriers that service local medical facilities and nursing homes.

The two regional transportation operators are Coach USA and Fullington Trailways. Coach USA offers three major routes through Cattaraugus County and Chautauqua County, offering stops along the way. The “North South” route runs along State Route 16 between Olean and Buffalo. The “Short Line” runs from Olean to New York City, and the “East West” connects Olean to Jamestown. Fullington Trailways offers inter-city service between Pittsburgh and Buffalo, travelling along US Route 219 in Cattaraugus County. These intercity coach services are primarily geared toward travelers. They play a limited role in local transportation needs, such as access to jobs, appointments and other daily needs.

The two transit systems within Cattaraugus County service Olean and the Seneca Nation. Olean’s transit system is provided by Olean Area Transportation System (OATS), operated by the City of Olean, and serves the City of Olean, Village of Allegany, City of Salamanca, Town of Cuba, St. Bonaventure University, and the Allegany Territory of the Seneca Nation of Indians. The Seneca Transit System (STS) is operated by the Seneca Nation of Indians and connects Steamburg, Salamanca, Little Valley, Cattaraugus, Gowanda, and Irving.

The 2014 Update of the Coordinated Public Transit-Human Services Transportation Plan identified gaps in transit service for the disadvantaged population, as well as the general public. In particular, service is very limited in the northern portion of the County, where residents depend largely on volunteer services. The Villages of Delevan and Gowanda fall within this category. The Plan also identified central Cattaraugus County as an area with essentially no public transportation service. This lack of service represents a significant hardship for persons who cannot or do not drive, whether due to age, disability or income.

In general, coordination needs to occur between all of the stakeholders to limit duplication of services and to expand services to the areas in need. Demands for transportation services will increase as the elderly and disadvantaged populations continue to rise, as they are inexorably doing as shown in the Social Forces Population discussion. The County must continue to invest in a coordinated transportation plan to improve coordination, and to identify priority projects and funding sources.

County History

Cattaraugus County was formed in 1808 from Genesee County. The County was originally named the “Town of Olean.” Under the act of its formation, Cattaraugus County was provisionally annexed to Niagara County until there were 500 taxable residents qualified to vote for members of the New York Assembly. A town meeting held on May 16, 1812 resulted in the decision to divide the Town of Olean on the line between the third and fourth tiers of the township. The town lying north of said line would be called Ischua (later known as Franklinville). The area south of said line was designated as Olean. On June 16, 1812, the Legislature passed an act resulting in the division of the town as stated.

In 1814, the Town of Perry was established in the western part of the County. In 1817, after acquiring the required number of taxable inhabitants qualified to vote, Cattaraugus County was chartered as it is today. More towns were incorporated as the County gained population.

The first settlers travelled to Western New York both overland and by way of streams and rivers. Many arrived in the area by following Cattaraugus Creek to Zoar Valley. Due to its heavy use, the Allegheny River was made a public highway, by law, in 1807. The earliest roads were paths used by the Indians. Actual roads were very limited and none of them were more than barely passable with an oxcart.

On an 1802 map from the Holland Land Company, the earliest evidence of a traveled road is shown beginning in the northwest corner of the County at Cattaraugus Creek through Perrysburg and Dayton to Conewango Creek. It is believed that this "bridle path" had been cut by the surveyors of the Holland Land Company in 1798 and is located in the area of the present State Route 62. In 1810 the first road connecting this area with the outside world was opened from Canandaigua to Olean. Also, the forerunner of State Route 16 opened from Buffalo to Springville to Franklinville and then to Hamilton / Olean Point. In 1813, the precursor of Route 17 was authorized from Cerestown, Pennsylvania to Hamilton / Olean Point and on to Chautauqua Lake. Travel was greatly improved with the opening of the railroads. The first rail line was completed to Dayton in 1851.

The Seneca Nation of Indians were the inhabitants of the area prior to the settlers. They are the largest of six Native American nations comprising the Haudenosaunee or Iroquois Confederacy or Six Nations. The Seneca are known as the "Keeper of the Western Door," for the Seneca is the westernmost of the Six Nations. They currently have three Territories in Cattaraugus County with over 8,000 enrolled members.

The pioneers who came to this frontier were not wealthy people. The wild, unsettled area lacked any conveniences and did not offer any incentive for trekking into western areas to those living comfortably in nice homes in eastern areas of New York State. Those who did travel there by ox-cart were hard working people looking to better their lives. As they arrived in the heavily forested territory, the first tree felled became a part of their home, a rough one-room log cabin. As trees were plentiful and money was scarce, the land was cleared for grazing the few animals that accompanied the families as well as for food and crops.

Many of those who settled in Cattaraugus County originally came from New England where hardwood ashes were converted to lye. The lye could then be transformed into black salts, which became a very profitable means for a farmer to earn ready cash and clear his land for planting crops. In years of poor crop growth, the black salts were sold to provide a means of paying the mortgage and buying essential goods. The black salts were further refined into a product called pearlash - which was used in the production of glass and ceramics.

A source of revenue far greater than could ever be realized from the black salts, however, was the lumber to be found in the dense forests of pine and hemlock in the area. Huge quantities of lumber were floated down the Allegheny, Ohio, and Mississippi Rivers in the early days from Cattaraugus County. This process began in 1807 when the first raft of lumber left Olean Point and headed to Pittsburgh.

When the forest resource was finally depleted, a shift was made to farming. Free of the forest, the land could be planted for corn and other crops. Cattle were purchased, as there was plentiful grazing available on the rich fertile soil. Several cheese factories were founded in the County to handle the milk not used on the farm. Cheese was shipped to New York City and to England. Industries during this period from early 1800 through the later 1800s included lumber mills; chemical plants; mills producing shingles, kindling wood and building materials; cheese box factories; and basket and barrel factories. Dairying and making of cheese and butter kept many of the residents busy. Tanning factories were located near the other mills to process hides, including hides from wild animals. The bounties on the wolves (\$60 per head), bear and other predatory animals were another source of income for residents. Several of the predatory animals were hunted to almost extinction in the County.

During the early 1900's roads were improving and horses were widely used, although other transportation options were increasing. Motor vehicles were beginning to appear in the County, and there was a brief run of the streetcar and trolleys in the early 1900's. Canned milk was being taken to processing plants outside the County, thus many of the cheese factories were closing or had closed. During the 1920's and 1930's many inventions were appearing including farm machinery, cars, and telephones. Also, electricity was being supplied to the rural areas, changing residents' quality of life.

The Amish first settled in Cattaraugus County in 1949, moving from Ohio and Pennsylvania. They continue to this day to maintain a large presence in the County, especially the western third. During the 1950's there was a population shift. The rural areas lost population as many farm family members sought outside work and moved off the farm. The onset of railroads opened the County to commerce and industries and contributed to this population shift. Olean became an oil refinery center, Salamanca was a railroad hub and Allegany was known for outstanding fresh vegetables. Gowanda became the site of America's largest glue factory and Franklinville and Little Valley each specialized in cutlery. Salamanca also boasted woolen mills and furniture manufacturing.

Cattaraugus County is fortunate to have a number of world-class recreation areas and facilities.

Allegany State Park, created in 1921, is the largest park in the State's system and covers over 65,000 acres of forests and lakes. The County-operated Onoville Marina on the Allegheny Reservoir is the largest inland marina in New York State. Created as a result of the construction of the Kinzua Dam across the Allegheny River in the mid 1960's, Onoville

offers campsites and dock space. Holiday Valley and HoliMont are two major ski resorts located in the County.

Cattaraugus County is also home to the Seneca Allegany Casino and Hotel. Opened on a small scale in 2004 by the Seneca Nation of Indians, the completed larger facility opened in 2007 and a hotel tower expansion was made in 2012. The Casino and Hotel provides world-class gaming; entertainment; special events and meeting spaces; spa and salon services; a pool and fitness center; and award winning dining.

In summation, Cattaraugus County is located in rural southwestern New York State - the westernmost part of New York State, and lies approximately 70 miles southwest of Buffalo, 50 miles northeast of Erie, PA. It is a very scenic area that is characterized by wooded hillsides that form the foothills of the Appalachian Mountains, interspersed with farm fields and attractive settlements. There are no physical or environmental forces that detrimentally affect the local area, or its real estate market, other than its distance from any major population area.

Economic Forces

Economic Base

Several sectors are important to the local economy. The largest employer in the County is government, which represents approximately one-third of the jobs within the County. Retail trade is the second largest employer in the County, with 13 percent of local jobs. Manufacturing remains an important source of employment, representing another 13 percent of the County's economic base. Manufacturing jobs also contribute to a stronger economy, with average wages among the highest of all sectors. Jobs in the Professional, Scientific, and Technical Services sector offer the highest wages, with an average wage of over \$58,000, suggesting that the shift to a more service economy does not necessarily result in lower paid jobs. Administrative and Support and Waste Management and Remediation Services also pay higher than average wages in the County. Both of these sectors, however, employ relatively few persons, together representing approximately 10 percent of the employment base of the County.

The County's economic base has shifted from manufacturing to a more service economy base. Tourism, which was the smallest sector in 1990, is now the fourth most important employment base for the County's workers.

Agriculture

Agriculture is important to the County as a land use, as a source of income, and as a major employer. Agricultural uses are distributed throughout the County, with a greater concentration in the northern portion of the county where soils and slopes are

more favorable to agricultural pursuits.

Significant areas of the County fall within State-designated Agricultural Districts. Only two towns, Red House and Carrollton, have no lands within an Agricultural District, but large areas of these two Towns fall within the boundaries of Allegany State Park. Agricultural Districts are established under New York State Agriculture and Markets Law. Cattaraugus County currently has six separate Agricultural Districts. There are nearly 237,000 acres within these Agricultural Districts. Cattaraugus County is investigating the feasibility of consolidating the six separate districts into a single Agricultural District. This change would consolidate the review and renewal process.

There have been structural changes to farming in New York State and in Cattaraugus County. The number of farms has steadily declined in the County, dropping from 1,188 in 1997 to 1,038 in 2012. Acreage of land devoted to farming had been declining between 1997 and 2007, but that trend has reversed, and the County saw a 7.5 percent increase in the number of acres of land in agricultural use between 2007 and 2012. Similarly, the average size of farms, which had been declining in Cattaraugus County, also increased between 2007 and 2012. This trend toward fewer but larger farm operations parallels statewide trends. To meet economies of scale, there has been a trend toward consolidation of operations. The average size of a farm in Cattaraugus County is 190 acres, which is 17 percent larger than in 2007 (163 acres).

Cattaraugus County – Agricultural Profile						
	1997	2002	2007	2012	% change 1997-12	% change 2007-12
Number of Farms	1,188	1,157	1,122	1,038	-12.6%	-7.5%
Land in Farms (acres)	215,692	201,913	183,439	197,257	-8.5%	7.5%
Average Size of Farm (acres)	182	175	163	190	4.4%	16.6%
Total Value Ag. Products Sold	\$55.92m	\$58.35m	\$75.15m	\$99.13m	77.3%	31.9%
Average Value Per Farm	\$47,072	\$50,434	\$66,980	\$95,503	102.9%	42.6%
Farm Production expenses	\$42.53m	\$58.92m	\$61.06m	\$86.73m	103.9%	42.0%
Average Expenses Per Farm	\$44,976	\$50,928	\$54,422	\$83,262	85.1%	53.0%
Net Cash Income Per Farm	\$8,419	\$2,749	\$18,383	\$18,275	117.1%	-0.6%

Source: Census of Agriculture

Cattaraugus County still has a vibrant agricultural economy. The County's Agricultural and Farmland Protection Plan, prepared in February 2007, notes that nearly 3 percent of all private income and 5 percent of private employment in the County derived from agriculture and agricultural related businesses, making agriculture the sixth largest employer in the County. In 2012, the Census of Agriculture indicated that the County's farms sold \$99.13 million in agricultural products, placing it 24th among all counties in New York State.

Despite decreases in the number and size of farms, the value of agricultural products sold by farm operators in Cattaraugus County has steadily increased. The average value of sales per farm has increased by nearly 52 percent over the past decade and a half, even when the figures are adjusted to account for inflation. These sales figures represent gross income before expenses, but farm production expenses have also been increasing. Farm production expenses are an estimated figure that includes labor, seed, fertilizer, equipment, repairs, maintenance, and other related costs. These expenses grew an estimated 103.9 percent between 1997 and 2012, and 42.6 percent between 2007 and 2012, slightly outpacing the increase in market value. Due to decreasing numbers of farms, however, the net cash income per farm, on average, has generally grown from approximately \$8,400 in 1997 to approximately \$18,000 in 2012.

Farm Comparisons, Western New York Counties, 2012					
	Cattaraugus County	Allegany County	Chautauqua County	Wyoming County	New York State
Number of Farms	1,038	784	1,515	713	35,537
Land in Farms	197,257	150,383	236,546	336,864	7,183,576
Average Size of Farm	190	192	156	317	202

Source: Census of Agriculture

The table above compares Cattaraugus County to the adjoining Counties and New York State. The average size of a farm in Cattaraugus County is comparable to the State average; farms in Chautauqua tend to be somewhat smaller, and farms in Wyoming County, which is strongly agriculturally, are significantly larger.

Slightly more than half (52 percent) of farmers in Cattaraugus County consider farming to be their primary occupation. At the same time, 61 percent of principal operators report that they also have jobs off the farm, and 40 percent have full-time jobs off the farm, working 200 days or more a year at non-farm jobs. Increased expenses of farming, particularly for labor, have resulted in steady declines in net revenues to farm operators, requiring more operators to seek supplemental incomes off the farm.



Dairy farming has been experiencing structural changes, with a trend toward consolidation into fewer, larger operations, and an overall loss in the amount of acreage devoted to dairy farming. The number of dairy farms declined from 346 in 1997 to 198 in 2012, a 43 percent decrease. Total value of dairy products, however, has increased from \$37.83 million in 1997 to \$58.58 million in 2012.

Dairy farming in Cattaraugus County has also benefited from being located adjacent to Wyoming County, which is a regional leader in dairy farming. Wyoming County, through its dominance in dairy farming, provides a base of support for dairy infrastructure (e.g. services, milk handling), helping to keep the costs of these services competitive.

There are limited areas of Prime and Productive soils. According to the Cattaraugus County Agriculture and Farmland Protection Plan, only 15 percent of local soils are rated as Prime, and these tend to be in areas with stronger development pressures, such as the northern portion of the County. This suggests there may be the need to protect prime soils from inappropriate development.

The nature of agricultural operations in the County has been changing. Crop sales have been increasing, including nurseries, greenhouses and fruits and vegetables, while revenues from livestock farming have been decreasing. Overall, the loss of revenues from livestock farming has been offset with growth in sales from crop production.

Cattaraugus County has certain niche farming strengths. The County ranks first in the State in the number of bee colonies, and first in the value of non-traditional livestock (e.g. bison). It is second in the State for Christmas trees and other “short rotation woody crops”, both for value of sales and the number of acres, and ranks 9th across the United States for the number of acres devoted to this crop. Other types of crops are also finding success in niche markets (e.g. hops, shitake mushrooms). Specialty crops could support the development of local wineries and breweries. Other strengths include aquaculture (8th in NYS) and horses (8th in NYS for the number of horses and ponies).

Cattaraugus County is ranked 8th in New York State for the number of horse farms. Generally, indications are that many of these horses are ‘non-commercial’ and kept for pleasure use or on farm use. The presence of Amish communities increases the number of horses in use, as workhorses are used on their farms. The equine industry is not a strong agricultural sector on its own, but it does provide value for tourism, recreation, and for its importance as a contributor to the agricultural infrastructure such as feed dealers, and large animal veterinaries.

The Agricultural and Farmland Protection Plan notes that the greatest threat to farming in Cattaraugus County is low-density residential development. Although it is not large in scale, it has the effect of permanently removing land from agricultural production, and also increases the risk of conflicts between farm operations and the neighboring properties. Development pressures on farmlands are strongest in the area surrounding the Village of Ellicottville. **There is also some pressure in the northern portion of the County where there has been growth in the number of large lot second homes, primarily used for recreational activities, such as hunting, snowmobiling and similar outdoor recreation uses.** There are minimal pressures on agricultural lands in other areas of the County.

Farming remains an important component of the County's economic base. A strong agricultural tradition among Amish, Mennonite and other Plain Sect families supports agriculture land values. One of the major threats to farming is escalating cost pressures, as the costs of operations continue to grow, making farming economically unsustainable without outside sources of income. The Agricultural and Farmland Protection Plan also identifies local tax structure as an issue; with property taxes, utility taxes, the forest inventory tax and workmen's compensation being the most at issue. Another threat is the need to develop the next generation of farmers, and the difficulty of finding farm labor.

There is potential to develop additional niche markets, such as organic foods, ethnic specialty markets and unusual products.

Many farms have high quality hardwoods and forestry is an important source of additional revenue to farmers in Cattaraugus County.

Keeping land in agriculture use is fiscally beneficial to the local community, because farmland tends to require very little in public services compared to the amount of property tax revenues it generates. A study by the American Farmland Trust estimates that on average, farmland requires \$0.35 in services for each \$1.00 in tax revenues, compared to \$1.16 for each \$1.00 for residential development.

Mineral Resources

Cattaraugus County has a number of valuable mineral resources. Historically, the extraction of oil, natural gas, gravel and other minerals has been a component of the County's economic base. Cattaraugus County, along with Allegany County, led New York State in oil production in the 1880's. **The County is one of the top gas producing counties in the State, ranking 6th in 2012, the most recent year available.**

Gas and Oil Production, Cattaraugus County				
	2000	2005	2010	2012
Gas – production (mcf)	1,256,491	976,977	1,762,182	1,409,833
Gas –Active wells	549	505	569	608
Oil – production (bbl)	110,805	109,492	263,441	228,193
Oil – Active wells	1,622	997	1,894	1,698

Source: New York State Department of Environmental Conservation, Division of Mineral Resources

The County also has an important gravel mining industry. There were 70 active gravel mines located in Cattaraugus County in 2012, affecting 2,590 acres. In addition, there were 52 former gravel mines that had been reclaimed, representing 1,302 acres of reclaimed land. Other types of mining are not prominent in the County, with only 2 other mining operations (peat and shale).

Mining, Cattaraugus County, 2012		
	Active Mines	Affected Acres
Sand and Gravel mines	70	2,590
Peat	1	6
Shale	1	24
County Total*	72	2,658

* Only active mines included in above table; other mining has occurred in the past (e.g. clay)

Source: New York State Department of Environmental Conservation, Division of Mineral Resources

Cattaraugus County's mining for gravel has State prominence. The State's third largest gravel mine, the 236-acre Country Side Sand and Gravel, is located in Dayton. Lafarge North America in Freedom (161 acres) and New Enterprise Stone and Lime Company in Machias (148 acres) are also among the State's largest gravel mining operations, ranking 8th and 14th respectively. Hanson Aggregates and Gernatt Asphalt Products are other large operators in the County. There are significant deposits of soils yielding gravel products and the County's mines are distributed throughout the county. **The County has identified ten areas as gravel regions as shown on the earlier map, including the Town of Perryville.**

Forestry / Forest Economy

Forestry is another important component of Cattaraugus County's economic base. Across New York State, forests cover over 19 million acres, representing 63 percent of the State's land area. The County's forests are valuable resources for the production of wood products. These products are a diverse category, including resources such as timber, furniture, paper, firewood, maple syrup, and Christmas trees.



In addition, the forests are important to the tourism industry, as they provide the setting for a significant portion of the County's recreational tourism. Statewide, the forest products industry is estimated to support over 93,000 jobs, according to the North East State Foresters Association. In addition, many private forest owners rely on direct sale of forestry products to supplement their personal income. Cattaraugus County has three traditional sawmills, not including Amish mills, which also provide economic activity for the County.

Cattaraugus's forests provide valuable ecosystem benefits. They support wildlife habitat and ecosystems. They provide ecological benefits in terms of cleaning the County's air and water resources. And as noted above, they are important scenic resources that foster the County's tourism sector.

Tourism

Tourism is an important component of the economy of Cattaraugus County. Southern Tier West (Comprehensive Economic Development Strategy, 2013) reported that 6.6 percent of jobs and 4.2 percent of the wages in Cattaraugus County are attributable to the Travel and Tourism sectors. The Ellicottville Chamber of Commerce estimates that in 2012 traveler spending in Cattaraugus County totaled \$200 million. US Census data indicate that employment in the "Arts, entertainment, recreation, accommodation, and food services" sector has ranked fourth among industry groups in the County for the last decade and a half.

Recreation and Trails

The bountiful natural features of Cattaraugus County provide diverse opportunities for year-round recreation. The County has many acres of parks and state forestland such as Allegany State Park, which are available for camping, hiking, snowshoeing, mountain biking and other outdoor recreation. There are also dozens of trails – for a plethora of uses such as scenery, snowmobiling, hiking, water-related activities and other such uses. Lakes, rivers, and streams provide opportunities for fishing, canoeing and kayaking. Hunting is another popular activity.

Recreational trails are a growing natural asset of the tourism economy. Various trails serve local communities, which can bring tourism dollars to those communities. Trail users often patronize local businesses while traversing the area and most often rely on support services. For example, the Outdoor Industry Association estimates that recreational bicyclists nationwide spend in excess of \$46.9 billion annually on meals, transportation, lodging, gifts, and entertainment.

Cattaraugus County is home to two downhill ski resorts, Holiday Valley and HoliMont. The ski resort industry is an important component of the tourist economy. The Ellicottville Chamber of Commerce estimates that Ellicottville hosts 1.5 million visitors annually, and half of the \$200 million in tourism dollars spent in the County are attributable to Ellicottville.

The two ski resorts, Holiday Valley and HoliMont, are located in central Cattaraugus County, in the Towns of Ellicottville, Great Valley and Mansfield and the Village of Ellicottville. The Village serves as the "downtown" area for the ski resorts and contains numerous shops and restaurants in a walkable, compact, historic center. While the area initially became popular as a winter ski resort, it now is a four-season destination that draws visitors not only from Western New York, but from nearby states and Canada. In addition, Ellicottville is the center of a thriving second home market, which extends into adjacent municipalities, including the Towns of Ellicottville, Mansfield, Little Valley, and Great Valley.

Holiday Valley is located on approximately 1200 acres. It offers 58 slopes spread out over four different faces, with a 750-foot vertical drop. The slopes are accessed by 13 lifts. The

resort also offers five terrain parks, a mountain coaster and an off-site snow-tubing park. Holiday Valley is the most visited ski resort in New York State, based on skier volume, and is the fifth most visited ski site east of the Rocky Mountains. During the summer, the resort offers an 18-hole golf course, swimming pools, and the Sky High Adventure Park that contains an aerial course and mountain coaster through the trees. The resort is a year-round venue for conferences and events.

HoliMont is the largest private ski area in North America, in terms of membership. It provides 52 slopes spread over 135 skiable acres and also provides terrain parks. Cross-country skiing trails are also available. HoliMont is open to the public for skiing during the week and is restricted to members-only skiing on weekends and the week of Christmas. HoliMont also hosts conferences and events.

The Seneca Allegany Resort and Casino, which is owned by the Seneca Nation of Indians, is a major tourism resource. Located in Salamanca, the casino offers slot machines and table games. The site also contains an attached hotel with over 400 rooms, several restaurants, and an events center that hosts nationally known entertainers. The resort provides meeting and conference space. The Casino hosts the AMSOIL Championship Snowcross two-day event annually. The event features more than 200 of the top snowmobile racers in the world competing at high speeds and high altitudes across a snow-covered race course complete with wicked twists and turns and ramps that send the sleds flying dozens of feet in the air.

There are eighteen tracts of State Forest scattered throughout Cattaraugus County, with the highest concentration of State Forests in the central and southern sections. State Forests are managed by NYSDEC for a number of purposes in addition to forest management and production, including recreational opportunities, watershed protection, and wildlife habitat protection. State Forests are open to the public for a variety of recreational activities that include hiking, snowmobiling, camping, hunting and fishing. However, not all activities are allowed in every forest area.

The Zoar Valley Multiple Use Area (MUA), part of the New York State Forest system, is located along Cattaraugus Creek in both Cattaraugus and Erie Counties. Approximately 1,900 acres of the MUA are located in Cattaraugus County, in the Towns of Persia and Otto, including a detached 387-acre parcel in Otto that does not have access to the Creek. Zoar Valley is noteworthy for its scenery, waterfalls, and dense forests. The Cattaraugus Creek has cut a gorge that reaches depths ranging from 100 feet to over 500 feet in the area east of the Village of Gowanda.

In addition to the activities provided by Allegany State Park, Allegheny Reservoir, and Zoar Valley, the County's lakes, rivers, and streams provide an abundant of recreational avenues including fishing, canoeing, and kayaking. There are several Regattas held every year on the Creeks in the County. The annual Regatta on Ischua Creek sees 300 boats every year.

Participants start in the Town of Hinsdale and travel through the City of Olean to the Allegheny River. Another annual Regatta takes place on the Great Valley Creek. Over 1500 participants travel through the Town of Great Valley, along the outskirts of the City of Salamanca, into the Allegheny River, with a terminus west of the City. These are just a few events that are planned for enjoyment on the County's waterways.

Cattaraugus County contains numerous recreational trails for hiking, mountain bicycling, snowmobiling, and horseback riding. Some of the trails are special use, but others support multiple activities. In addition, there is a well-developed snowmobile trail network, which is part of the state-supported system of snowmobile trails. A national trail, a state trail, and several local trails traverse Cattaraugus County. Two regional hiking trails, the North County Trail and the Finger Lakes Trail, conterminously traverse the County. The local trails are disconnected, and are, for the most part, maintained by non-profit, volunteer organizations.

Cattaraugus County boasts 350 miles of state-funded interconnected snowmobile trails, which traverse large portions of the County. The trails in Cattaraugus County connect to trails in the surrounding counties, which are part of over 10,000 miles in the state snowmobile trail network. Maintenance of the trails is supported by funding from NYS Snowmobile Trail Development and Maintenance Fund, which is funded by registration fees. Volunteer snowmobile associations maintain the trails.

In 2014, Cattaraugus County embarked on a new initiative to develop a County-Wide Trails System that will integrate the preservation and promotion of the County's natural assets, maximize the opportunities for trail / outdoor / adventure / recreation seekers, and capitalize the economic benefits of an outdoor-oriented tourism activity. The focus of the initiative is to examine the feasibility of developing new trails and connecting existing trails to create a complete system of trails within the County; as well as connecting to trails to the North, South, East and West. The initiative provides a means to: work with local and regional stakeholders; share ideas and facilitate cooperation; and focus on opportunities for local stakeholders to work together to expand the trail system within the County.

In addition, because many trails are constructed and maintained by volunteer and non-profit organizations, the County's trail initiative is also intended to enhance capacity within the local groups. In October 2014, the County convened a meeting of a group of trail organizations representing a variety of trails: equestrian, snowmobile, hiking, bicycling and water. This first meeting established the Cattaraugus County Trails System Advisory Committee. Members represent local trails, other county trails, and regional trails.

Allegheny State Park is a significant resource. Containing approximately 64,800 acres (100 square miles), Allegheny State Park is the largest state park in New York. The topography of the park, which was not glaciated during the last ice age, is characterized by rolling hillsides and several stream valleys, which is typical of the topography of southern Cattaraugus

County. Many areas of the park have been virtually undisturbed since it was established in 1921. As a result, the park's resources offer mature forests and significant wildlife habitat, which support many species of birds, fish, mammals, reptiles and amphibians.

Allegheny State Park contains two major developed areas, Red House Area and Quaker Area, where recreational facilities are concentrated. The park supports a wide variety of year-round recreational activities including camping, picnicking, swimming, canoeing, hunting and fishing. There are three man-made lakes (Red House, Quaker, and Science Lake) within the Park, along with over 100 miles of trails. In the summer, designated trails are available for use by hikers, non-motorized bikers and/or equestrians. In the winter, a total of nearly 150 miles of various trails are available for cross country skiing, snowshoeing, and snowmobiling. Ice fishing and ice-skating are other popular winter activities. The park is also used for passive recreational activities, such as bird watching. The entire park is designated as a Bird Conservation Area. Much of the park, outside of the developed areas, is designated as a Park Preservation Area.

Allegheny State Park is located south of the City of Salamanca in the Towns of Salamanca, Great Valley, South Valley, Coldspring, Red House, and Carrollton. The southern boundary of the park abuts the Pennsylvania / New York State line and Pennsylvania's Allegheny National Forest. Vehicular access to the park is provided by three exits from Interstate 86 (Southern Tier Expressway). There are also two entrances in Pennsylvania. The main entrances to the Park are in Salamanca and at the Red House and Quaker Area exists off of I-86. There is also a seasonal, unstaffed, informal entrance from Route 219 in the Town of Carrollton. Development of this entrance into a year-around access would provide an entrance into the park for travelers from the south and would also enhance the economic development potential in that part of the County.

Allegheny State Park hosts approximately 1.5 million visitors annually, of which only 13 percent come from the immediate three-county area (Chautauqua, Cattaraugus, and Allegheny). The largest number – 72 percent of park visitors - originate from areas outside of Western New York, and 15 percent come from other areas of New York State and outside of the state. Allegheny State Park, together with the abutting Allegheny National Forest in Pennsylvania, the Allegheny Reservoir, the Territory of the Seneca Nation of Indians, and nearby publicly owned land, form a large contiguous outdoor recreational area that "is one of the major extended stay destination areas in the eastern United States," according to the 2010 Allegheny State Park Master Plan.

The large number of visitors to the Park, especially those from outside the immediate area, presents an opportunity for communities on the perimeter of the park to entice Park visitors to existing facilities or to support new venues. Salamanca is especially well located to take advantage of these visitors. There is the potential for the Town of Carrollton to provide support services to park visitors, if the now-seasonal park entrance off Route 219 were to be developed into a year-round, staffed entrance.

Arts & Cultural

Cultural Tourism is a term describing travel and visits that are directed at an area's arts, history, and cultural heritage. Nationwide, cultural tourism is one of the fastest growing segments of the tourism industry. According to a 2012 report by the National Governors Association, the market "for travel linked to the cultural uniqueness of particular places has grown substantially over the last several decades and will continue to grow for the foreseeable future." In addition to attracting visitors to a region, cultural tourism helps to sustain local arts and cultural communities.

Cattaraugus County, with its diverse and active arts and cultural communities, is well positioned to take greater advantage of this trend. The County has vibrant arts and cultural communities that add to the diversity of the area. Many artists and artisans live in the County, working in a wide range of media that includes paintings, pottery, quilting, basketry and beadwork. The County contains many museums that contribute to the area's diverse cultural offerings. These resources not only contribute to the quality of life for residents, but they also serve as a magnet for visitors to the region.

Members of an Old Order Amish community, generally located in the western part of the county, create handcrafted items such as quilts and woodworked products. Cattaraugus County promotes these businesses through the Amish Trail. The County's Amish Trail paper and web-based brochure not only promotes Amish-made handicrafts, it also includes information on restaurants and accommodations in the area.

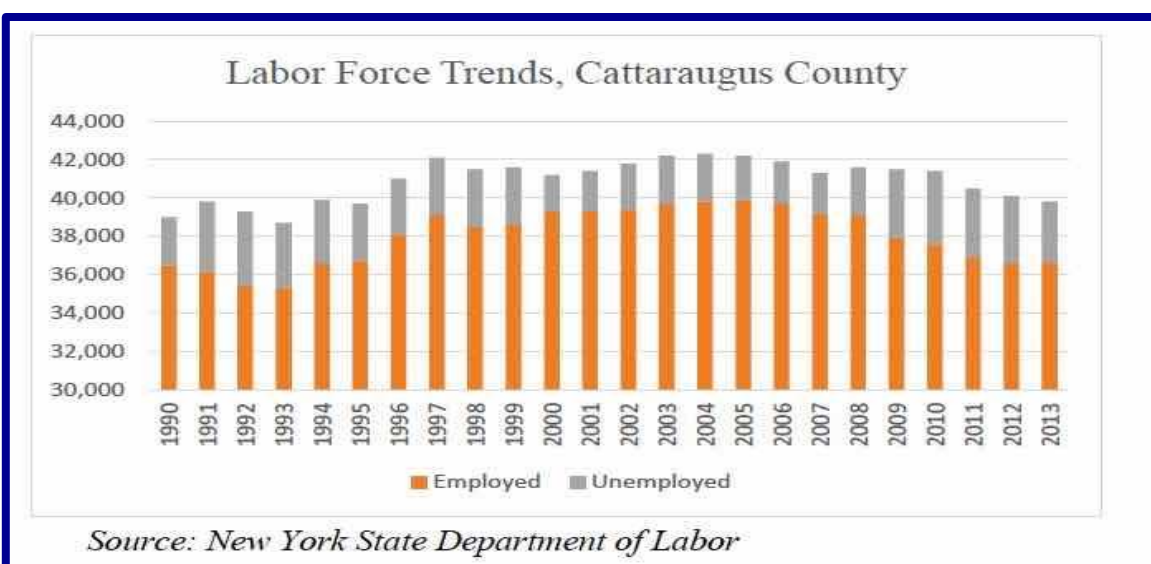
The Seneca Nation of Indians, the largest of the six Native American nations that formed the Iroquois Confederacy of Nations, has three territories in Cattaraugus County: the Allegany Territory, which includes the City of Salamanca and the Allegheny Reservoir; the Cattaraugus Territory, in the northwest part of the County; and Oil Springs, which is located in the southeastern part of the County, straddling the Allegany County line. Events and festivals throughout the year celebrate the rich Seneca heritage. Among these events is the Seneca Allegany Veteran's Pow Wow in July, which includes dancers from across the country who perform in traditional costumes. The Native Roots Artist Guild, based in Salamanca, provides support and marketing opportunities for artists who are members of the Seneca Nation of Indians and other Haudenosaunee (Iroquois) Nations.

The Cattaraugus County Arts Council (CCAC), whose mission is "to promote the creation, presentation, and appreciation of the arts", supports the arts in Cattaraugus County. CCAC provides services to the general public, individual artists, and arts organizations. The Arts Council promotes local artists through shows in local galleries, including their facility, Art on Main, in the Village of Allegany; the Center Gallery on the Olean campus of Jamestown Community College; and in the gallery in the Olean Public Library. Art on Main also has a gift shop featuring works by local artists for sale. It also supports artists by offering classes in

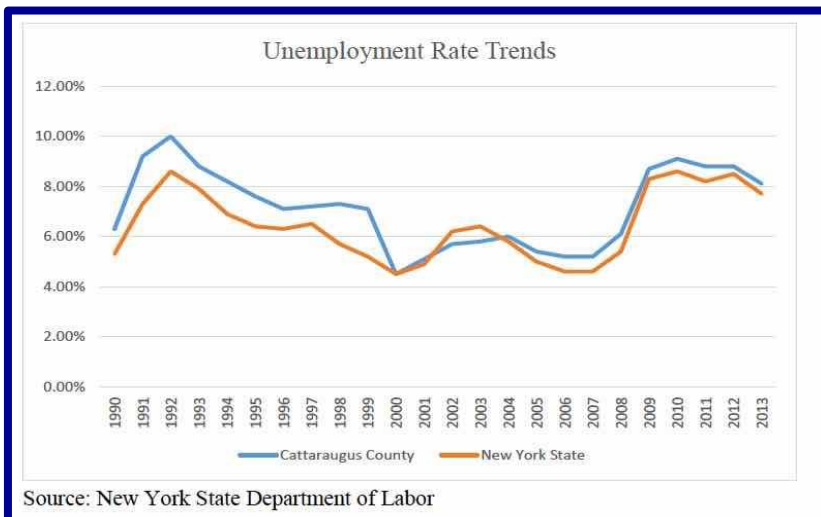
topics related to the business aspects of creating and selling arts and crafts, recognizing that the artists are also small business owners.

Labor Force Trends

Cattaraugus County is part of the Western New York region, which encompasses Erie, Niagara, Chautauqua, Cattaraugus and Allegany Counties. It is also part of the Southern Tier West region, comprised of the three southern counties of Chautauqua, Cattaraugus, and Allegany. Economically, these three counties are allied, with a great deal of interaction, facilitated by the Southern Tier West Regional Planning and Development Board (STW), who prepares the regional Comprehensive Economic Development Strategy (CEDS) for these three counties, as part of the federal Economic Development Administration's efforts to support the local economy.



Historically, the Southern Tier West region of New York State has been economically distressed. However, as the 2013 CEDS document notes; the region has been relatively stable compared to other areas of the country. Employment in Cattaraugus County had fluctuated, ranging from approximately 36,500 employed persons in 1990, to a high of 39,900 in 2005. Currently, approximately 36,600 persons in the County are employed. The impact of the recent



recession is evident, although employment numbers are now beginning to increase again.

As shown in the charts, in 2013, there were approximately 39,900 County residents in the civilian labor force, which includes 36,600 persons who were employed in 2013, and 3,200 persons who were seeking work. The civilian labor force encompasses all residents over the age of 16 who are employed or actively seeking employment, including self-employed persons. It excludes people who are not interested in a job outside the home, such as retirees, students, or homemakers, and excludes persons in the military.

Employment Trends Cattaraugus County				
	Civilian Labor Force	Employed	Unemployed	Unemployment Rate
1990	39,000	36,500	2,500	6.3%
1991	39,800	36,100	3,700	9.2%
1992	39,400	35,400	3,900	10.0%
1993	38,700	35,300	3,400	8.8%
1994	39,900	36,600	3,300	8.2%
1995	39,700	36,700	3,000	7.6%
1996	41,100	38,100	2,900	7.1%
1997	42,200	39,100	3,000	7.2%
1998	41,600	38,500	3,000	7.3%
1999	41,600	38,600	3,000	7.1%
2000	41,100	39,300	1,900	4.5%
2001	41,400	39,300	2,100	5.1%
2002	41,700	39,400	2,400	5.7%
2003	42,100	39,700	2,500	5.8%
2004	42,400	39,800	2,500	6.0%
2005	42,200	39,900	2,300	5.4%
2006	41,800	39,700	2,200	5.2%
2007	41,300	39,200	2,100	5.2%
2008	41,600	39,100	2,500	6.1%
2009	41,500	37,900	3,600	8.7%
2010	41,400	37,600	3,800	9.1%
2011	40,500	36,900	3,600	8.8%
2012	40,100	36,600	3,500	8.8%
2013	39,900	36,600	3,200	8.1%

Source: New York Department of Labor

We secured more recent data from ESRI, which is included in the chart that follows. **Total employment has increased annually over the past decade in the State of New York by 0.1 percent but has decreased annually by -1.7 percent in the County. From 2014 to 2015 unemployment decreased in New York by -1.0 percent and decreased by -0.8 percent in Cattaraugus County. In the State of New York unemployment has decreased over the previous month by -0.2 percent but has increased by +0.6% in the County. Note all of the red numbers in the chart that follows.**

EMPLOYMENT & UNEMPLOYMENT STATISTICS 2006 - 2015

TOTAL EMPLOYMENT					UNEMPLOYMENT RATE		
Year	New York		Cattaraugus County, NY		United States*	New York	Cattaraugus County, NY
	Total	% Δ Yr Ago	Total	% Δ Yr Ago			
2006	9,077,529	1.0%	39,788	(0.2%)	4.6%	4.5%	5.1%
2007	9,088,207	0.1%	39,164	(1.6%)	4.6%	4.6%	5.1%
2008	9,139,080	0.6%	39,222	0.1%	5.8%	5.4%	6.1%
2009	8,844,486	(3.2%)	38,079	(2.9%)	9.3%	8.3%	8.6%
2010	8,769,723	(0.8%)	35,881	(5.8%)	9.6%	8.6%	9.5%
2011	8,728,057	(0.5%)	34,943	(2.6%)	8.9%	8.3%	9.3%
2012	8,797,832	0.8%	34,699	(0.7%)	8.1%	8.5%	9.3%
2013	8,893,628	1.1%	34,688	(0.0%)	7.4%	7.7%	8.5%
2014	8,989,429	1.1%	34,132	(1.6%)	6.2%	6.3%	7.0%
2015	9,166,246	2.0%	34,050	(0.2%)	5.3%	5.3%	6.2%
CAGR	0.1%	-	(1.7%)	-	-	-	-

Source: U.S. Bureau of Labor Statistics *Unadjusted Non-Seasonal Rate

The unemployment rate in Cattaraugus County has varied, rising and falling over the past years. The unemployment rate is affected not only by the number of persons who are unemployed, but also by the total number of persons in the labor force. Therefore, the unemployment rate can actually rise during strong economies as the labor pool increases. Conversely, the labor pool often shrinks during economic downturns. After remaining relatively stable in the 5 percent to 6 percent range between 2000 and 2008, unemployment increased significantly during the recession, jumping as high as 9.1 percent in 2010. The 2010 unemployment rate was double the rate in 2000 (4.5 percent). With the improvement in the economy since 2010, the unemployment rate has been dropping, but remained high through 2013. The most recent available rate as shown below is 5.9 percent.

Employment Situation by County and CBSA/Metro; Monthly 7/15 through 8/16 -- Interactive Table

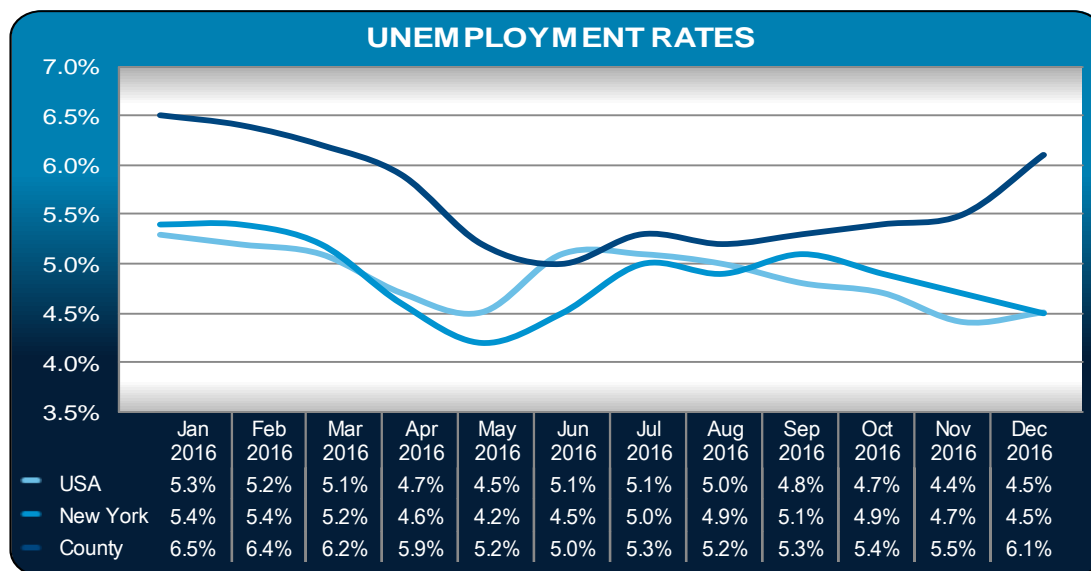
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See ranking table [usage notes](#) below ranking table.

See related ranking tables -- <http://proximityone.com/rankingtables.htm>.

--#--	AreaName	St	StCity	CBSA	Type	Geo Lev	UnRate Jul 15	UnRate Aug 15	UnRate Sep 15	UnRate Oct 15	UnRate Nov 15	UnRate Dec 15	UnRate Jan 16	UnRate Feb 16	UnRate Mar 16	UnRate Apr 16	U M
1	<input type="checkbox"/> Albany County,...	NY	36001	10580	M1	050	4.7	4.3	4.3	4.0	4.0	3.9	4.4	4.2	4.1	4.0	
2	<input type="checkbox"/> Allegany Count...	NY	36003			050	5.8	5.2	5.1	4.8	5.1	5.5	6.5	6.0	5.8	5.5	
3	<input type="checkbox"/> Bronx County, ...	NY	36005	35620	M1	050	7.7	7.3	6.7	7.1	7.2	7.0	8.1	8.1	7.9	6.6	
4	<input type="checkbox"/> Broome Count...	NY	36007	13780	M1	050	6.1	5.6	5.5	5.3	5.3	5.6	6.3	5.9	5.7	5.4	
5	<input checked="" type="checkbox"/> Cattaraugus C...	NY	36009	36460	M2	050	5.9	5.5	5.5	5.2	5.5	5.9	6.5	6.4	6.2	5.9	
6	<input type="checkbox"/> Cayuga County...	NY	36011	12180	M2	050	5.2	4.8	4.8	4.8	4.9	5.2	6.0	5.8	5.7	5.1	
7	<input type="checkbox"/> Chautauqua C...	NY	36013	27460	M2	050	6.0	5.4	5.6	5.4	5.7	5.8	6.4	6.1	5.9	5.6	
8	<input type="checkbox"/> Chemung Cou...	NY	36015	21300	M1	050	6.0	5.5	5.7	5.4	5.4	5.6	6.2	6.2	6.0	5.6	
9	<input type="checkbox"/> Chenango Cou...	NY	36017			050	5.1	4.6	4.7	4.7	5.0	5.3	5.9	5.8	5.7	4.9	
10	<input type="checkbox"/> Clinton County...	NY	36019	38460	M2	050	6.2	5.5	5.3	5.0	5.2	5.3	6.3	5.7	5.6	5.4	
11	<input type="checkbox"/> Columbia Cou...	NY	36021	36460	M2	050	4.6	4.6	4.6	4.4	4.4	4.6	4.8	4.8	4.4	4.7	

The unemployment rate fell slightly in the last half of 2015 in Cattaraugus County, but spiked 0.6 percent over the Christmas holiday season. However, it has since fallen to 5.9 percent, the same rate as it was in July 2015. Following is a chart comparing the US, State of New York and Cattaraugus County. As shown, 2016 unemployment rates have remained consistently higher in the County than in the state or nation, and were trending higher in December 2016.



Employment by Industry

The table on the following page presents employment by industry for Cattaraugus County as of 2013. The sector which employed the largest share of County residents was educational services, health care and social assistance, which employed over one-quarter of the work force (25.7 percent). Manufacturing ranked second in the County for employment, representing 13.6 percent of the work force. Retail trade came in a close third, with approximately 13 percent of residents employed in retail trade.

These patterns represent a fundamental shift in the economy. In 1990, nearly one-quarter of residents were employed in manufacturing; employment in that sector has decreased by 41.5 percent since 1990. Retail trade also saw a significant decrease in employment, shrinking by 30 percent between 1990 and 2012. Employment gains were made in the educational, health care and social services sector, which increased by 21.6 percent between 1990 and 2012; and in arts, entertainment, recreation, accommodation, and food services, which gained 3,387 employees over that time period. There was small growth in "agriculture, forestry, mining" from 2009 to 2012, even though its rank has stayed the same.

The sector of "education, health care and social assistance services" is the primary employer in the County. Manufacturing, despite losses in employment, remains the second

ranked employment sector. Because manufacturing wages tend to be higher than other sectors, it is important for the County to continue to support manufacturing enterprises.

Cattaraugus County Comprehensive Plan Vision 2025

Industry in which Residents of Cattaraugus County are Employed ³								
Industry	1990		2000		2009		2012	
Agriculture, forestry, fishing and hunting, mining	1,682	4.8%	1,105	2.9%	1,136	3.1 %	1,170	3.3%
Construction	2,137	6.1%	2,163	5.7%	2,825	7.6 %	2,615	7.3%
Manufacturing	8,295	23.9%	7,228	19.1%	5,752	15.5 %	4,851	13.6%
Wholesale Trade	1,036	3.0%	1,147	3.0%	879	2.4 %	744	2.1%
Retail trade	6,528	18.8%	4,659	12.3%	4,432	11.9 %	4,600	12.9%
Transportation, warehousing, utilities	761	2.2%	1,830	4.8%	1,398	3.8 %	1,362	3.8%
Information	N.A.	N.A.	616	1.6%	525	1.4 %	343	1.0%
Finance, insurance, real estate, rental and leasing	1,212	3.5%	1,196	3.2%	1,289	3.5 %	1,221	3.4%
Professional, scientific, management, administrative and waste management services	1,843	5.3%	1,647	4.4%	1,898	5.1 %	1,937	5.4%
Educational services, health care and social assistance	7,598	21.9%	9,201	24.3%	9,575	25.7 %	9,240	25.9%
Arts, entertainment, recreation, accommodation, and food services	450	1.3%	3,520	9.3%	3,893	10.5 %	3,837	10.8%
Other services, except public administration	1,721	5.0%	1,723	4.6%	1,468	3.9 %	1,526	4.3%
Public administration	1,498	4.3%	1,795	4.7%	2,150	5.8 %	2,238	6.3%
Total Employees	34,761	100%	37,830	100%	37,220	100%	35,684	100%

Sources: Cattaraugus County Department of Economic Development, Planning & Tourism, *Self-Portrait of Cattaraugus County*, October, 2002; U.S. Census Bureau, 2005-2009 American Community Survey 5-Year Estimates; 2008-2012 American Community Survey 5-year Estimates.

³ Note: Data is for "Civilian employed population 16 years and over." The official title of this table in the American Community Survey is "Industry by sex and median earnings in the past 12 months (in 2012 inflation-adjusted dollars) for the civilian employed population 16 years and older."

Retention of existing businesses and support of entrepreneurial start-ups are emphasized. While, agriculture, mining and forestry contribute to the local economy; the County's landscape contributes to the visual and cultural character of the County, and to the lifestyles and enjoyment of the residents.

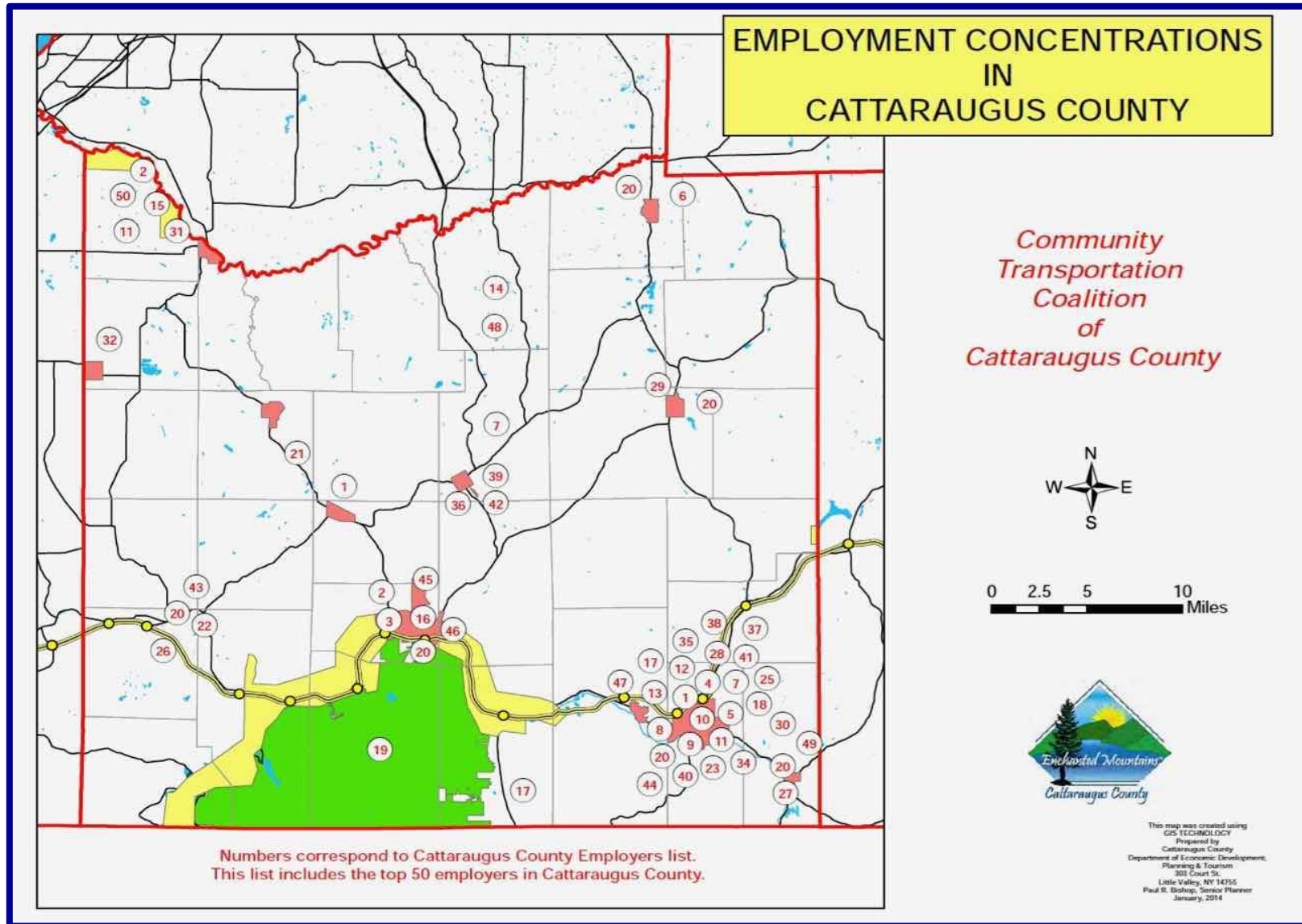
Industry Rankings				
Industry	Rank in 1990	Rank in 2000	Rank in 2009	Rank in 2012
Educational services, health care and social assistance	2	1	1	1
Manufacturing	1	2	2	2
Retail trade	3	3	3	3
Arts, entertainment, recreation, accommodation, and food services	12	4	4	4
Construction	4	5	5	5
Public administration	8	7	6	6
Professional, scientific, management, administrative and waste management services	5	9	7	7
Other services, except public administration	6	8	8	8
Transportation, warehousing, utilities	11	6	9	9
Finance, insurance, real estate, rental and leasing	9	10	10	10
Agriculture, forestry, fishing and hunting, mining	7	12	11	11
Wholesale Trade	10	11	12	12
Information	N.A.	13	13	13

Sources: Cattaraugus County Department of Economic Development, Planning & Tourism, *Self-Portrait of Cattaraugus County*, October, 2002; U.S. Census Bureau, 2005-2009 American Community Survey 5-Year Estimates; 2008-2012 American Community Survey 5-year Estimates.

The chart on the following page shows the concentrations of local employment. **Note that only 5 of 50 County employers are located in the local Perrysburg area.**

Educational Attainment

The workforce in Cattaraugus County is productive and generally well educated, with 12.7 percent having failed to either graduate from high school or obtain a General Equivalency Degree (GED) between 2007 and 2011. However, compared to New York State and the United States, there are lower levels of completing bachelor's degrees or higher levels of education.



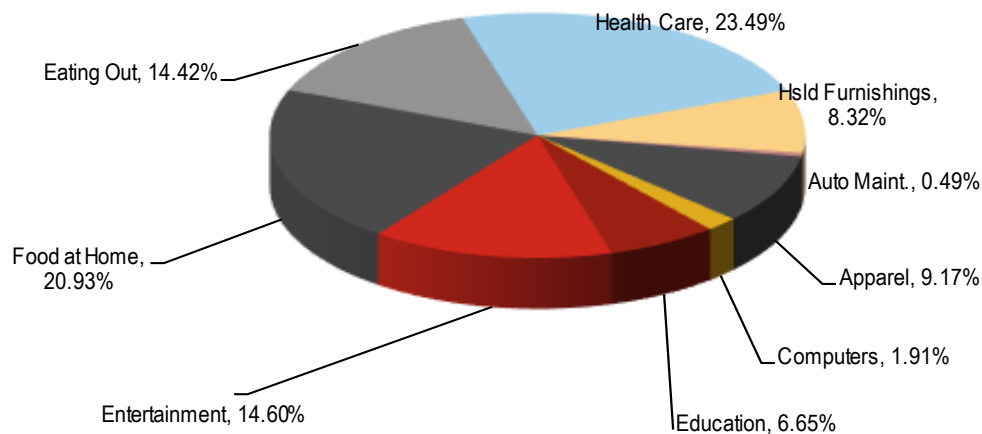
CATTARAUGUS COUNTY EMPLOYERS			
No.	Estimated Number of Employees	Employer	Type
1	1366	County of Cattaraugus	Government
2	1300	Seneca Nation of Indians	Government
3	1247	Seneca Allegany Casino & Hotel	Amusement and recreation
4	875	Dresser-Rand - Turbo Products Division	Air and gas compressors
5	700	Cutco Cutlery, Vector Marketing	Direct selling establishments
6	632	Pioneer Central School	Education, school
7	600	BOCES, Cattaraugus-Allegany	Education, school
8	585	St. Bonaventure University	Education, university
9	574	The ReHабilitation Center Subcon Industries	Rehabilitation
10	550	Olean City School	Education, school
11	523	WNY Developmental Disabilities Svcs Ofc (JN Adam)	Rehabilitation
12	415	Olean General Hospital	General medical and surgical hospitals
13	369	Wal-Mart	Retail
14	350	West Valley Environmental Services LLC	Refuse Systems
15	339	Gowanda Central School	Education, school
16	325	Salamanca Central School	Education, school
17	288	Allegany/Limestone School	Education, school
18	275	Olean Wholesale Grocery Co-Op	Grocery stores
19	246	Allegany State Park	Amusement and recreation
20	238	Community Bank NA	Bank
21	235	Cattaraugus/Little Valley Central School	Education, school
22	221	Randolph Central School	Education, school
23	217	Jamestown Community College - Catt. Campus	Education, community college
24	244	Dal-Tile Corporation	Tile
25	204	Olean Advanced Products (Division of AVX Corp.)	Capacitors
26	200	Skibeck Pipeline Co.	Water, sewer, and utility lines
27	200	Portville Central School	Education, school
28	200	Olean Medical Group	Offices and clinics of medical doctors
29	200	Franklinville Central School	Education, school
30	200	Cooper Power Systems	Surge arresters and fuses
31	199	TLC Health Network	General medical and surgical hospitals
32	183	Pine Valley Central School	Education, school
33	180	Advanced Monolithic Ceramics	Electronic capacitors
34	150	Strochmann Bakeries, LC	Bread
35	142	City Of Olean	Government
36	140	Holiday Valley Resort	Amusement and recreation
37	126	Hinsdale Central School	Education, school
38	125	Home Depot	Retail
39	125	Fitzpatrick & Weller, Inc.	Hardwood dimensions and flooring mills
40	120	The Connection	Inbound and outbound call center
41	112	Solt-Poxy	Adhesives
42	112	Ellicottville Central School	Education, school

CATTARAUGUS COUNTY EMPLOYERS			
No.	Estimated Number of Employees	Employer	Type
43	105	Randolph Academy Union Free School	Education, school
44	104	Rieds Food Barn	Grocery stores
45	104	Philadelphia Furniture Mfg. Co.	Wood furniture
46	99	Absolute Care of Salamanca	Skilled nursing care facilities
47	98	Kmart	Retail
48	96	West Valley Central School	Education, school
49	90	Spragues Maple Farms	Maple syrup and restaurant
50	90	Forts Grocery Inc	Grocery stores

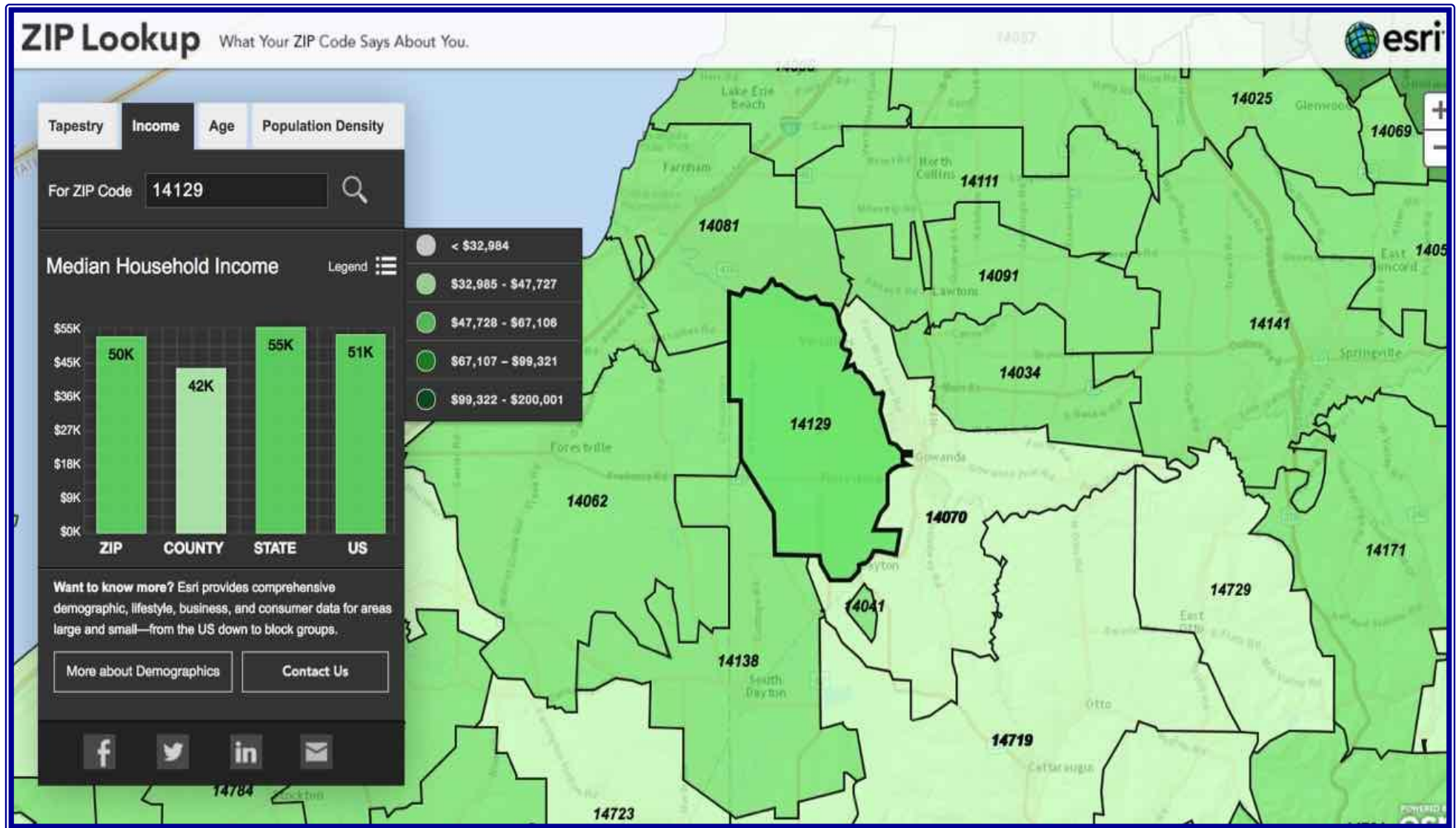
Income Trends

The 2016 median household income for the county was \$44,650, which was **-19.5%** lower than the United States median household income of \$55,497. The median household income for the county is projected to grow by +1.6 percent annually, increasing the median household income to \$48,376 by 2021. As is often the case when the median household income levels are lower than similar to than the national average, the cost of living index is also lower. According to the American Chamber of Commerce Researchers Association (ACCRA) Cost of Living Index, the Buffalo MSA's cost of living is 99.3 compared to the national average score of 100. The ACCRA Cost of Living Index compares groceries, housing, utilities, transportation, health care and miscellaneous goods and services for over 300 urban areas.

Consumer Spending Cattaraugus County



CATTARAUGUS COUNTY / TOWN OF PERRYSBURG INCOME CHARACTERISTICS



Governmental Forces

Counties in New York State were originally established by the State as a means of providing basic governmental functions at a local level. In the Colonial era, Counties functioned as an administrative arm of the State and had a limited role, which was first and foremost, maintaining the public peace. They also were responsible for keeping records, such as deeds, enforcing State laws, and managing the election process.

The role of Counties expanded as New York State became more populated. Counties began providing a wider range of functions to meet local demands for more services, and to address the more complex needs of a modernizing society. Counties continue to administer basic State mandated services, such as the County courts, the jail, and social services, and also are responsible for an increasingly complex array of State programs. In addition, Counties have taken on jurisdiction over a wide range of local functions, such as roadways, infrastructure, economic development, public health and many other roles.

Counties also play an important role in coordinating regional efforts and in assisting and advising the local municipalities within their jurisdiction. These expanded roles for Counties are locally driven, and there is a wide range of models across the State for how Counties function and how their administrative structures are organized.

The State's Statute of Local Governments grants certain powers to local governments. In the case of Counties, these powers include the right to adopt ordinances, establish rules and regulations, acquire real and personal property, purchase and operate recreational facilities, and set and collect taxes and fees. The County, as a unit of government, can directly provide infrastructure, such as roadways, water, and sewage; and/or they can establish districts to facilitate the development of infrastructure. They provide parks, trails and recreational facilities, and can purchase lands for recreational or open space purposes. They are involved with providing transportation services, particularly for special populations, such as seniors and persons with disabilities. Counties have a powerful role in conservation of important resources through their ability to establish soil and water conservation districts, agricultural districts and environmental management councils.

Counties are influential in economic development, helping to coordinate business assistance programs, workforce training, tourism and other incentive programs. The County has significant influence through its policies and programs, and by how the County allocates its spending, particularly for capital projects.

In New York State, Counties' role in land use issues is indirect. Authority over zoning, subdivision and site plan review is seated (Home Rule) in individual cities, villages, and towns by New York State law. The County cannot directly decide what can be done on a

specific parcel of land, unless it has direct ownership of that property. However, the County has an advisory role, through the County Planning Board, over certain land use actions that may have a regional impact. This “239-l and “239-m” review power, vested under State General Municipal Law, gives the County Planning Board authority to review projects located near a State or County facility, such as a park, a roadway, stream, or institution, or near a municipal boundary.

Municipal comprehensive plans are also referred to the County Planning Board for review and comment. This power is advisory; the County Planning Board may recommend changes or revisions to an action, or recommend against the action, but the local city, town or village can override the County’s recommendation with a super-majority vote. However, municipalities generally appreciate the advice and technical assistance provided by the County Planning Board, which helps improve the quality of proposed development projects.

The Cattaraugus County Comprehensive Plan 2025 also is intended to provide guidance and advice to local municipalities on sustainable practices that will improve the quality of land use and development in Cattaraugus County. It sets forth general recommendations on where growth is preferred, based both on good planning policies as well as significant public input. It also identifies sensitive areas that are recommended for conservation or protection. Particularly for the 14 municipalities without their own comprehensive plan, this County Comprehensive Plan can provide the basis for taking a more regional, sustainable approach to municipal activities.

Cattaraugus County has an elected County Legislature. There are 21 representatives sitting on Cattaraugus County’s Legislature, representing 10 different legislative districts. Each legislator serves for a four-year term. In addition, the Legislature has established a number of committees to oversee various areas of responsibility. The nine standing committees include: County Operations; Development and Agriculture; Finance; Human Services; Labor Relations; Public Safety; Public Works; Senior Services; and Strategic Planning.

Cattaraugus County government performs a range of services: general government administration, public safety, health, public works, public assistance, and miscellaneous other services. As required by the New York State law governing Counties, Cattaraugus County has several elected offices, which include District Attorney, Sheriff, Coroner, and County Clerk. Other offices required by the State include the Courts, Probation and the Public Defender. The Board of Elections oversees voter registration and administration of elections within the County. In addition, there are many other County departments responsible for implementing County governmental functions.

The Cattaraugus County Real Property Service Department was created by the Assessment Improvement Act of 1971, mandated by the State of New York. The Cattaraugus County

Office of Real Property was started in June of 1972 and is currently staffed by five people including the director. Real Property Tax Service produces tax bills for towns, villages, cities, and school districts. There are 32 towns, 9 villages, 2 cities and 3 Seneca Nation of Indians Territories, and 17 school districts in Cattaraugus County, with 51,430± total parcels. Most of these communities are small municipalities, without professional planning expertise.

The County provides support to the County's municipalities to address a range of planning-related issues, such as zoning, land use, transportation, agriculture, and community revitalization. The County's professional planning staff provides technical assistance and advice, and is available to provide guidance to local municipal boards, planning boards, and zoning boards on day-to-day operations and procedures. This support ranges from assistance with comprehensive plans to technical advice on zoning ordinances. The Department also provides valuable research and data support to local municipalities. This support includes GIS mapping, demographics, and other data.

Access to Public Utilities

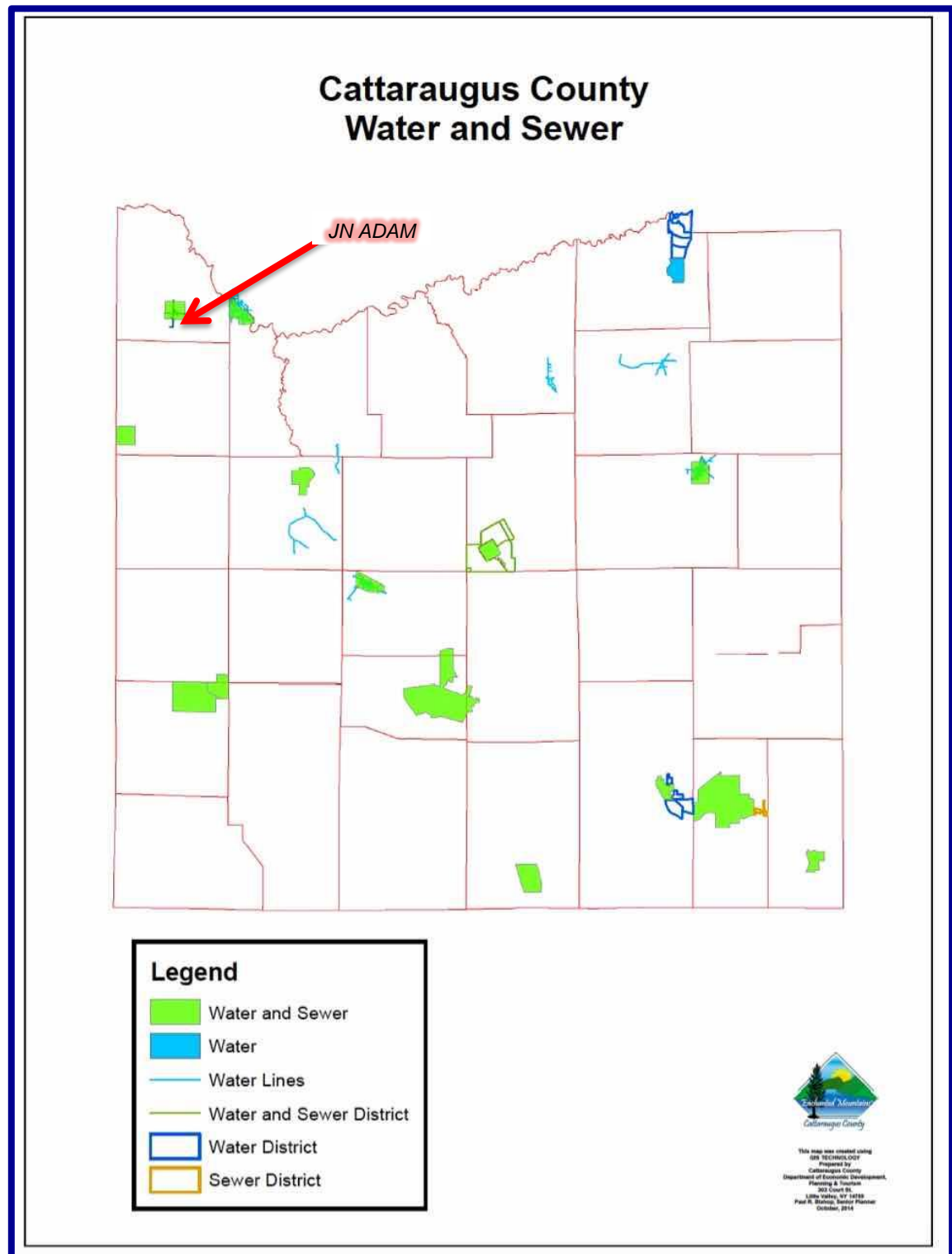
Cattaraugus County benefits from having areas served by public electricity. The major cellular providers (Verizon, Sprint, AT&T, T-Mobile) offer coverage either directly or through off-network providers throughout the County. The strength of this coverage varies as a result of the wide-ranging topography and the rural nature of the area. In general, cellular service appears to be strongest along US Route 219 and I-86. The major broadband and Internet providers offer limited coverage throughout Cattaraugus County. However, improvements to existing cell towers was planned for implementation by 2015.

Public power is provided by a utility that is either municipally owned or operated by a not-for-profit. The majority of the County does not have public water and sewer system. Residents and businesses operate on private systems, such as well water and septic systems. The two cities and many villages, however, do have public systems.

The Cities of Olean and Salamanca have both public water and sewer. The City of Olean has also extended a sewer district into the Town of Olean east of the City. Public sewer and water is also available in the Villages of Allegany, Cattaraugus, Ellicottville, Franklinville, Gowanda, Little Valley, Portville, and South Dayton; as well as the former villages of Limestone, **Perrysburg**, and Randolph. Public water, but not sewer, is available in the Village of Delevan and parts of the Town of Yorkshire near the village; the Lime Lake area of Machias; the hamlet of West Valley; and in the area of New Albion south of the Village of Cattaraugus.

Map 10: Infrastructure on the following page shows generally where public utilities are available. The subject JN Adam site has had its own underground utility systems from the

on-site power building. However, the site reportedly also has potential access to former Village of Perrysburg water and sewer system.



Social Forces

Social forces are exerted primarily through population characteristics. The demographic composition of the population reveals the potential, basic demand for real estate services. Potential for change in the aggregate population and in its demographic attributes affects the local market area surrounding the subject property. As stated earlier, population also drives demand and represents a reliable predictor of future long-term care demand.

Population Trends

According to Pitney Bowes / Gadberry Group - GroundView®, a Geographic Information System (GIS) Company, **Cattaraugus County had a 2016 total population of 77,205 and experienced an annual growth rate of -0.7 percent, which was lower than the New York annual growth rate of +0.4 percent. Within the County, the population density was just 58 people per square mile compared to the higher New York population density of 409 people per square mile and the higher United States population density of 90 people per square mile. As discussed in the Town of Perrysburg section that follows, population densities this low are classified as akin to a “Desert” environment, with “Rural” densities being 100 or greater.**

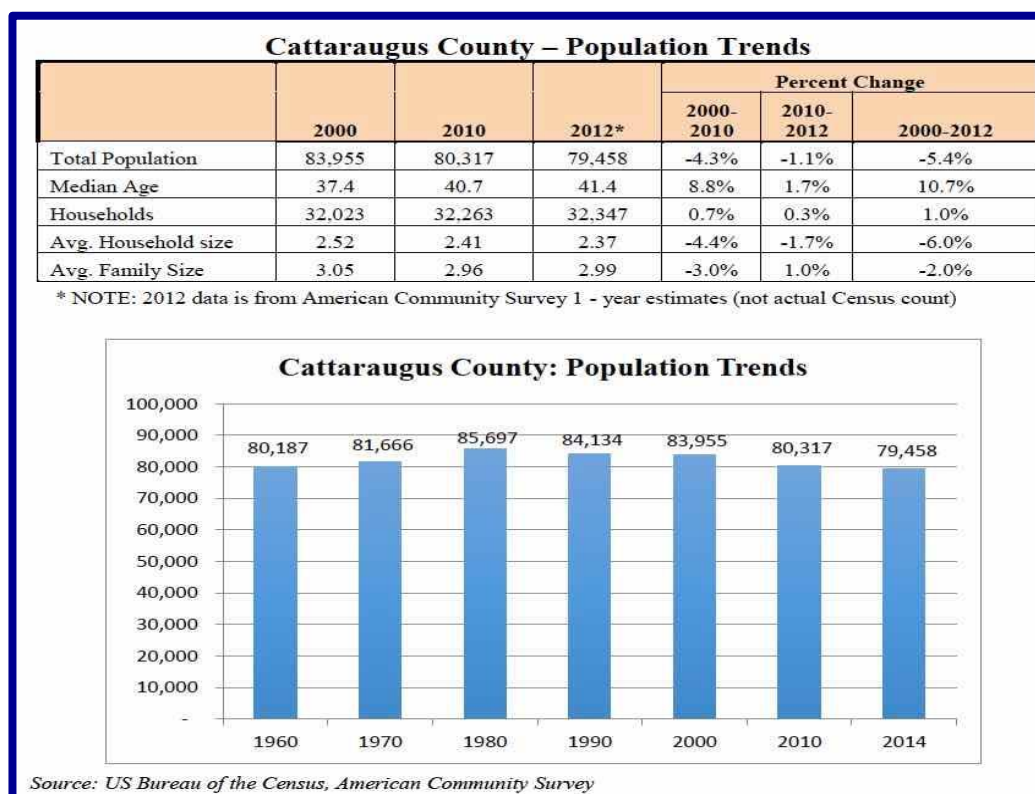
REGIONAL AREA DEMOGRAPHICS							
YEAR	US	NY	COUNTY	YEAR	US	NY	COUNTY
POPULATION				NUMBER OF HOUSEHOLDS			
2010 Total Population	308,745,538	19,378,102	80,317	2016	120,355,207	7,429,761	32,359
2016 Total Population	324,035,643	19,829,638	77,205	2021	124,475,498	7,534,427	32,118
2021 Total Population	337,543,660	20,122,396	74,637	CAGR	0.7%	0.3%	(0.1%)
2010 - 2016 CAGR	0.8%	0.4%	(0.7%)	AVERAGE HOUSEHOLD SIZE			
2016 - 2021 CAGR	0.8%	0.3%	(0.7%)	2016	2.63	2.59	2.31
POPULATION DENSITY				2021	2.65	2.60	2.24
2016 Per Square Mile	90	409	58	CAGR	0.16%	0.03%	(0.53%)
2021 Per Square Mile	94	415	57	HOUSING UNITS			
MEDIAN AGE				Owner Occupied	78,448,660	3,957,151	23,384
2016	37.72	38.26	41.54	Renter Occupied	41,906,547	3,472,610	8,975
2021	38.74	39.04	42.86	AVERAGE HOUSEHOLD INCOME			
CAGR	0.54%	0.41%	0.63%	2016	\$78,307	\$87,808	\$57,246
MEDIAN HOME VALUE				2021	\$82,265	\$92,222	\$60,108
2016	\$175,546	\$282,990	\$82,601	CAGR	1.0%	1.0%	1.0%
PER CAPITA INCOME				MEDIAN HOUSEHOLD INCOME			
2016	\$29,828	\$33,882	\$24,829	2016	\$55,497	\$60,737	\$44,650
2021	\$31,085	\$35,528	\$26,777	2021	\$59,208	\$64,985	\$48,376
CAGR	0.8%	1.0%	1.5%	CAGR	1.3%	1.4%	1.6%

Source: Pitney Bowes/Gadberry Group - GroundView®

As shown above, Cattaraugus County is a rural county with a declining population, which is NOT a condition that is conducive to real estate development. Historically, the

County had a relatively stable population over the past few decades. The population of the County in 2010 was 80,317, which was very similar to the population in 1960, at 80,187. Population in the County is estimated to have dropped slightly to 79,458 in 2012, the most recent data available from the American Community Survey. The County's population peaked in 1980 at 85,697. Population change, however, has been unevenly distributed, with greater losses in the County's cities and villages. Population losses occurred across the County, with all but five Towns experiencing population losses between 2000 and 2010. The Towns of Napoli, Conewango, Farmersville, and Lyndon saw population increases of approximately 6 to 7 percent between 2000 and 2010.

Historic demographic data for Cattaraugus County and its population trends are included on below and on the following page. As shown, the decline in population in Cattaraugus County has been occurring since 1990 at the least. Between 1990 and 2010, the County's Total Population declined by **-3.638** percent, from 83,955 to 80,317 people.



However, more recent data as shown in the chart below point to **continuing declines**. Between 2010 and the middle of 2014, the County's Total Population declined by **-2.03** percent, to 78,600 people. Annual Migration was negative each year, with **-512** people leaving the County in 2014, and Annual Net Migration was also negative. Subsequent data show a continued decline to 77,922 people in 2015 indicating the County's Total Population decline was **-2.90** percent between 2010 and 2015.

According the Website City Data, Cattaraugus County was #27 in the country on the list of "Top 101 counties with the largest number of people moving out compared to moving in (pop. 50,000+)."

Cattaraugus County, NY [36009] Population Components of Change & Estimates by Age/Race-Origin								
Items	4/1/10	7/1/10	7/1/11	7/1/12	7/1/13	7/1/14	Chg10-14	%Chg10-14
1. Total Population	80,317	80,227	79,820	79,342	78,996	78,600	-1,627	-2.03
2. Births		250	934	928	886	883		
3. Deaths		258	832	806	784	803		
4. Natural Increase		-8	102	122	102	80		
5. Migration		-85	-486	-603	-412	-446		
5.1. International		7	61	62	66	66		
5.2. Domestic		-92	-547	-665	-478	-512		
6. Residual		3	-23	3	-36	-30		
7. Group Quarters		2,679	2,685	2,597	2,597	2,597	-82	-3.06
8. Rates								
8.1. Birth			11.67	11.66	11.19	11.21		
8.2. Death			10.40	10.13	9.90	10.19		
8.3. Natural Increase			1.27	1.53	1.29	1.02		
8.4. International Migration			0.76	0.78	0.83	0.84		
8.5. Domestic Migration			-6.84	-8.36	-6.04	-6.50		
8.6. Net Migration			-6.07	-7.58	-5.20	-5.66		
9. Population by Age	80,317	80,227	79,820	79,342	78,996	78,600	-1,627	-2.03
Age 0- 4	5,042	5,037	4,928	4,777	4,648	4,592	-445	-8.83
Age 5- 9	4,985	4,996	4,972	5,042	5,029	4,976	-20	-0.40
Age 10-14	5,340	5,319	5,289	5,200	5,126	5,028	-291	-5.47
Age 15-19	5,918	5,877	5,755	5,639	5,548	5,533	-344	-5.85
Age 20-24	5,252	5,264	5,289	5,230	5,173	5,189	-75	-1.42
Age 25-29	4,390	4,398	4,386	4,302	4,311	4,349	-49	-1.11
Age 30-34	4,135	4,158	4,240	4,279	4,324	4,286	128	3.08
Age 35-39	4,399	4,367	4,146	4,088	4,121	4,127	-240	-5.50
Age 40-44	5,068	5,030	4,920	4,868	4,668	4,512	-518	-10.30
Age 45-49	5,910	5,876	5,704	5,461	5,250	5,042	-834	-14.19
Age 50-54	6,446	6,425	6,358	6,223	6,105	5,900	-525	-8.17
Age 55-59	5,988	6,003	6,037	6,093	6,165	6,208	205	3.41
Age 60-64	5,025	5,062	5,310	5,334	5,407	5,428	366	7.23
Age 65-69	3,680	3,715	3,761	4,008	4,149	4,384	669	18.01
Age 70-74	2,858	2,839	2,850	2,968	3,112	3,175	336	11.84
Age 75-79	2,342	2,329	2,304	2,260	2,329	2,346	17	0.73
Age 80-84	1,848	1,849	1,858	1,845	1,797	1,747	-102	-5.52
Age 85-up	1,691	1,683	1,713	1,725	1,734	1,778	95	5.64
10. Population by Race/Origin	80,317	80,227	79,820	79,342	78,996	78,600	-1,627	-2.03
One race	79,027	78,924	78,452	77,912	77,530	77,088	-1,836	-2.33
White alone	74,923	74,818	74,285	73,641	73,124	72,627	-2,191	-2.93
Black alone	1,058	1,054	1,089	1,138	1,181	1,194	140	13.28
Amer Ind/Alaska Native alone	2,480	2,480	2,497	2,531	2,601	2,614	134	5.40
Asian alone	551	559	567	584	606	635	76	13.60
Native Hawaiian/OPI alone	15	13	14	18	18	18	5	38.46
Two or more races	1,290	1,303	1,368	1,430	1,466	1,512	209	16.04
Hispanic (of any race)	1,345	1,355	1,414	1,517	1,513	1,534	179	13.21

Cattaraugus County – Population Trends by Municipality

			Change: 2000 – 2010	
	2000	2010	Number	Percent
Olean City	15,347	14,452	-895	-5.8%
Salamanca City	6,097	5,815	-282	-4.6%
Towns *				
Allegany	8,230	8,004	-226	-2.7%
Ashford	2,223	2,132	-91	-4.1%
Carrollton	1,410	1,297	-113	-8.0%
Coldspring	751	663	-88	-11.7%
Conewango	1,732	1,857	125	7.2%
Dayton	1,945	1,886	-59	-3.0%
East Otto	1,105	1,062	-43	-3.9%
Ellicottville	1,738	1,598	-140	-8.1%
Farmersville	1,028	1,090	62	6.0%
Franklinville	3,128	2,990	-138	-4.4%
Freedom	2,493	2,405	-88	-3.5%
Great Valley	2,145	1,974	-171	-8.0%
Hinsdale	2,270	2,168	-102	-4.5%
Humphrey	721	687	-34	-4.7%
Ischua	895	859	-36	-4.0%
Leon	1,380	1,365	-15	-1.1%
Little Valley	1,788	1,740	-48	-2.7%
Lyndon	661	707	46	7.0%
Machias	2,482	2,375	-107	-4.3%
Mansfield	800	808	8	1.0%
Napoli	1,159	1,248	89	7.7%
New Albion	2,068	1,972	-96	-4.6%
Olean	2,029	1,963	-66	-3.3%
Otto	831	808	-23	-2.8%
Perrysburg	1,771	1,626	-145	-8.2%
Persia	2,512	2,404	-108	-4.3%
Portville	3,952	3,730	-222	-5.6%
Randolph	2,681	2,602	-79	-2.9%
Red House	38	38	0	0.0%
Salamanca	544	481	-63	-11.6%
South Valley	302	264	-38	-12.6%
Yorkshire	4,210	3,913	-297	-7.1%

* Census data for Towns include residents of Villages within the surrounding Town. For example, the figure for the Town of Ellicottville includes the population for the Village of Ellicottville.

Source: US Bureau of the Census data from, "Cattaraugus County Profile"

The Town of Mansfield saw a slight increase (1 percent). Generally, most communities in Cattaraugus County experienced relatively stable conditions, with a loss or gain of fewer than 300 people. The largest absolute population decline was in the City of Olean, which lost nearly 900 residents between 2000 and 2010, or about 6 percent of the population. Because many Towns in Cattaraugus County have relatively small population bases, in some cases minor changes in the number of residents represented a significant proportion of the municipality's population. However, Perrysburg's **-8.2 percent decline** over the decade was the 4th largest decline in the entire County.

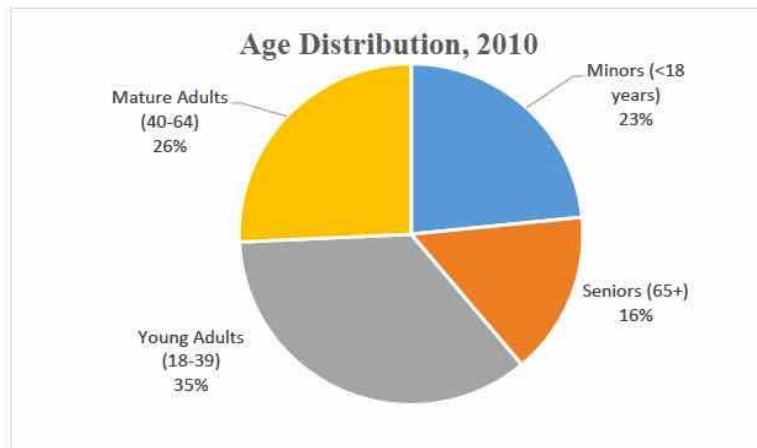
Age

The 2016 median age for the county was 41.54, which was 9.21 percent older than the United States median age of 37.72 for 2016. The median age in the county is anticipated to grow by +0.63 percent annually, increasing the median age to 42.86 by 2021. As the population is aging, there is also a growing diversity in the makeup of the 'typical' household. There was a 13 percent increase in "non-family" households between 2000 and 2010, while the number of "family" households fell by 5 percent over that period. (Note: "non-family" households consist of one-person households, or unrelated people living together.)

Cattaraugus County – Age Distribution								
	2000		2010		2012 (est.)		Change: 2000-2012	
							#	%
Minors (<18 years)	21,963	26.2%	18,801	23.4%	18,203	22.9%	-3,760	-17.1%
Age 18 – 64	49,718	59.2%	49,097	61.1%	48,405	60.9%	-1,310	-2.6%
Seniors (65+)	12,277	14.6%	12,419	15.5%	12,850	16.2%	573	10.3%

Source: US Bureau of the Census: 2000, 2010: decennial census; 2012: American Community Survey

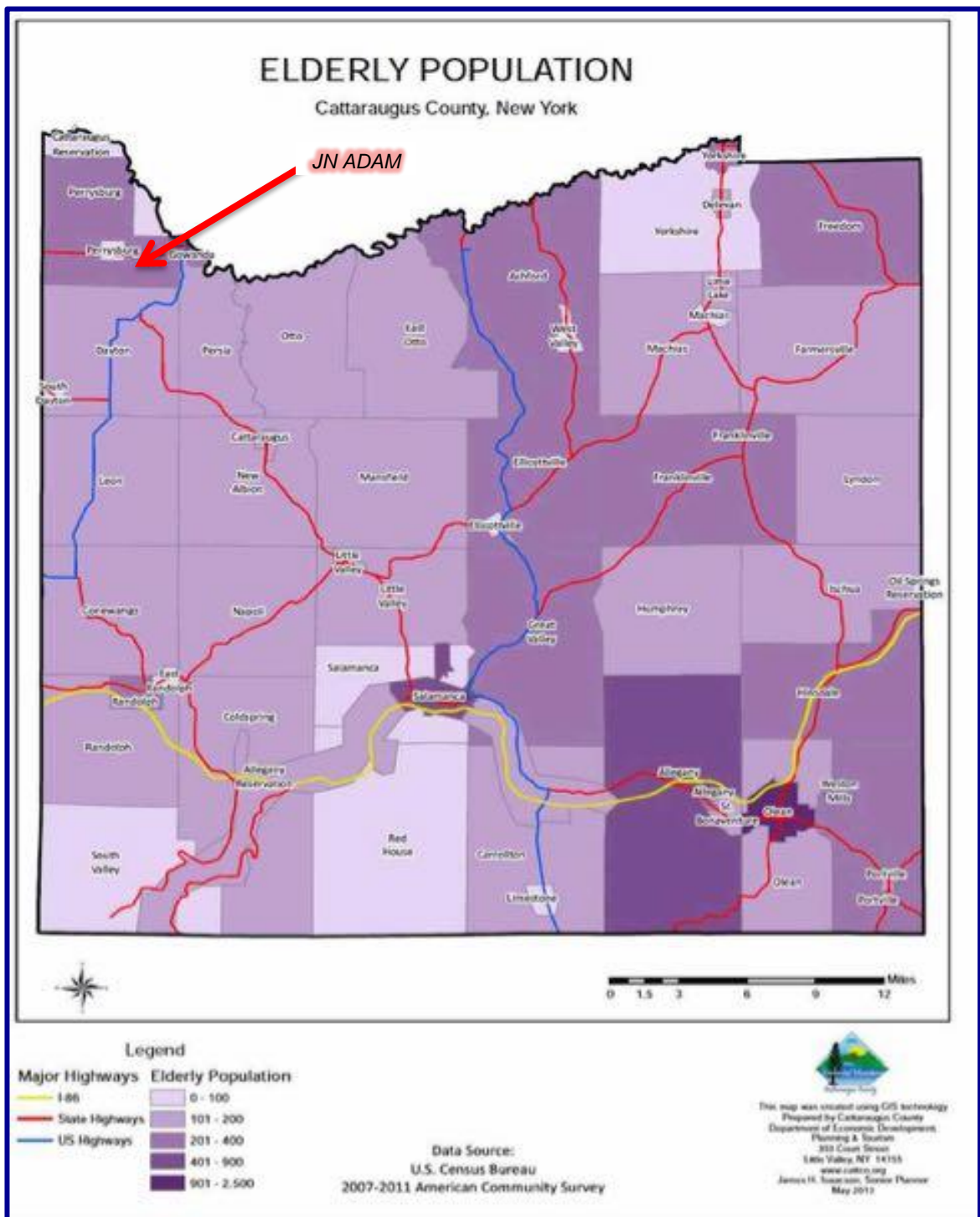
Despite the aging of the County's population, the largest proportion of the population can be categorized as young adults (aged 18 to 39), which make up 35 percent of the County's population. Mature adults (age 40 to 64) is the second largest group, and minors (under 18) make up 23 percent. Seniors, while a growing proportion, remains the smallest share of the County's population.



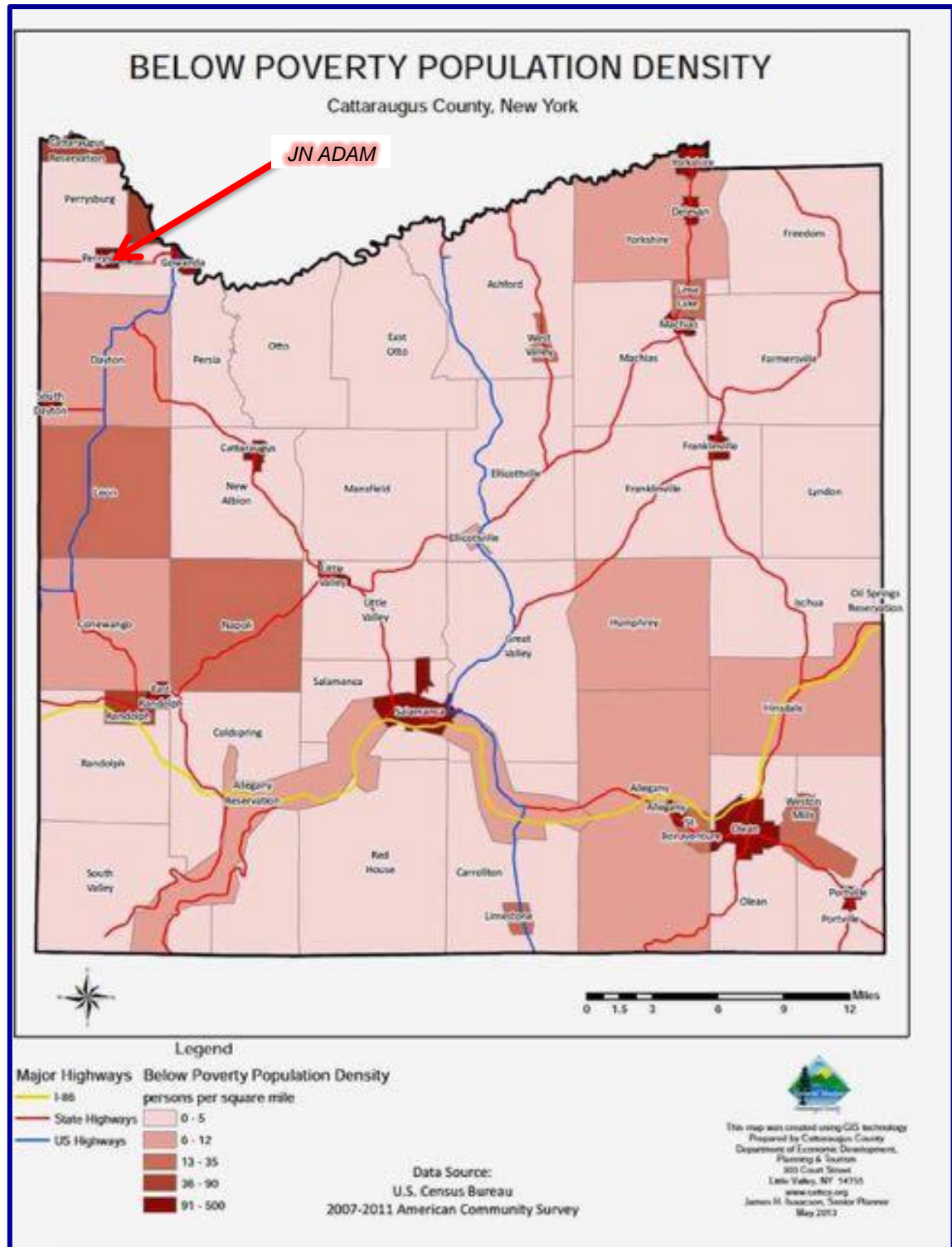
Source: US Bureau of the Census

Interestingly, the Total Percentage Change in population between 2010 and 2014 was negative for every age cohort below 55 – 59 years of age, with the notable exception of the 30 to 34-year-old age cohort. In addition, all of the elderly age cohorts above 55 to 59 were positive, with the notable exception of the 80 to 84-year-old age cohort. **These age / population statistics are very poor indicators for housing demand and for alternative reuse of the subject Property. People of working ages and in their prime family-**

rearing / household formation years continue to leave the regional and local area, while the number of elderly and those on fixed incomes / governmental entitlements continue to grow – somewhat dramatically in the 65 to 74-year-old age groups.



In addition to the local population in the Town of Perrysburg becoming much older, many are also living below the poverty limit as shown below. [It is likely that seasonal – second home homeowners account for the higher income areas around the Town limits itself.]



The median age of the population has been increasing. There is a growing percentage of seniors (age 65 and older) and a corresponding decrease in the proportion of youth. The largest proportion of the population remains young adults (age 18 to 39). The presence of St. Bonaventure University accounts for some of this concentration: nearly 30 percent of the population of the Town of Allegany falls between the ages of 15 and 24. In other municipalities in the County, the proportion in that age group is generally around 13 percent. The proportion of seniors is growing, but remains the smallest share of the County's population. **However, the over 65 population in Cattaraugus County is growing at a faster rate than both the rest of New York State and the Nation as a whole.**

Household Trends

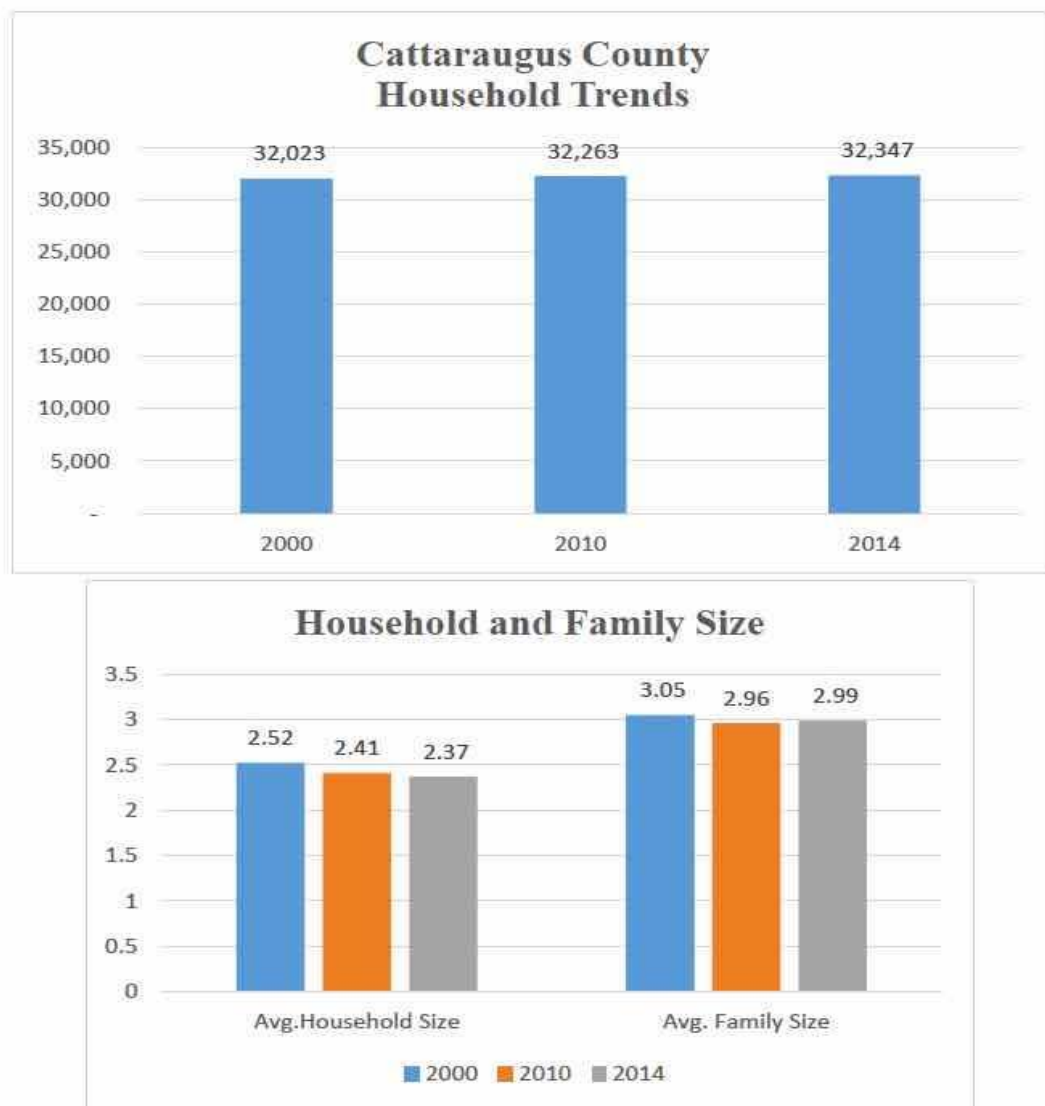
The 2016 number of households in Cattaraugus County was 32,359. The number of households in the county is projected to retract by -0.1 percent annually, reducing the number of households to 32,118 by 2021. Growth in Household Formations is one of the Primary Determinants of Demand for several real estate property sectors. Declining household formations does not engender the interest of investors seeking to place capital in projects such as redevelopment of the subject Property. The 2016 average household size for the county was 2.31, which was **-12.18 percent** smaller than the United States average household size of 2.63 for 2016. The average household size in the county is anticipated to retract by **-0.53 annually**, reducing the average household size to 2.24 by 2021.

On the following page, the number of households in Cattaraugus County grew briefly, from 32,023 to 32,347 between 2000 and 2012, which was an increase of +1.0 percent. That slight increase in the number of households despite population declines was due to a trend toward smaller households, consistent with national trends. The average household size in the County fell from 2.52 persons in 2000 to 2.37 persons in 2012. The average family size declined very slightly, staying at just about 3 persons per family over the 12-year period.

As is the case across the country, the makeup of the typical family in Cattaraugus County has been changing. The number of households that fall under the Census definition of a family (two or more related persons living together) has been decreasing, while the number of non-family households has been increasing. Between 2000 and 2010, the number of families fell by about 5 percent, while the number of non-family households increased by 13 percent over the same time period. The growth in the number of one-person households has been a significant factor in the increase in non-family households. There was an increase of 11 percent (916) of single-person households between 2000 and 2010.

The family type with the greatest decline is "married couples with children living at home," which fell by 26 percent. This decline is related to the aging of the population and represents

an increasing number of “empty nest” families, where the children have grown up and moved out of the family home.



Source: US Bureau of the Census

These statistics represent another negative trend for the local housing market as a healthy housing market is characterized as one with an annual household growth rate of one percent or more. Typically, married couples with children fuel by this growth.

The most common household type in the County is “married couples without children living at home (30 percent),” followed closely by one-person households (29 percent). Married couples with children at home make up 17 percent of households, while one-parent households with children comprise approximately 10 percent of households. The remainder of households is classified as “Other”, which is split evenly between family and non-family

households, with 7 percent each. Family households categorized as “other” include family arrangements outside the traditional nuclear family, such as adult siblings living together. Non-family households categorized as “other” entail unrelated persons living together, such as roommates or unmarried couples.

Cattaraugus County – Household Trends				
			Change: 2000 – 2010	
	2000	2010	Number	Percent
Family Households	21,662	20,560	-1,102	-5.1%
Married Couple Families	16,739	15,121	-1,618	-9.7%
Married Couples with children at home	7,209	5,337	-1,872	-26.0%
All Families with children at home	10,282	8,603	-1,679	-16.3%
Families Headed by a Female	3,463	3,659	196	5.7%
Female headed family with children at home	2,172	2,197	25	1.2%
Nonfamily Households	10,361	11,703	1,342	13.0%
One-Person Households	8,591	9,507	916	10.7%
Age 65+ living alone	3,700	3,802	102	2.8%
Other Nonfamily (not one-person households)	1,770	2,199	429	24.2%

Source: US Bureau of the Census

Housing Trends

There were an estimated 41,047 housing units in Cattaraugus County in 2012. **The number of housing units in the County has been increasing at a rate faster than the number of households.** Whereas the number of occupied housing units (households) grew by +0.7 percent between 2000 and 2010, the **total number of housing units grew by +3.2 percent.** Between 2000 and 2012, the growth in number of housing units was 3 times the growth in households.

The seasonal housing market has a significant influence in the County and much of the increase in the number of units was due to a growing number of seasonal homes. Homeownership rates are comparable to other rural counties, and the County has seen an increase in the availability of rental units. While vacancy rates appear high (21 percent), when seasonal and recreational housing is removed the vacancy rate drops to 8 percent.

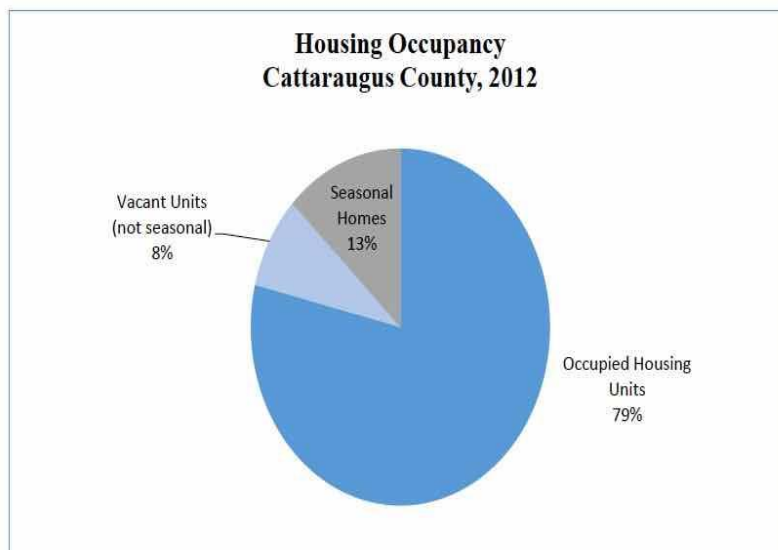
A healthy housing market will typically have a vacancy rate of 5 to 6 percent to account for units in transition (being sold, made ready for a new tenant, and other factors) Some of the excess vacancy is due to dilapidated units.

Cattaraugus County – Housing Trends						
	2000	2010	2012	Percent Change		
				2000-2010	2010-2012	2000-2012
Total Housing Units	39,839	41,111	41,047	3.2%	-0.2%	3.0%
Occupied Housing Units	32,023	32,263	32,347	0.7%	0.3%	1.0%
(percentage of total)	80.4%	78.5%	78.8%			
Total Vacant units	7,816	8,848	8,700	13.2%	-1.7%	11.3%
(percentage of total)	19.6%	21.5%	21.2%			
Vacant Seasonal	4,867	6,035	5,268	24.0%	-12.7%	8.2%
(percentage of total)	12.2%	14.7%	12.8%			
Vacant – not seasonal	2,949	2,813	3,432	-4.6%	22.0%	16.4%
(percentage of total)	7.4%	6.8%	8.4%			

Source: US Census

There is some pressure in the northern portion of the County where there has been growth in the number of large lot second homes, primarily used for recreational activities, such as hunting, snowmobiling and similar outdoor recreation uses. There are a relatively large proportion of vacant housing units in Cattaraugus County, representing 21 percent of all units. But a significant proportion of the units that are classified as “vacant” units are second homes and seasonal rental properties.

In the County, approximately 13 percent of all units are categorized as “seasonal housing.” This category means that the house is not considered the primary residence of the owner, and



Source: US Census

generally is occupied only for a portion of the year. While these homes are technically “vacant” by Census definitions, they are intentionally kept for occasional use, either as a second home or a seasonal rental property. The number of seasonal housing units grew from 12.2 percent of units in 2000 to 14.7 percent in 2010. The estimates for 2012 suggested that the peak in seasonal units had moderated, and the number of seasonal units dropped to an estimated 12.8 percent of all units. However, seasonal units remain a significant part of the Cattaraugus County housing market.

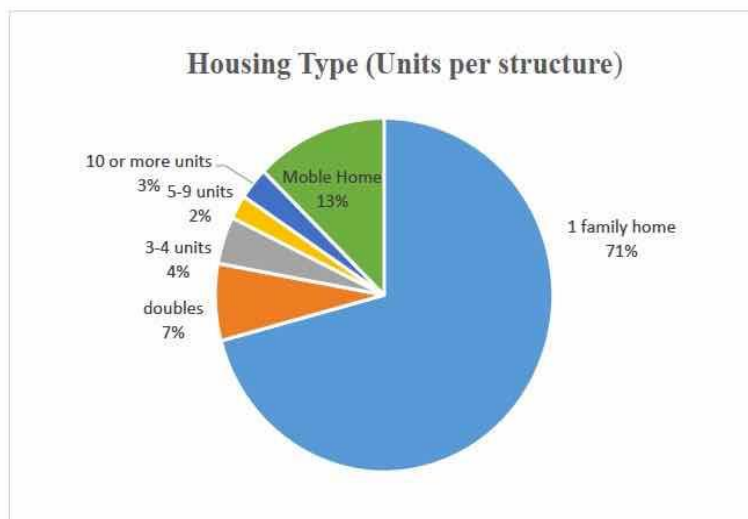
The remaining 8 percent of vacant units include properties that are unoccupied due to other reasons, such as normal transition in the market (vacant while they are for sale or for rent); properties being renovated; properties as part of estates; properties in foreclosure; and homes the owner is keeping intentionally vacant for storage or other reasons.

Housing tenure has remained fairly stable in the County. In 2012, homeowners occupied approximately 73 percent of units, while renters occupied about 27 percent. This proportion of owner to renter has not varied significantly since 2000. The growth in the number of housing units has largely been in rental properties. The number of occupied rentals in Cattaraugus County increased from 8,198 in 2000 to an estimated 8,895 in 2012.

Cattaraugus County – Housing Tenure Trends						
	2000	2010	2012	Percent Change		
				2000-2010	2010-2012	2000-2012
Total Occupied Units	39,839	41,111	41,047	3.2%	-0.2%	3.0%
Owner Occupied	23,825	23,306	23,452	-2.2%	0.6%	-1.6%
(percentage of total)	74.4%	72.2%	72.5%			
Renter occupied	8,198	8,957	8,895	9.3%	-0.7%	8.5%
(percentage of total)	25.6%	27.8%	27.5%			

Source: US Census

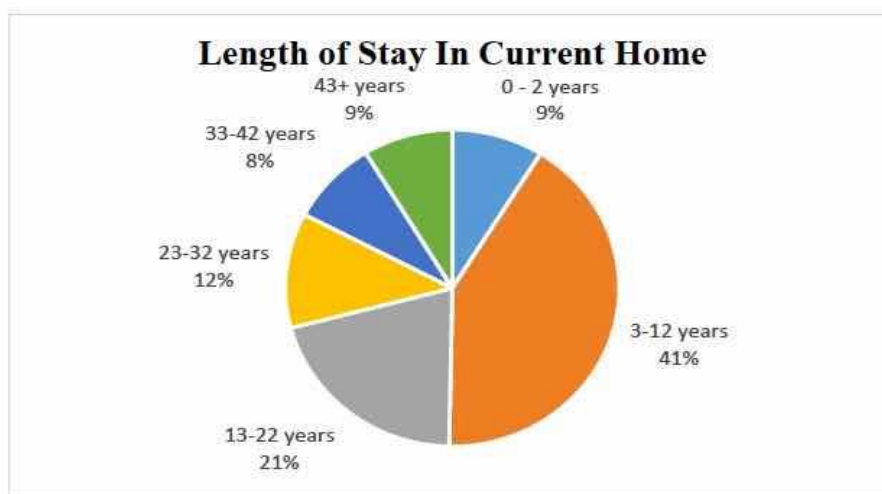
The housing stock in the County is largely one-family dwellings. According to Census estimates, 71 percent of residential units are one-family homes and another 13 percent are mobile homes - that represent 84 percent of the housing stock. About 7 percent of units are in doubles, or two-family homes. The remainder of units (approximately 9 percent) is in multiple-unit homes (three-or more units in the building).



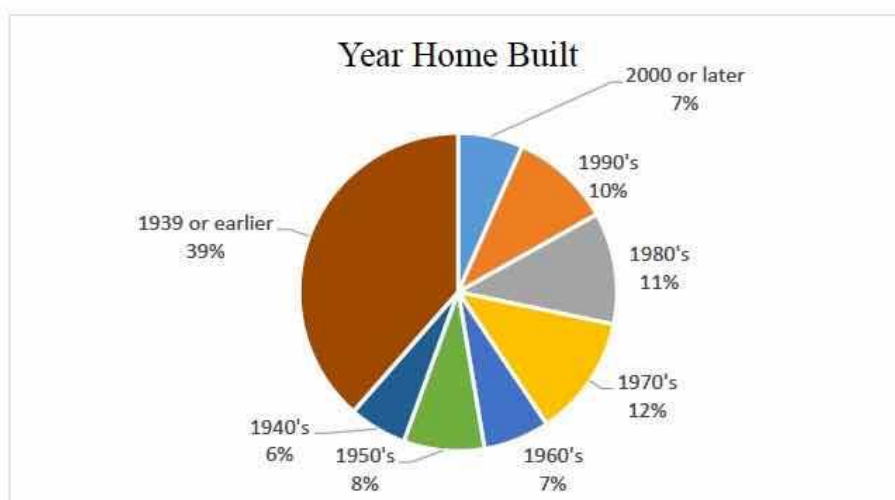
Source: US Bureau of the Census

The population in the County is also relatively mobile. Based on data from 2012, approximately half of households had lived in their current home for 12 years or less. The next largest proportion (21 percent) had moved into their current home between 1990 and 1999.

Data on the age of the housing stock in the County indicates that slightly under 40 percent of units were built in 1939 or earlier. Approximately 7 percent has been built since 2000. The remaining housing stock is relatively evenly distributed by decade, with each decade comprising between 6 to 12 percent of the housing stock.



Source: US Bureau of the Census

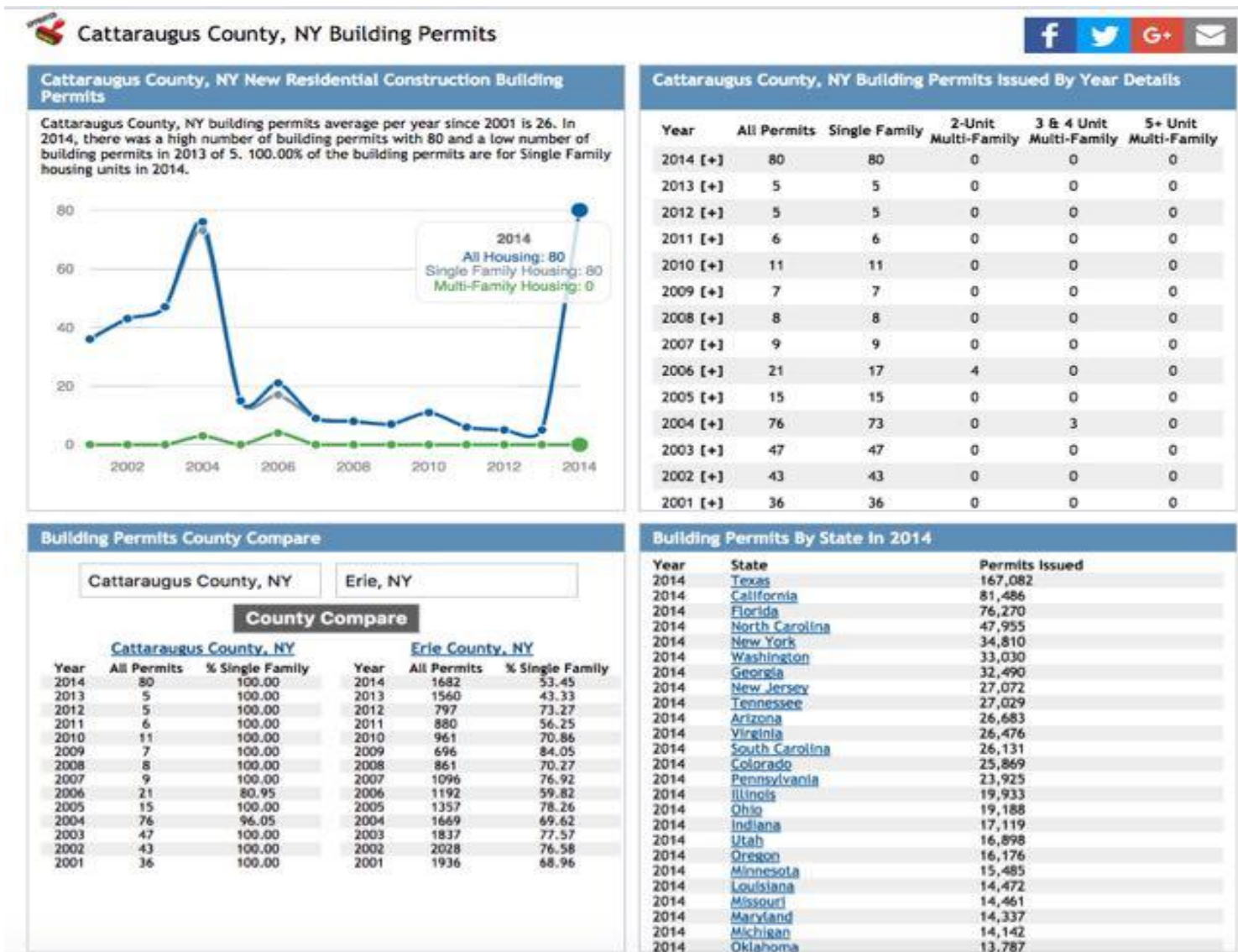


Source: US Bureau of the Census

Building Permits

As can be expected relative to all of the prior data, the number of building permits issued in Cattaraugus County annually is low, which can be seen in the charts that follow. These data were published on the Website City Data, and other sites. [Read more: http://www.city-data.com/county/Cattaraugus_County-NY.html#ixzz4ZjJpo37k].

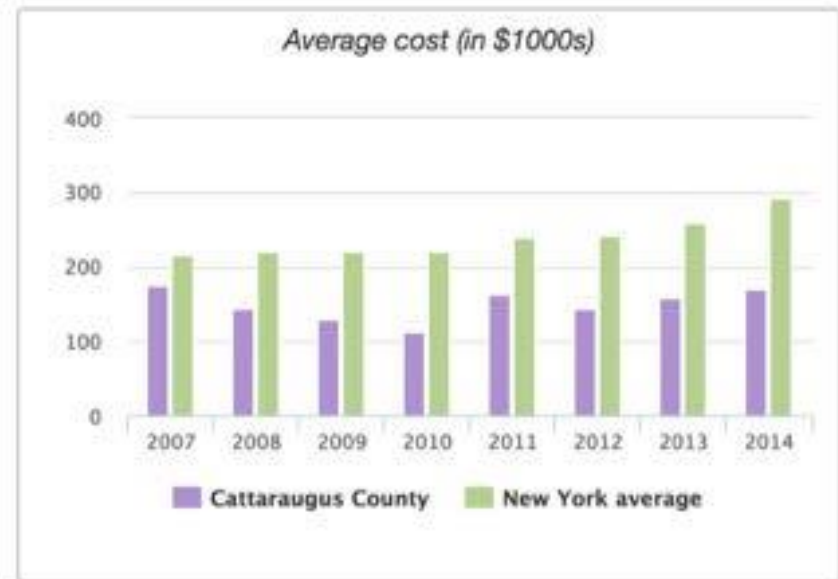
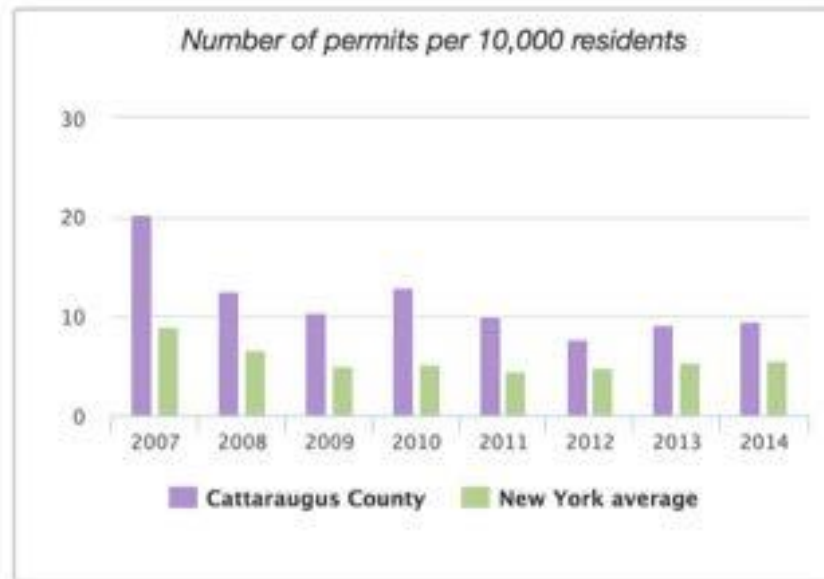
CATTARAUGUS COUNTY PERMIT DATA



CATTARAUGUS COUNTY PERMIT DATA

Single-family new house construction building permits:

- 2007: 171 buildings, average cost: \$175,800
- 2008: 106 buildings, average cost: \$142,900
- 2009: 87 buildings, average cost: \$128,700
- 2010: 108 buildings, average cost: \$112,500
- 2011: 85 buildings, average cost: \$161,800
- 2012: 65 buildings, average cost: \$143,500
- 2013: 77 buildings, average cost: \$158,400
- 2014: 80 buildings, average cost: \$170,600



Other Permit and housing data follow.

Mean price in 2015:

Detached houses: \$110,877
 Here:  \$110,877
 State:  \$344,789

Townhouses or other attached units: \$311,209
 Here:  \$311,209
 State:  \$553,457

In 2-unit structures: \$100,613
 Here:  \$100,613
 State:  \$524,046

In 3-to-4-unit structures: \$89,577
 Here:  \$89,577
 State:  \$600,393

Mobile homes: \$53,338
 Here:  \$53,338
 State:  \$72,935

Median monthly housing costs for homes and condos with a mortgage: \$998

Median monthly housing costs for units without a mortgage: \$462

Median contract rent in 2015 for apartments: \$472 (lower quartile is \$355, upper quartile is \$585)

This county:  \$472

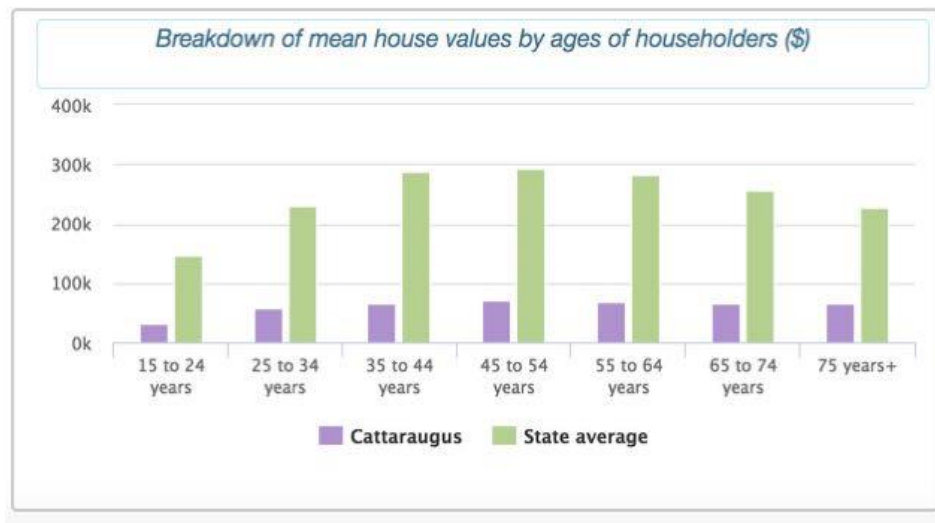
State:  \$1058

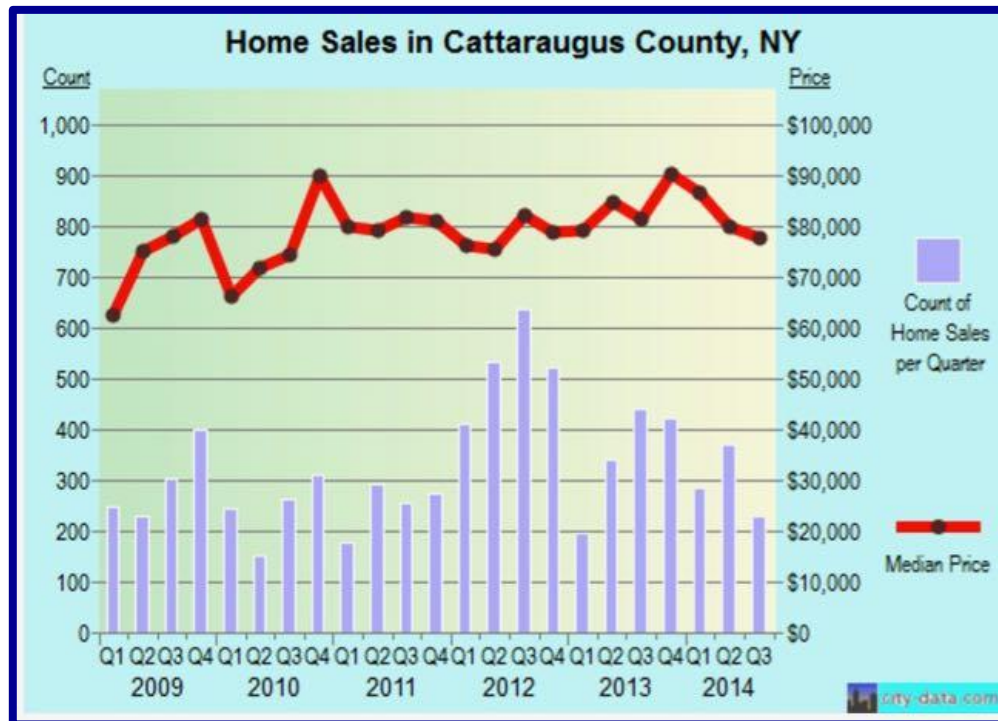
Estimated median house or condo value in 2015: \$88,100 (it was \$59,000 in 2000)

Cattaraugus:  \$88,100

New York:  \$293,500

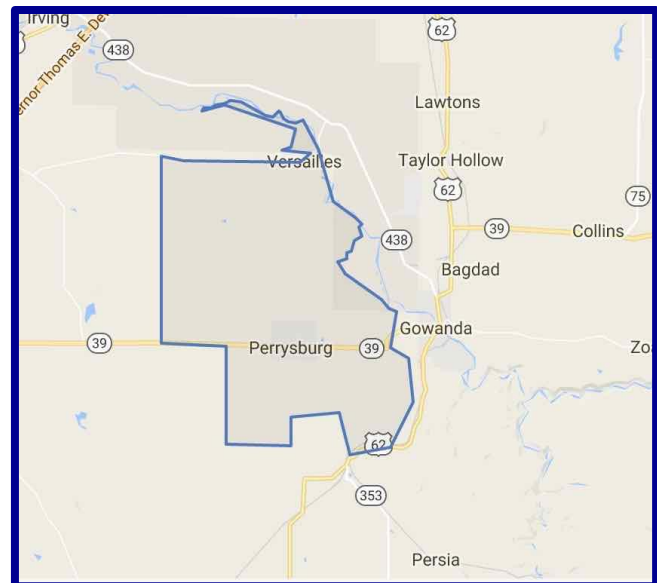
Lower value quartile - upper value quartile: \$59,400 - \$127,900





Town and [Former] Village of Perrysburg

The subject Property is both situated in and straddles the boundary of both the Town and Hamlet of Perrysburg, which is in the northwest corner of Cattaraugus County. The Town lies entirely within postal Zip Code 14129. The town contains the census-designated place, which was formerly an incorporated village that was also named Perrysburg.



A chain link fence encloses the area of the subject site where the main hospital campus improvements are situated. These fenced areas around the buildings include two specific areas: (1) the westernmost parcel off Peck Hill Road, which has ten (10) old, functionally-obsolescent single-family houses and two other smaller, miscellaneous wood frame structures - primarily situated along the southern side of Inwood Drive, and (2) the area around the larger, institutional buildings – that being the easternmost parcel off Peck Hill Road along Airview Drive. These areas combined approximate 57± acres of the total 644.62±-acre site, based upon a rough approximation from the survey. It is

our understanding that this 57±-acre parcel was largely – if not entirely – situated within the former Village of Perrysburg limits. We have also been informed that the zoning on this parcel was “I” – Industrial / School zoning in the Village of Perrysburg. However, none of these conditions could be confirmed.

According to the United States Census Bureau, the town has a total area of 28.5 square miles of which 28.4 square miles is land and 0.12 square miles, or 0.44 percent, is water. Perrysburg is bordered by Cattaraugus Creek, a stream that forms Perrysburg's northern border with the towns of Collins and Brant in Erie County with Erie County on the opposite bank. Balltown is a hamlet near the town's western border, along with the town of Hanover in Chautauqua County. The hamlet of Versailles is a former milling community that uses the power of Cattaraugus Creek, and is located in the northeast corner of the town. The community is east of the junction of County Roads 42 and 58.

History

By 1880, the population of the village of Perrysburg was about 400, with many more living in the surrounding town. It was also a station stop on the New York & Erie Railroad. The village of Perrysburg was incorporated in 1916. However, on March 16, 2010, voters approved a referendum by a 60-9 margin, to dissolve the village into the town of Perrysburg, at which time, the population was 1,626 per the 2010 census. The dissolution took effect at the end of 2011. Perrysburg joined Randolph, East Randolph and Limestone among Cattaraugus County villages that voted to dissolve within a six-month span, with all but Limestone having approved their dissolutions on March 16.

Perrysburg, New York	
Town	
 <p>Location in the state of New York</p> <p>Coordinates:  42°29'3"N 79°0'54"W</p>	
Country	United States
State	New York
County	Cattaraugus
Government	
• Type	Town Council
• Town Supervisor	Dennis C. Stopen (D, R)
• Town Council	Members' List [show]
Area	
• Total	28.5 sq mi (73.9 km ²)
• Land	28.4 sq mi (73.6 km ²)
• Water	0.1 sq mi (0.3 km ²)
Elevation	1,080 ft (330 m)
Population (2010)	
• Total	1,626
• Density	57/sq mi (22.1/km ²)
Time zone	Eastern (EST)
ZIP code	14129
FIPS code	36-009-57298
Website	www.perrysburgny.org 

The town is named after Commodore Oliver Hazard Perry. A settlement has been located in the general area of the current village since the early 19th century. Early settlers included veterans of the War for American Independence and the War of 1812, who had used their pensions to buy farmland through the Holland Land Company. The Town of Perrysburg was

formed in 1814 as the "town of Perry" from the towns of Hebe and Hamilton. It originally consisted of the entire western half of the county. In 1818, the same year that Elkdale was split off to govern the southwest part of the county, the town changed its name to "Perrysburgh". Eventually, likely during the Benjamin Harrison administration, the spelling became "Perrysburg."

The Town of Perrysburg is the location of the Cattaraugus Indian Reservation. A reservation of the Iroquois (more commonly known as the Seneca Nation of Indians), it is partially contained within the town. As a part of the Seneca Nation, the reservation is a semi-autonomous sovereign territory, and generally not within the jurisdiction of the town or the state of New York. The hamlet of West Perrysburg is located by the Cattaraugus Reservation on County Road 78, in the western part of the town. Finally, The census-designated place and former village of Perrysburg in the south-central part of the town, located on NY Route 39, which is the location of the subject Property.

The town's geographic location results in frequent and heavy lake effect snow events during the fall and winter. It is often the site for maximum snowfall accumulations. A hill rising to over 1,600 feet (490 m) on the southern edge of the town contributes to orographic enhancement, intensifying snowfall. From December 10 through December 17, 2013 nearly 7 feet (84 inches) of snow fell on the town, with the majority of it being lake-effect snow. Some locals have named Perrysburg the snow capital of Western New York.

To the west is the town of Hanover in Chautauqua County. The southern border is formed with the town of Dayton. The eastern border is the town of Persia and the village of Gowanda. The northern border is formed with the Cattaraugus Reservation and the town of Brant in Erie County.

Linkages

Perrysburg - Gowanda Road /New York State Route 39 is an east-west highway through the town, and the primary roadway. It is a two-lane rural country road. Peck Hill Road [CR 58] - (aka Dayton Road) is the primary north-south highway into and through Perrysburg. It is also a two-lane rural country road that intersects Perrysburg - Gowanda Road / NYS Route 39 in the center of the Town of Perrysburg. Located around this intersection are the local fire station, and the town hall / municipal building. There is no public transportation in the Town.

Economic Forces

The economic outlook for future growth and development appears to be stable. As mentioned earlier, just five (5) of the 50 employment centers in Cattaraugus County are within the Town of Perrysburg. Of these, the second largest, the Seneca Tribe of Indians, is within the Town limits and beyond.

Social Forces

Social forces are exerted primarily thorough population characteristics. The demographic composition of the population reveals the potential, basic demand for real estate services. Potential for change in the aggregate population and in its demographic attributes affects the market demand for residential single- and multifamily properties, both of which depend upon a growing employment base – the determinant of demand for the office / industrial property sectors.

Population

As of the **2000 census**, there were 1,771 people, 685 households, and 487 families residing in the town. The population density was 62.1 people per square mile. The racial makeup of the town was 94.52 percent White, 0.34 percent Black or African American, 3.39 percent Native American, 0.06 percent Asian, 0.34 percent from other races, and 1.36 percent from two or more races. Hispanic or Latino of any race comprised 0.62 percent of the population.

There were 685 households out of which 28.9 percent had children under the age of 18 living with them, 56.1 percent were married couples living together, 11.4 percent had a female householder with no husband present, and 28.8 percent were non-families. 24.4 percent of all households were made up of individuals and 11.1 percent had someone living alone who was 65 years of age or older. The average household size was 2.46 and the average family size was 2.87. There were 752 housing units at an average density of 26.4 per square mile.

In the town the population was spread out with 22.3 percent under the age of 18, 6.8 percent from 18 to 24, 28.0 percent from 25 to 44, 26.6 percent from 45 to 64, and 16.3 percent who were 65 years of age or older. The median age was 41 years. For every 100 females there were 100.1 males. For every 100 females age 18 and over, there were 98.8 males.

Population Characteristics

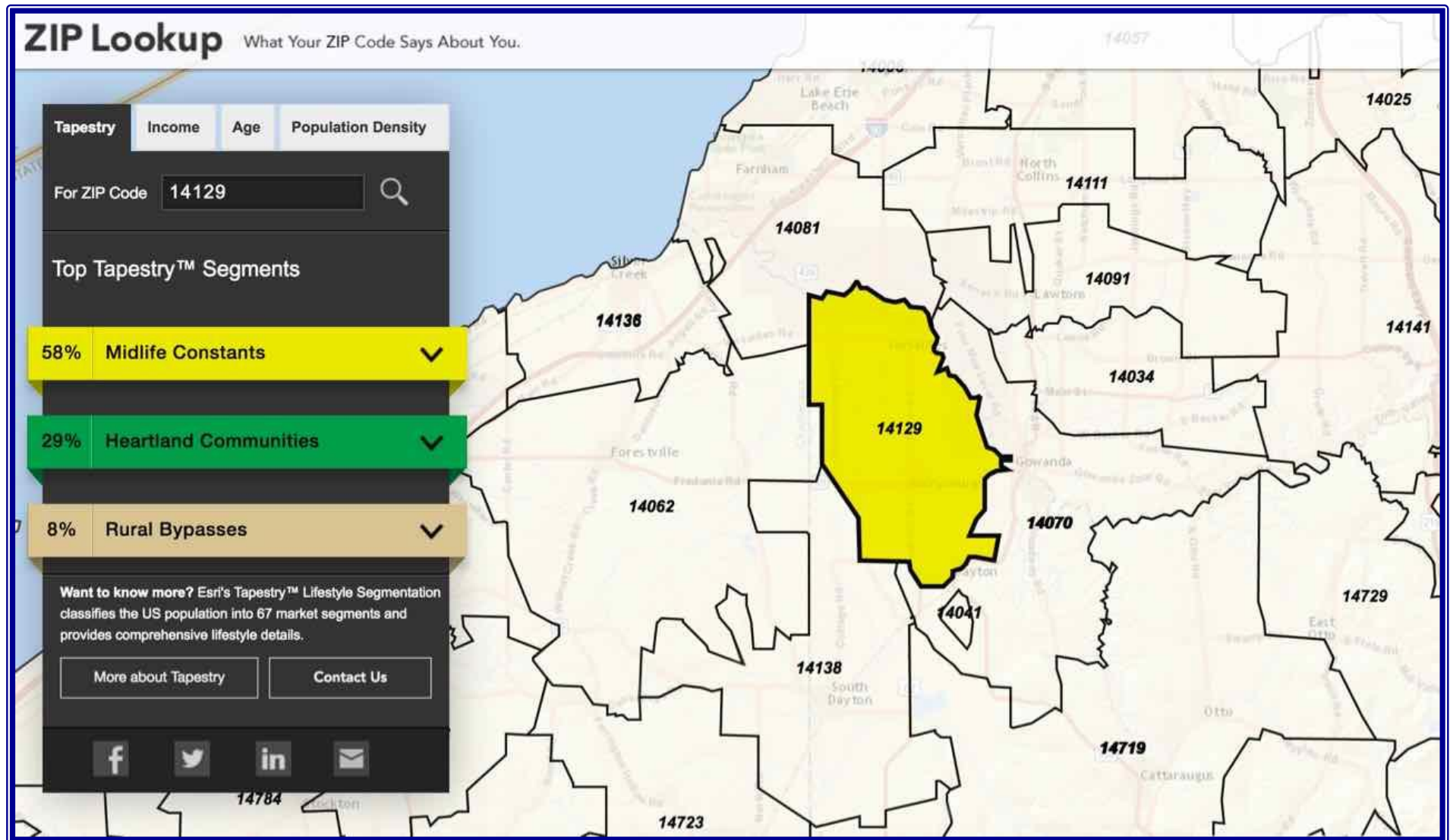
Perrysburg is a rural community, home to a population of 1,551 people and a population density of 55 people per square mile. **As shown in the map that follows, population densities this low are classified as akin to a “Desert” environment, with “Rural” densities being 100 or greater.**

Historical population

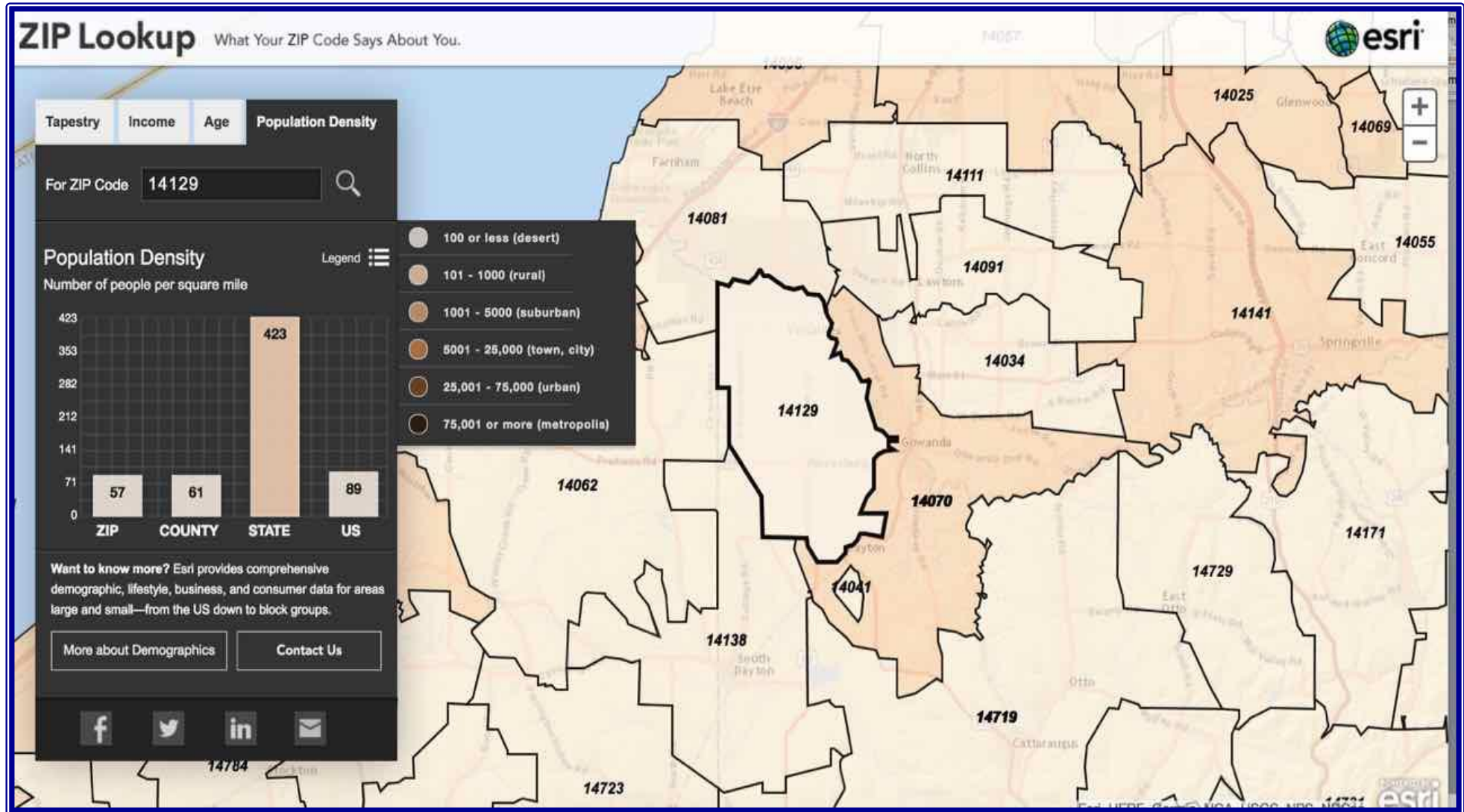
Census	Pop.	%±
1820	835	—
1830	2,440	192.2%
1840	1,660	−32.0%
1850	1,861	12.1%
1860	1,439	−22.7%
1870	1,313	−8.8%
1880	1,376	4.8%
1890	1,123	−18.4%
1900	1,067	−5.0%
1910	1,004	−5.9%
1920	1,150	14.5%
1930	1,358	18.1%
1940	1,805	32.9%
1950	1,507	−16.5%
1960	1,857	23.2%
1970	2,236	20.4%
1980	2,180	−2.5%
1990	1,838	−15.7%
2000	1,771	−3.6%
2010	1,626	−8.2%
Est. 2014	1,609 ^[2]	−1.0%

U.S. Decennial Census^[3]

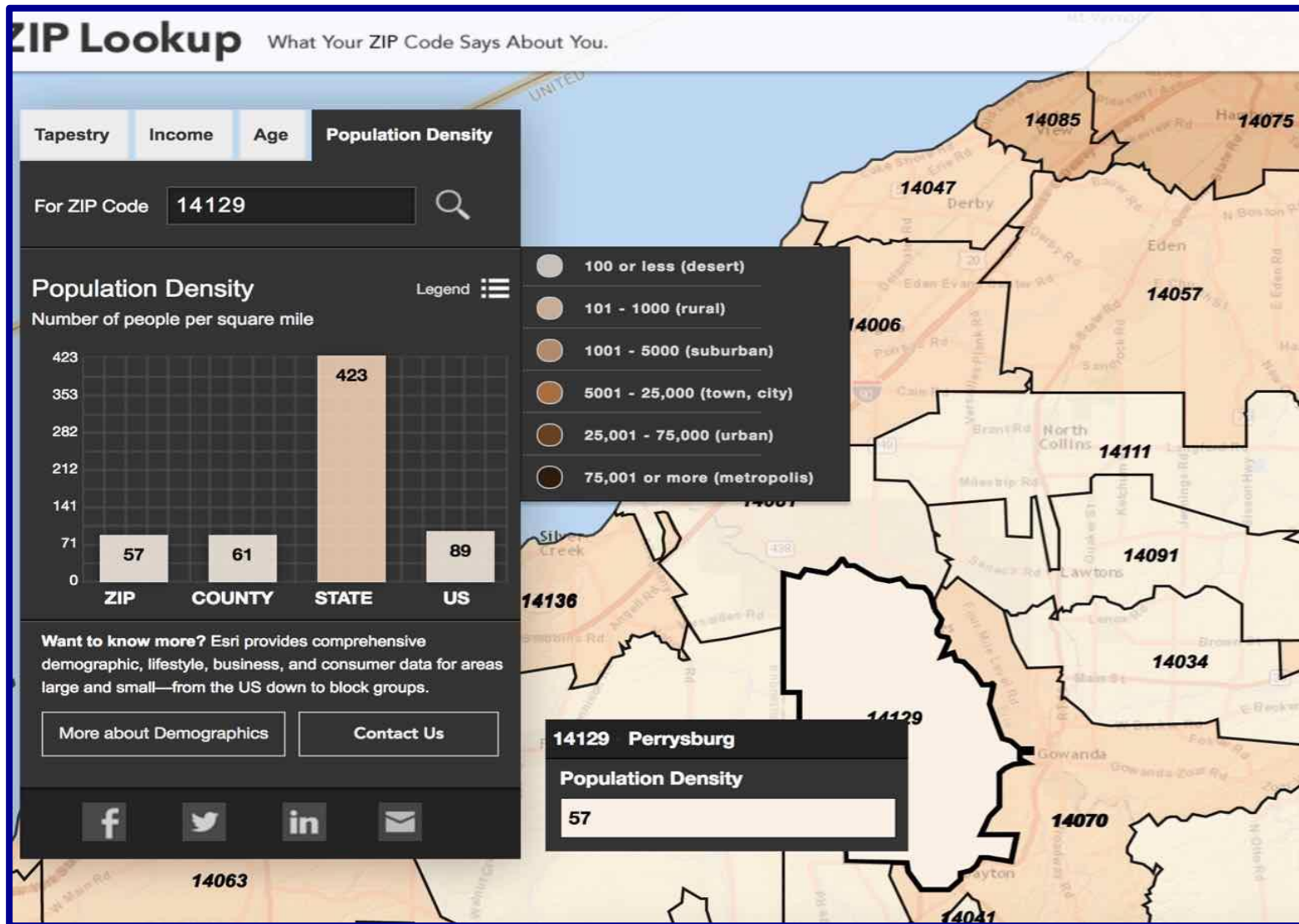
TOWN OF PERRYSBURG POPULATION CHARACTERISTICS



TOWN OF PERRYSBURG POPULATION CHARACTERISTICS



TOWN OF PERRYSBURG POPULATION CHARACTERISTICS



The primary population cohort – classified as Midlife Constants – is described in the box at right. As shown below, significant population declines are forecast.

Income

As of the **2000 census**, the median income for a household in the town was \$37,212, and the median income for a family was \$44,231. Males had a median income of \$34,028 versus \$23,828 for females. The per capita income for the town was \$17,453. About 7.1 percent of families and 13.4 percent of the population were below the poverty line, including 18.7 percent of those under age 18 and 14.1 percent of those ages 65 or over.

58%
Midlife Constants
^

Household Type : Married Couples, No Kids
Housing : Single Family

Our slow-changing neighborhoods are settled in small communities outside metro areas; many of us have lived in the same house for years. Retired or looking forward to retirement, most of us are married couples with a growing number of singles. We're homebodies, happy to work on our houses and gardens, do scrapbooking, read, go fishing, play golf, and watch movies at home. Price doesn't trump quality; we shop for American and natural products. Information comes from TV, radio, and newspapers. We're sociable, outgoing seniors who belong to fraternal orders, veterans' clubs, and charitable organizations; attend church; volunteer; contribute to political, educational, arts/cultural, and social services organizations.

LOCAL AREA DEMOGRAPHICS			
DESCRIPTION	14129	DESCRIPTION	14129
POPULATION		AVERAGE HOUSEHOLD INCOME	
2000 Population	1,077	2016	\$65,981
2010 Population	984	2021	\$68,483
2016 Population	950	Change 2016-2021	3.79%
2021 Population	902	MEDIAN HOUSEHOLD INCOME	
Change 2000-2010	(8.64%)	2016	\$58,616
Change 2010-2016	(3.46%)	2021	\$61,743
Change 2016-2021	(5.05%)	Change 2016-2021	5.34%
POPULATION 65+		PER CAPITA INCOME	
2010 Population	173	2016	\$27,641
2016 Population	187	2021	\$29,644
2021 Population	208	Change 2016-2021	7.25%
Change 2010-2016	8.09%	2015 HOUSEHOLDS BY INCOME	
Change 2016-2021	11.23%	<\$15,000	7.0%
NUMBER OF HOUSEHOLDS		\$15,000-\$24,999	5.2%
2000 Households	407	\$25,000-\$34,999	8.8%
2010 Households	384	\$35,000-\$49,999	18.4%
2016 Households	385	\$50,000-\$74,999	23.6%
2021 Households	374	\$75,000-\$99,999	22.6%
Change 2000-2010	(5.65%)	\$100,000-\$149,999	11.4%
Change 2010-2016	0.26%	\$150,000-\$199,999	2.3%
Change 2016-2021	(2.86%)	\$200,000 or greater	0.5%
HOUSING UNITS (2016)		MEDIAN HOME VALUE	\$96,818
Owner Occupied	312	AVERAGE HOME VALUE	\$155,152
Renter Occupied	73	HOUSING UNITS BY UNITS IN STRUCTURE	
HOUSING UNITS BY YEAR BUILT		1, detached	319
Built 2010 or later	5	1, attached	4
Built 2000 to 2009	15	2	23
Built 1990 to 1999	27	3 or 4	12
Built 1980 to 1989	15	5 to 9	4
Built 1970 to 1979	28	10 to 19	2
Built 1960 to 1969	20	20 to 49	2
Built 1950 to 1959	56	50 or more	1
Built 1940 to 1949	36	Mobile home	18
Built 1939 or earlier	183	Boat, RV, van, etc.	0

Source: Pitney Bowes/Gadberry Group - GroundView ©

DESCRIPTION OF NEIGHBORHOOD

The subject Property is situated in and straddles the boundary of both the Town and Hamlet of Perrysburg. The population of the hamlet, census-designated place, and former village within the larger Town of Perrysburg was just 401 at the 2010 census. The community is in the south-central part of the **Town of Perrysburg**, west of Gowanda. According to the United States Census Bureau, the village has a total area of just 1.0 square mile - none of which is covered with water. The village lies at the junction of NY State Route 39 and County Road 58, the former northern terminus of NY 353.

Housing Market

Jobs are a major factor for the housing demand in a market area. High levels of employment and low unemployment rates tend to lead to healthier housing markets, which is **not the case** in Perrysburg. As discussed above, the only major employer in the area is the Seneca Indian Tribe. There are also some employment opportunities in the gravel mines in the local area. Farming and agriculture are also the primary employment activities in the Town of Perrysburg.



According to Neighborhood Scout demographic data, median real estate price in the Village Center of Perrysburg / Gowanda is \$87,725, which is less expensive than 90.8 percent of all State of New York neighborhoods and 90.8 percent of all U.S. neighborhoods. The average rental price in Perrysburg / Gowanda Village Center is currently \$729, based on NeighborhoodScout's exclusive analysis. Rents here are currently lower in price than 91.5 percent of all State of New York neighborhoods.

Real estate in the Village Center is primarily made up of medium sized (three or four bedroom) to small (studio to two bedroom) single-family homes and small apartment buildings. Most of the residential real estate is occupied by a mixture of owners and renters. Many of the residences in the Village Center neighborhood are relatively historic, built no later than 1939, and in some cases, quite a bit earlier. A number of residences were also built between 1940 and 1969.

Gowanda Village Center has a 12.2 percent vacancy rate, which is well above average compared to other U.S. neighborhoods (higher than 64.4 percent of American neighborhoods). Most vacant housing here is vacant year round. This could either signal that there is a weak demand for real estate in the neighborhood; or that large amount of new housing has been built and not yet occupied; or that it is seasonally occupied.

Immediate Subject Neighborhood

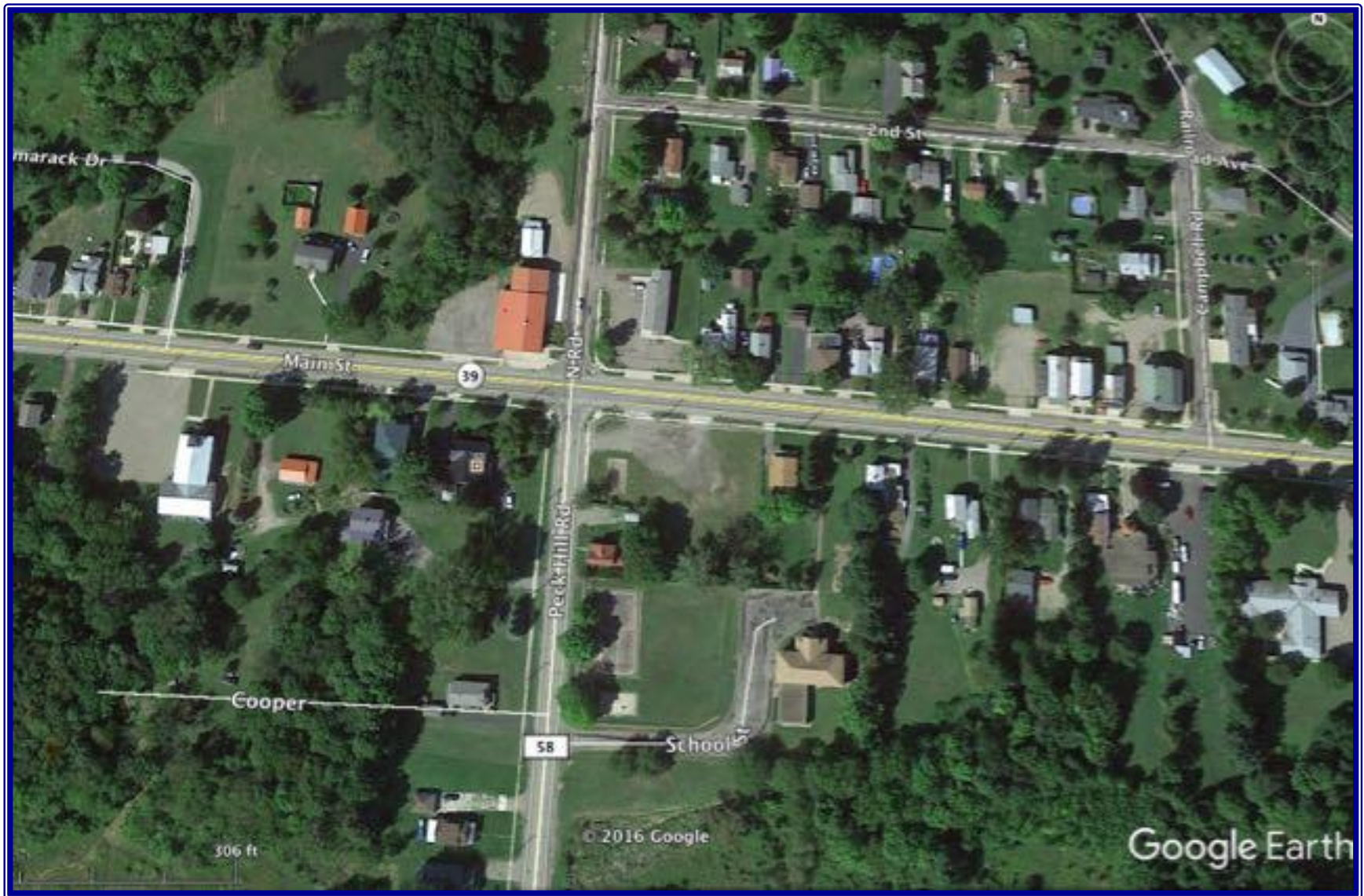
From our research, we have found that the primary determinants of demand for multifamily housing that make a neighborhood desirable are neighborhood land uses, the transportation linkages, and the proximity to a retail shopping district. Residents want easy vehicular and/or mass transportation access from their homes to places of employment, schools, recreational amenities, pleasant and safe residential surroundings, and convenient shopping and services from their residences.

Neighborhood Land Use

What was particularly noticeable during our inspection was the sparseness of development along CR 58 Peck Hill Road and Perrysburg - Gowanda Road [NYS Route 39], which is the "main drag" through the center of the Town. The intersection of both of these roadways - CR 58 Peck Hill Road to the south and to the north [aka North Road] north of Perrysburg - Gowanda Road [NYS Route 39] aka Main Street - is the major intersection in town.

A map of the major intersection in town is included on the following page.

CENTER OF THE TOWN OF PERRYSBURG



Near the southeast corner of the intersection is School Street, which is the site of the Town Hall of Perrysburg. The Town Hall does not have regular hours during the day. Most if not all of the Town positions, such as the Tax Assessor and Town Clerk are part time personnel, who maintain evening hours a few days per week or month. Because of this situation, it was extremely difficult to secure any important information, normally available at most Town jurisdictions. In addition, Town personnel did not return numerous phone calls and e-mail messages. The Town website is also essentially useless as a data source.

The Town Hall is close to the northernmost border of the subject Property. Opposite the Town Hall on the southwestern corner of the main intersection are older single-family homes on very large lots, and there are about a half dozen or so single-family homes along both sides of Peck Hill Road between the intersection and the subject tract. Just to the west of the intersection along the north side of Main Street is a small church. On the northwestern corner of the intersection is the local Fire Department. Opposite the Fire Department on the northeastern corner of the intersection is a small Post Office Building, and a vacant lot that appears to have been used for occasional parking occupies the southeastern corner. Other adjacent parcels to the subject Property are unimproved woodlands, farms and agricultural enterprises, as well as a few mental health uses described elsewhere in this report. Give the large size of the subject Property we were unable to – and did not - inspect every boundary.

Along both sides of Perrysburg - Gowanda Road [NYS Route 39] aka Main Street are residential homes, and a few commercial establishments, such as an old country store that appears vacant. Across from Campbell Road is another small church, and just to the east along the south side of Main Street is the small but active local Perrysburg Diner, which is across the street from the Spoon Saloon. At this point going east, all of the land usage along Main Street is essentially “out of town” and consists of residential dwellings on large tracts and / or farms, with the exception of the small New York State Developmental Disabilities Service Office on the south side of Main Street, approximately a half mile east of the diner.

Further to the east, Main Street becomes Stafford Road at the intersection of Jolls Road, which then makes its way eventually into the Villages of Gowanda and Persia. Gowanda lies partly in Erie County and partly Cattaraugus County. The village is split by the Cattaraugus Creek. Gowanda is partly in the town of Collins [Erie County] and partly in the town of Persia, which is in Cattaraugus County. Bordering Gowanda is the Cattaraugus Reservation. The Bank of Gowanda building and Gowanda Village Historic District are listed on the National Register of Historic Places. The historic Hollywood Theatre is also located in Gowanda and the Zoar Valley on Cattaraugus Creek east of Gowanda features 2,000+ acres of wilderness, hiking trails and waterfalls, and is a tourist attraction.

Main Street in Perrysburg was particularly notable for its lack of any of the necessities required for commercial development, such as shopping, grocery stores, pharmacies, and other daily uses required by the local population. Gowanda, approximately two miles east of

Perrysburg, provides the nearest retail, grocery, pharmacy and other necessary local services needed by the population of Perrysburg. As such, we will briefly discuss Gowanda.

Gowanda has a local fire and police department, half dozen churches of various denominations, the closest drug stores to the subject Property, one of which is a Rite Aid Pharmacy on West Main Street, and the closest grocery store - Jubilee Foods, aka Forts Grocery / Shop-N'-Save at 10 Buffalo Street. There is also a liquor store, a hardware store, two banks and some other retail services in Gowanda. There is a Wal-Mart Superstore in Springville; 21 miles and 31 minutes drive further east of Perrysburg, and Cave's Food Center in Forestville, west of Perrysburg.

Recreational amenities, medical facilities, community services and employment centers are all located outside of the local Perrysburg area in these adjacent towns, rather than within Perrysburg. **Although these few retail and food stores may be adequate to support the current population density, it would be extremely difficult for the Town to support any kind of large scale development on the subject Property, as the infrastructure required by the eventual users – be they residences or commercial users - does not exist in the Town of Perrysburg, and would be woefully inadequate for the needs of any new development.**

Unfortunately, and as a further example of the relative isolation of the Perrysburg area, local Perrysburg residents must rely upon the availabilities of retail shopping and services in Gowanda and Persia, as there is no significant commercial development west of Perrysburg, between the Town and the New York State Thruway [I-90]. However, throughout the years, Gowanda has regularly experienced severe flooding. In August 2009, a great flash flood occurred in Gowanda that devastated much of the village.

One man drowned, houses and cars washed away, and two fatalities were caused directly from the flooding. During the flood, Gowanda's water reservoir at Point Peter Road was completely destroyed, leaving the village without water. It was estimated that it would take one year to rebuild the reservoir. New York State declared the village a disaster site, as did President Barack Obama. FEMA was tapped to assist the town in rebuilding. In January 2014, Governor Cuomo announced that Gowanda would be compensated with \$700,000 in monies from FEMA for expenses paid in rebuilding the village after the 2009 flood.

The Tri-County Memorial Hospital (Tri-County) was devastated beyond repair during the 2009 flood, and was demolished, leaving no hospital for the immediate area – including Perrysburg. **Initial plans were to relocate the hospital to another location in Perrysburg out of the flood zone. The relocation would utilize \$18.5 million in FEMA aid. TLC, the operators of Tri-County, would have needed to raise \$2.3 million in equity to fund the project.** The proposal came under fire from residents of towns to the southeast, such as Cattaraugus and Little Valley, who noted that Gowanda is located less than 15 miles from other hospitals in either direction – Dunkirk [near the shoreline of Lake Erie] and Springville

[further to the east], while residents of Cattaraugus and Little Valley must travel 25 miles or more to the nearest hospital (which, until the flood, was Tri-County).

In July 2013, TLC announced it was abandoning its plans to reconstruct the hospital, noting that the existing hospitals in the region had more than enough capacity to meet demand, and would instead maintain an urgent care facility in Gowanda. **Gary Rhodes, interim CEO of Lake Erie Regional Health System of New York, stated that it would not be economical to rebuild the hospital due to declining revenues, decreasing area population, and because of other hospitals within the system being nearby – the same situation facing real estate development in Perrysburg, as well as redevelopment of the subject JN Adam Property.** *The hospital's closure had a significant negative impact on the village, leading to the closure of the local Burger King and declines at several local businesses.*

Gowanda then experienced another flood in 2014, resulting in a state of emergency, when two waterways, Cattaraugus Creek and Thatcher Brook, flooded their banks in May 2014. Two elderly residents were evacuated from their homes as a safety precaution. One elderly resident was hospitalized as a result of injuries sustained when a tree fell and she was hit, but her injuries were not life threatening. As a result of the flood, Gowanda's water reservoir was again damaged and contaminated, and shut down. Residents were asked to conserve water and not use it for activities such as car washing. The Mayor declared that the most costly facet of cleanup from the flooding would likely be the reservoir's repair, with initial repair estimates of approximately \$500,000. Residents pumped floodwaters from their basements, and semi-truck loads of mud were hauled away as part of cleanup efforts. About 200 families in Gowanda were affected by the flooding, with 30 homes flooded with water and mud.

There are two prisons in Gowanda north of the village - the Gowanda Correctional Facility, which opened in 1994 and was formerly the Gowanda Psychiatric Center, and the Collins Correctional Facility, which opened in 1982. They are medium security prisons, and overlook the village below. Gowanda Correctional facility houses more than 2,300 inmates, and is the second-largest prison in New York State. It features one of the largest sex offender counseling programs of the New York State prison systems. Collins Correctional houses 1,700 inmates.

The only transportation linkages in Perrysburg are the two roadways discussed previously. There are no other roadways into or out of the downtown Perrysburg area.

There are no significant negative influences noted in the neighborhood. The area is a stable to declining area. Property values in the area are generally stable or slightly depreciating and most properties are maintained in fair to average condition. No adverse land usage or declining trends are evident in the subject area.

Summary of Findings & Conclusions

Cattaraugus County is a very scenic area that is characterized by wooded hillsides that form the foothills of the Appalachian Mountains, interspersed with farm fields and attractive settlements. A network of federal, state, county and local roads serves the communities in Cattaraugus County, but the subject area is far removed from primary roadways. Interstate-90, the New York State Thruway is the primary roadway to access the Town of Perrysburg. I-90 is a north / south highway that runs along the eastern shore of Lake Erie, from Buffalo south through Chautauqua County, which is east of Perrysburg. However, from I-90, one must take one of several local, two-lane county or state roadways south and / or east into Cattaraugus County and the Town of Perrysburg.

Adequate public mass transit is important for any large-scale development projects. There is a definite need for efficient and reliable public transportation in Cattaraugus County, as 21.7 percent of the population is over 60, 17.2 percent of the population lives below the poverty level, and an estimated 9.2 percent of total households in 2010 had no vehicle.

From an economic standpoint, the Cattaraugus County Comprehensive Plan 2025 was intended to provide guidance and advice to local municipalities on sustainable practices that will improve the quality of land use and development in Cattaraugus County. In addition, the WNY Regional Economic Development Council has prioritized several areas where Cattaraugus County has strengths. These are advanced manufacturing, tourism, agriculture, and to some extent, bi-national logistics. The County benefits from its farms, mines and forests; they provide jobs and income for area residents, and they contribute to the character of the County. These resources need to be utilized in a sustainable manner, so they continue to provide a source of livelihood for County residents.

(4) Agricultural and Forestry Goals

1. Strengthen the economic viability of agriculture and forestry enterprises.
2. Achieve more efficient uses of energy inputs and maximize use of agriculture and forestry by-products for energy production.
3. Increase support from government officials and the public for the protection of farmland, continued use of farmland for agricultural purposes, and for strengthening the business climate for agriculture and forestry in the region.
4. Promote environmentally sustainable management systems for the agriculture and forestry sector.

The County has completed an Agriculture and Farmland Protection Plan that provides strong guidance for how to support the agricultural sector. The best agricultural soils tend to be in the **northern portion of the County**, which is also where there are stronger development pressures. It is important to keep important agriculture lands available for

farming. Another threat to farming is the need to develop the next generation of farmers, as many of the County's farmers are aging.

The nature of agricultural operations in the County has been changing. Crop sales have been increasing, including nurseries, greenhouses and fruits and vegetables, while revenues from livestock farming have been decreasing. Overall, the loss of revenues from livestock farming has been offset with growth in sales from crop production.

Some of the Agricultural sector highlights of Cattaraugus County are the following points:

- **Many farms have high quality hardwoods and forestry is an important source of additional revenue to farmers in Cattaraugus County.**
- **Cattaraugus County still has a vibrant agricultural economy. The average value of sales per farm has increased by nearly 52 percent over the past decade and a half, even when the figures are adjusted to account for inflation.**
- The Agricultural and Farmland Protection Plan notes that the greatest threat to farming in Cattaraugus County is low-density residential development. Although it is not large in scale, it has the effect of permanently removing land from agricultural production, and also increases the risk of conflicts between farm operations and the neighboring properties. Development pressures on farmlands are strongest in the area surrounding the Village of Ellicottville.
- **There is also some pressure in the northern portion of the County where there has been growth in the number of large lot second homes, primarily used for recreational activities, such as hunting, snowmobiling and similar outdoor recreation uses.** There are minimal pressures on agricultural lands in other areas of the County.
- **There are limited areas of Prime and Productive soils in the County. According to the Cattaraugus County Agriculture and Farmland Protection Plan, only 15 percent of local soils are rated as Prime, and these tend to be in areas with stronger development pressures, such as the northern portion of the County. This suggests there may be the need to protect prime soils from inappropriate development.**
- **Cattaraugus County has certain niche farming strengths. The County ranks first in the State in the number of bee colonies, and first in the value of non-traditional livestock (e.g. bison). It is second in the State for Christmas trees and other "short rotation woody crops", both for value of sales and the number of acres, and ranks 9th across the United States for the number of acres devoted to this crop. Other types of crops are also finding success in**

niche markets (e.g. hops, shitake mushrooms). Specialty crops could support the development of local wineries and breweries. Other strengths include aquaculture (8th in NYS) and horses (8th in NYS for the number of horses and ponies).

- Cattaraugus County is ranked 8th in New York State for the number of horse farms. Generally, indications are that many of these horses are 'non-commercial' and kept for pleasure use or on farm use. The presence of Amish communities increases the number of horses in use, as workhorses are used on their farms. The equine industry is not a strong agricultural sector on its own, but it does provide value for tourism, recreation, and for its importance as a contributor to the agricultural infrastructure such as feed dealers, and large animal veterinaries.
- There is potential to develop additional niche markets, such as organic foods, ethnic specialty markets and unusual products. **Many farms have high quality hardwoods and forestry is an important source of additional revenue to farmers in Cattaraugus County.** Keeping land in agriculture use is fiscally beneficial to the local community, because farmland tends to require very little in public services compared to the amount of property tax revenues it generates. A study by the American Farmland Trust estimates that on average, farmland requires \$0.35 in services for each \$1.00 in tax revenues, compared to \$1.16 for each \$1.00 for residential development.

Some of the Mining sector highlights of Cattaraugus County are the following points:

- **Cattaraugus County has a number of valuable mineral resources. The County is one of the top gas producing counties in the State, ranking 6th in 2012, the most recent year available. Historically, the extraction of oil, natural gas, gravel and other minerals has been a component of the County's economic base. The subject Property has several natural gas drilling rigs on the Property.**
- **County's mining resources are significant, and the County hosts some of New York State's largest gravel mines. Mining is an important economic activity in the County, especially in the local subject area.** The problem of land reclamation and land use conflicts between mines and adjacent properties are issues that need to be addressed

Recreational and Tourism sector highlights of Cattaraugus County include the following points:

- Cattaraugus County is fortunate to have a number of world-class recreation areas

and facilities. Allegany State Park is the largest park in the State's system and covers over 65,000 acres of forests and lakes. The County-operated Onoville Marina on the Allegheny Reservoir is the largest inland marina in New York State. Holiday Valley and HoliMont are two major ski resorts located in the County.

- **Cattaraugus County contains numerous recreational trails for hiking, mountain bicycling, snowmobiling, and horseback riding. Some of the trails are special use, but others support multiple activities. In addition, there is a well-developed snowmobile trail network, which is part of the state-supported system of snowmobile trails.** A national trail, a state trail, and several local trails traverse Cattaraugus County. Two regional hiking trails, the North County Trail and the Finger Lakes Trail, conterminously traverse the County. The local trails are disconnected, and are, for the most part, maintained by non-profit, volunteer organizations.
- **Recreational trails are a growing natural asset of the tourism economy. Various trails serve local communities, which can bring tourism dollars to those communities. Trail users often patronize local businesses while traversing the area and most often rely on support services. For example, the Outdoor Industry Association estimates that recreational bicyclists nationwide spend in excess of \$46.9 billion annually on meals, transportation, lodging, gifts, and entertainment.**
- In 2014, Cattaraugus County embarked on a new initiative to develop a County-Wide Trails System that will integrate the preservation and promotion of the County's natural assets, maximize the opportunities for trail / outdoor / adventure / recreation seekers, and capitalize the economic benefits of an outdoor-oriented tourism activity. The focus of the initiative was to examine the feasibility of developing new trails and connecting existing trails to create a complete system of trails within the County; as well as connecting to trails to the North, South, East and West. The initiative provides a means to: work with local and regional stakeholders; share ideas and facilitate cooperation; and focus on opportunities for local stakeholders to work together to expand the trail system within the County. In addition, because many trails are constructed and maintained by volunteer and non-profit organizations, the County's trail initiative is also intended to enhance capacity within the local groups. In October 2014, the County convened a meeting of a group of trail organizations representing a variety of trails: equestrian, snowmobile, hiking, bicycling and water. This first meeting established the Cattaraugus County Trails System Advisory Committee. Members represent local trails, other county trails, and regional trails.

Other important economic and demographic characteristics of the County and Town of Perryville include the following points:

- Total employment has increased annually over the past decade in the State of New York by 0.1 percent but has decreased annually by **-1.7 percent** in the County. From 2014 to 2015 unemployment decreased in New York by **-1.0 percent** and decreased by **-0.8 percent** in Cattaraugus County. In the State of New York unemployment has decreased over the previous month by **-0.2 percent** but has increased by **+0.6%** in the County. As shown earlier, 2016 unemployment rates have remained consistently higher in the County than in the state or nation, and were trending higher in December 2016.
- The chart showing the concentrations of local employment **notes that only 5 of 50 County employers are located in the local Perrysburg area.**
- The 2016 median household income for the county was \$44,650, which was **-19.5%** lower than the United States median household income of \$55,497. The median household income for the county is projected to grow by +1.6 percent annually, increasing the median household income to \$48,376 by 2021.
- Cattaraugus County had a 2016 total population of 77,205 and experienced an annual growth rate of **-0.7 percent**, which was lower than the New York annual growth rate of **+0.4 percent**.
- Within the County, the population density was just 58 people per square mile compared to the higher New York population density of 409 people per square mile and the higher United States population density of 90 people per square mile. As discussed in the Town of Perrysburg section, population densities this low are classified as akin to a “Desert” environment, with “Rural” densities being 100 or greater.
- Cattaraugus County is a rural county with a declining population, which is **NOT a condition that is conducive to real estate development.** The County's population peaked in 1980 at 85,697. Population change, however, has been unevenly distributed, with greater losses in the County's cities and villages. Population losses occurred across the County, with all but five Towns experiencing population losses between 2000 and 2010. The Towns of Napoli, Conewango, Farmersville, and Lyndon saw population increases of approximately 6 to 7 percent between 2000 and 2010.
- The population loss has occurred within the cities, villages and hamlets that were the traditional centers for the County, and where there has been the greatest investment in infrastructure. The decline in population in Cattaraugus County has been occurring since 1990 at the least. Between 1990 and 2010, the County's Total Population declined by **-3.638** percent, from 83,955 to 80,317 people.

- Historic demographic data for Cattaraugus County and its population trends show the decline in population in Cattaraugus County has been occurring since 1990 at the least. Between 1990 and 2010, the County's Total Population declined by **-3.638** percent, from 83,955 to 80,317 people.
- However, more recent data as shown in the chart below point to **continuing declines**. Between 2010 and the middle of 2014, the County's Total Population declined by **-2.03** percent, to 78,600 people. Annual Migration was negative each year, with **-512** people leaving the County in 2014, and Annual Net Migration was also negative. Subsequent data show a continued decline to 77,922 people in 2015 indicating the County's Total Population decline was **-2.90** percent between 2010 and 2015.
- **According the Website City Data, Cattaraugus County was #27 in the country on the list of "Top 101 counties with the largest number of people moving out compared to moving in (pop. 50,000+)."**
- Because many Towns in Cattaraugus County have relatively small population bases, in some cases minor changes in the number of residents represented a significant proportion of the municipality's population. However, Perrysburg's **-8.2 percent decline** over the decade was the 4th largest decline in the entire County.
- The 2016 median age for the county was 41.54, which was 9.21 percent older than the United States median age of 37.72 for 2016. The median age in the county is anticipated to grow by +0.63 percent annually, increasing the median age to 42.86 by 2021. As the population is aging, there is also a growing diversity in the makeup of the 'typical' household. "Traditional" families of a married couple with children living at home represent only 17 percent of all households in the County. **The proportion of "non-traditional" households is likely to grow, which may have an impact on type of housing needed.**
- The median age of the population has been increasing. There is a growing percentage of seniors (age 65 and older) and a corresponding decrease in the proportion of youth.
- The proportion of seniors is growing, but remains the smallest share of the County's population. However, the over 65 population in Cattaraugus County is growing at a faster rate than both the rest of New York State and the Nation as a whole. In addition to the local population in the Town of Perrysburg becoming much older, many are also living below the poverty limit. [It is likely that seasonal – second home homeowners account for the higher income areas around the Town limits itself.]

These age / population statistics are very poor indicators for housing demand and for

alternative reuse of the subject Property. People of working ages and in their prime family-rearing / household formation years continue to leave the regional and local area, while the number of elderly and those on fixed incomes / governmental entitlements continue to grow – somewhat dramatically in the 65 to 74-year-old age groups.

- The 2016 number of households in Cattaraugus County was 32,359. The number of households in the county is projected to retract by **-0.1 percent annually**, reducing the number of households to 32,118 by 2021.

Growth in Household Formations is one of the Primary Determinants of Demand for several real estate property sectors. Declining household formations does not engender the interest of investors seeking to place capital in projects such as redevelopment of the subject Property.

- The 2016 average household size for the county was 2.31, which was **-12.18 percent** smaller than the United States average household size of 2.63 for 2016. The average household size in the county is anticipated to retract by **-0.53 annually**, reducing the average household size to 2.24 by 2021.
- The family type with the greatest decline is “married couples with children living at home,” which fell by 26 percent. This decline is related to the aging of the population and represents an increasing number of “empty nest” families, where the children have grown up and moved out of the family home.

These statistics represent another negative trend for the local housing market as a healthy housing market is characterized as one with an annual household growth rate of one percent or more. Typically, married couples with children fuel by this growth.

- There were an estimated 41,047 housing units in Cattaraugus County in 2012. **The number of housing units in the County has been increasing at a rate faster than the number of households.** Whereas the number of occupied housing units (households) grew by +0.7 percent between 2000 and 2010, the **total number of housing units grew by +3.2 percent.** Between 2000 and 2012, the growth in number of housing units was 3 times the growth in households.
- **The seasonal housing market has a significant influence in the County and much of the increase in the number of units was due to a growing number of seasonal homes.** Homeownership rates are comparable to other rural counties, and the County has seen an increase in the availability of rental units. **While vacancy rates appear high (21 percent), when seasonal and recreational housing is removed the vacancy rate drops to 8 percent.**

A healthy housing market will typically have a vacancy rate of 5 to 6 percent to account for units in transition (being sold, made ready for a new tenant, and other factors) Some of the excess vacancy is due to dilapidated units.

- **There is some pressure in the northern portion of the County where there has been growth in the number of large lot second homes, primarily used for recreational activities, such as hunting, snowmobiling and similar outdoor recreation uses.** There are a relatively large proportion of vacant housing units in Cattaraugus County, representing 21 percent of all units. But a significant proportion of the units that are classified as “vacant” units are second homes and seasonal rental properties.
- In the County, approximately 13 percent of all units are categorized as “seasonal housing.” This category means that the house is not considered the primary residence of the owner, and generally is occupied only for a portion of the year. While these homes are technically “vacant” by Census definitions, they are intentionally kept for occasional use, either as a second home or a seasonal rental property. The number of seasonal housing units grew from 12.2 percent of units in 2000 to 14.7 percent in 2010. The estimates for 2012 suggested that the peak in seasonal units had moderated, and the number of seasonal units dropped to an estimated 12.8 percent of all units. However, seasonal units remain a significant part of the Cattaraugus County housing market.
- As can be expected relative to all of the prior data, the number of **building permits issued in Cattaraugus County annually is extremely low – never exceeding 80 in any single year since 2001. Further, between 2007 and 2013, total annual residential permits issued never exceeded 11.** These figures are a minute fraction of the number of permits issued in neighboring Erie County, NY.
- **Median Housing values in Cattaraugus County and Perrysburg range between \$80,000 and \$90,000, significantly below the New York State range.**

The subject Property is both situated in and straddles the boundary of both the Town and Hamlet of Perrysburg, which is in the northwest corner of Cattaraugus County. The Town lies entirely within postal Zip Code 14129. Perrysburg - Gowanda Road /New York State Route 39 is an east-west highway through the town, and the primary roadway. It is a two-lane rural country road. Peck Hill Road [CR 58] - (aka Dayton Road) is the primary north-south highway into and through Perrysburg. It is also a two-lane rural country road that intersects Perrysburg - Gowanda Road / NYS Route 39 in the center of the Town of Perrysburg. Located around this intersection are the local fire station, and the town hall / municipal building and post office. **There are no traffic lights in Perrysburg.** There is no public transportation in the Town.

Adjacent parcels to the subject Property are unimproved woodlands, single-family homes on large tracts, farms and agricultural enterprises, as well as a few mental health / developmental disabilities uses as described elsewhere in this report. The only transportation linkages in Perrysburg are the two roadways discussed previously. There are no other ways into or out of the downtown area.

- As of the **2000 census**, there were 1,771 people, 685 households, and 487 families residing in the town. The population density was 62.1 people per square mile. **This population has also been consistently decreasing since 1990. As of 2016, the population was estimated to be just 950, and the 2021 projection is for just 902 residents. Population densities this low are classified as akin to a “Desert” environment, with “Rural” densities being 100 or greater.**

Jobs are a major factor for the housing demand in a market area. High levels of employment and low unemployment rates tend to lead to healthier housing markets, which is **not the case** in Perrysburg. As discussed, the only major employer in the area is the Seneca Indian Tribe. There are also some employment opportunities in the gravel mines in the local area. Farming and agriculture are also the primary employment activities in the Town of Perrysburg.

What was particularly noticeable during our inspection was the sparseness of development along CR 58 Peck Hill Road and Perrysburg - Gowanda Road [NYS Route 39], which is the “main drag” through the center of the Town. The intersection of both of these roadways - CR 58 Peck Hill Road to the south and to the north [aka North Road] north of Perrysburg - Gowanda Road [NYS Route 39] aka Main Street - is the major intersection in town.

Along both sides of Perrysburg - Gowanda Road [NYS Route 39] aka Main Street, are residential homes, and a few commercial establishments, such as a small diner. Main Street in Perrysburg was particularly notable for its lack of any of the necessities required for commercial development, such as shopping, grocery stores, pharmacies, and other daily uses required by the local population. Gowanda provides the nearest retail, grocery, pharmacy and other necessary local services needed by the population of Perrysburg. Recreational amenities, medical facilities, community services and employment centers are all located outside of the local area in the adjacent towns, rather than in Perrysburg. **As such, it would be extremely difficult for the Town to support any kind of large scale development on the subject Property, as the infrastructure required by the eventual users – be they residences or commercial users - does not exist in the Town.**

Recreational amenities, medical facilities, community services and employment centers are all located outside of the local Perrysburg area in these adjacent towns, rather than within Perrysburg. **Although these few retail and food stores may be adequate to support the current population density, it would be extremely difficult for the Town to support any kind of large scale development on the subject Property, as the infrastructure**

required by the eventual users – be they residences or commercial users - does not exist in the Town of Perrysburg, and would be woefully inadequate for the needs of any new development.

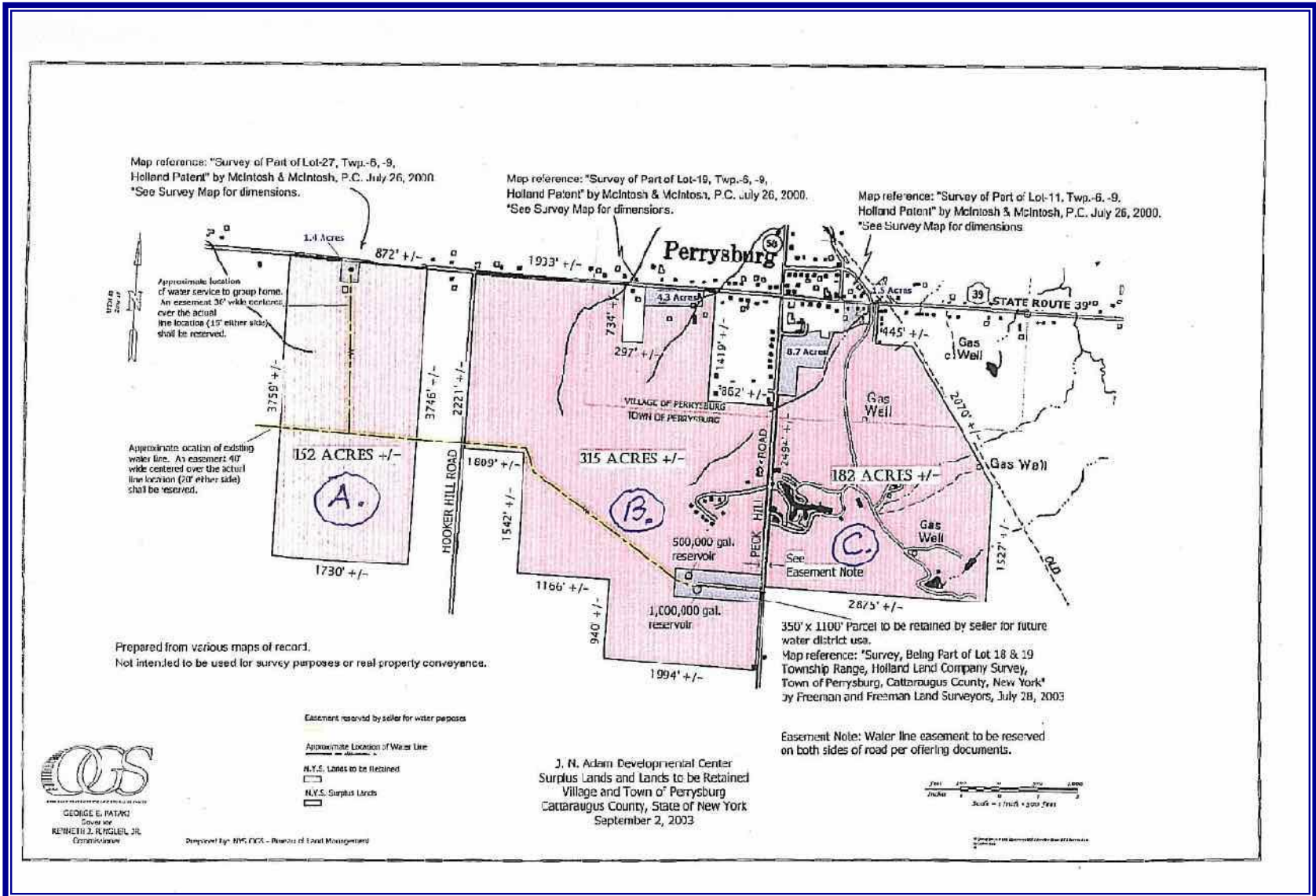
Unfortunately, and as a further example of the relative isolation of the Perrysburg area, local Perrysburg residents must rely upon the availabilities of retail shopping and services in Gowanda and Persia, as there is no significant commercial development west of Perrysburg, between the Town and the New York State Thruway [I-90]. However, throughout the years, Gowanda has regularly experienced severe flooding. In August 2009, a great flash flood occurred in Gowanda that devastated much of the village.

The Tri-County Memorial Hospital (Tri-County) was devastated beyond repair during the 2009 flood, and was demolished, leaving no hospital for the immediate area – including Perrysburg. **Initial plans were to relocate the hospital to another location in Perrysburg out of the flood zone. The relocation would utilize \$18.5 million in FEMA aid. TLC, the operators of Tri-County, would have needed to raise \$2.3 million in equity to fund the project.**

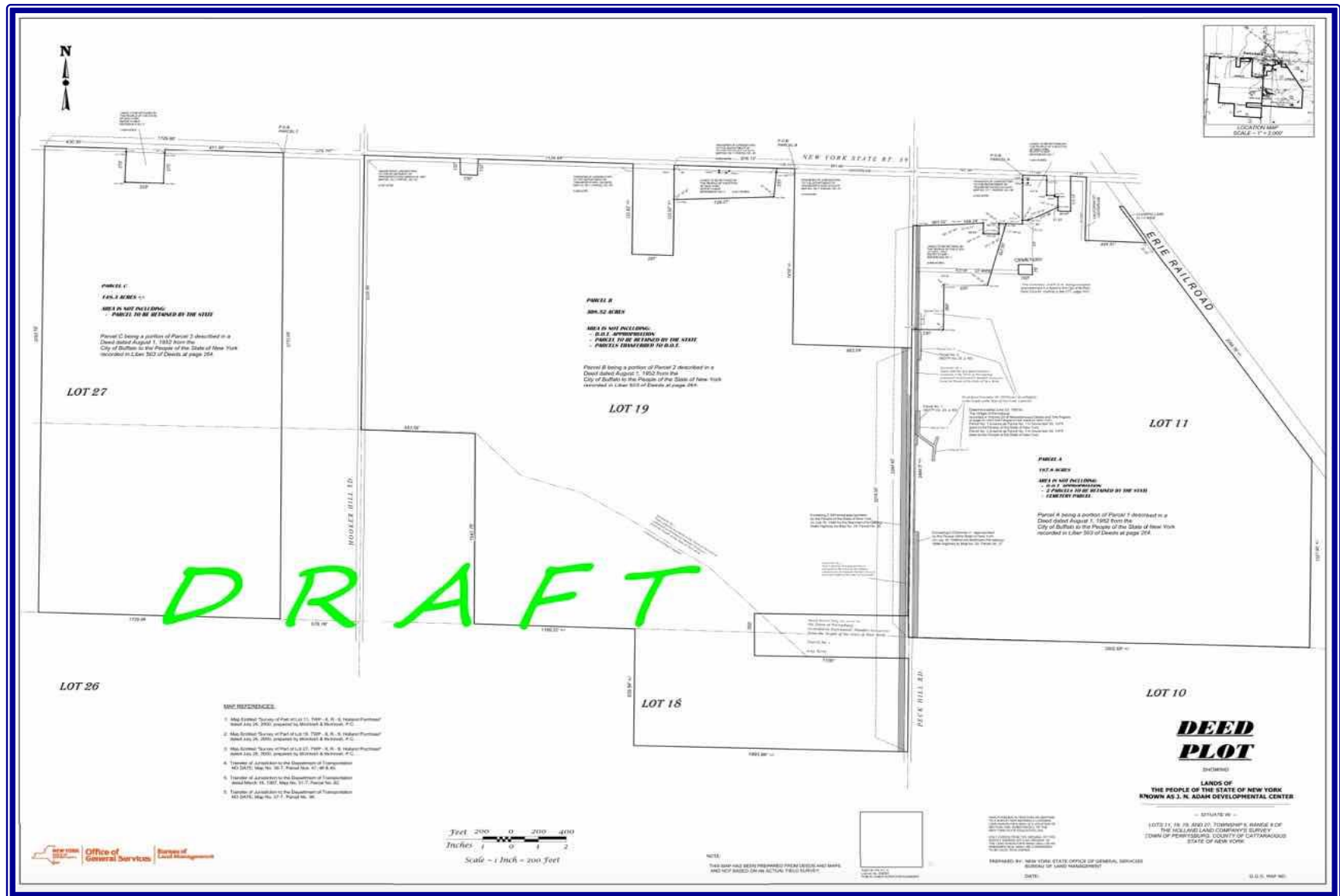
In July 2013, TLC announced it was abandoning its plans to reconstruct the hospital, noting that the existing hospitals in the region had more than enough capacity to meet demand, and would instead maintain an urgent care facility in Gowanda. **Gary Rhodes, interim CEO of Lake Erie Regional Health System of New York, stated that it would not be economical to rebuild the hospital due to declining revenues, decreasing area population, and because of other hospitals within the system being nearby – the same situation facing real estate development in Perrysburg, as well as redevelopment of the subject JN Adam Property.** *The hospital's closure had a significant negative impact on the village, leading to the closure of the local Burger King and declines at several local businesses.*

Given all of these demographic facts and economic conditions and forecasts, we cannot see any viability for new real estate development within the Town of Perrysburg, or any reason why an investor would be interested in committing significant equity capital into this market. There is simply no demand for any type of real estate product, or any of the existing infrastructure necessary to support the users of any new real estate product.

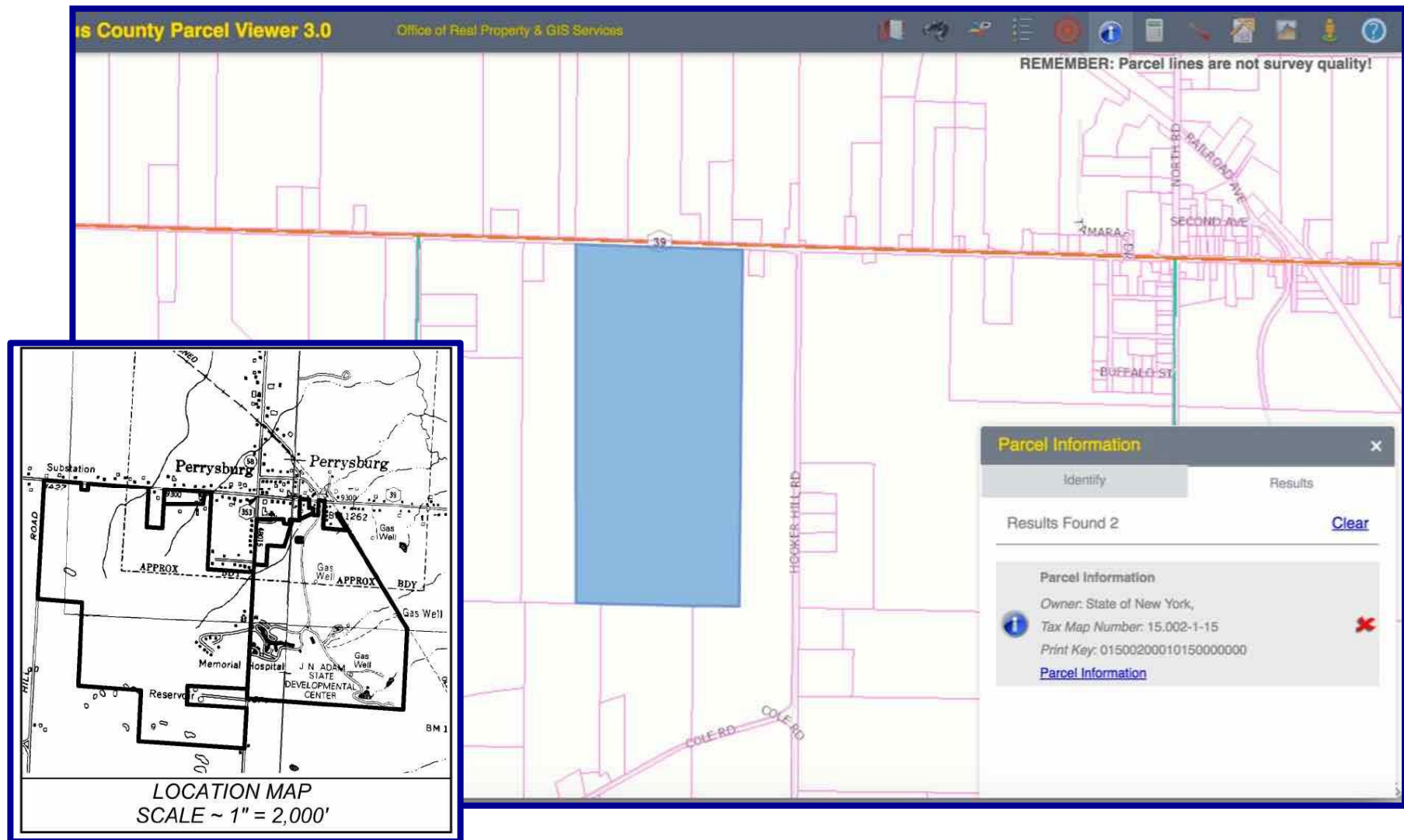
PROPOSAL MAP (PARCEL HANDWRITTEN LETTERS ARE REVERSED FROM SURVEY)



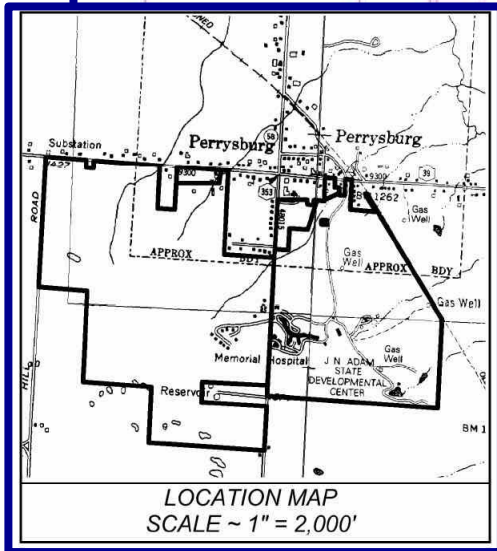
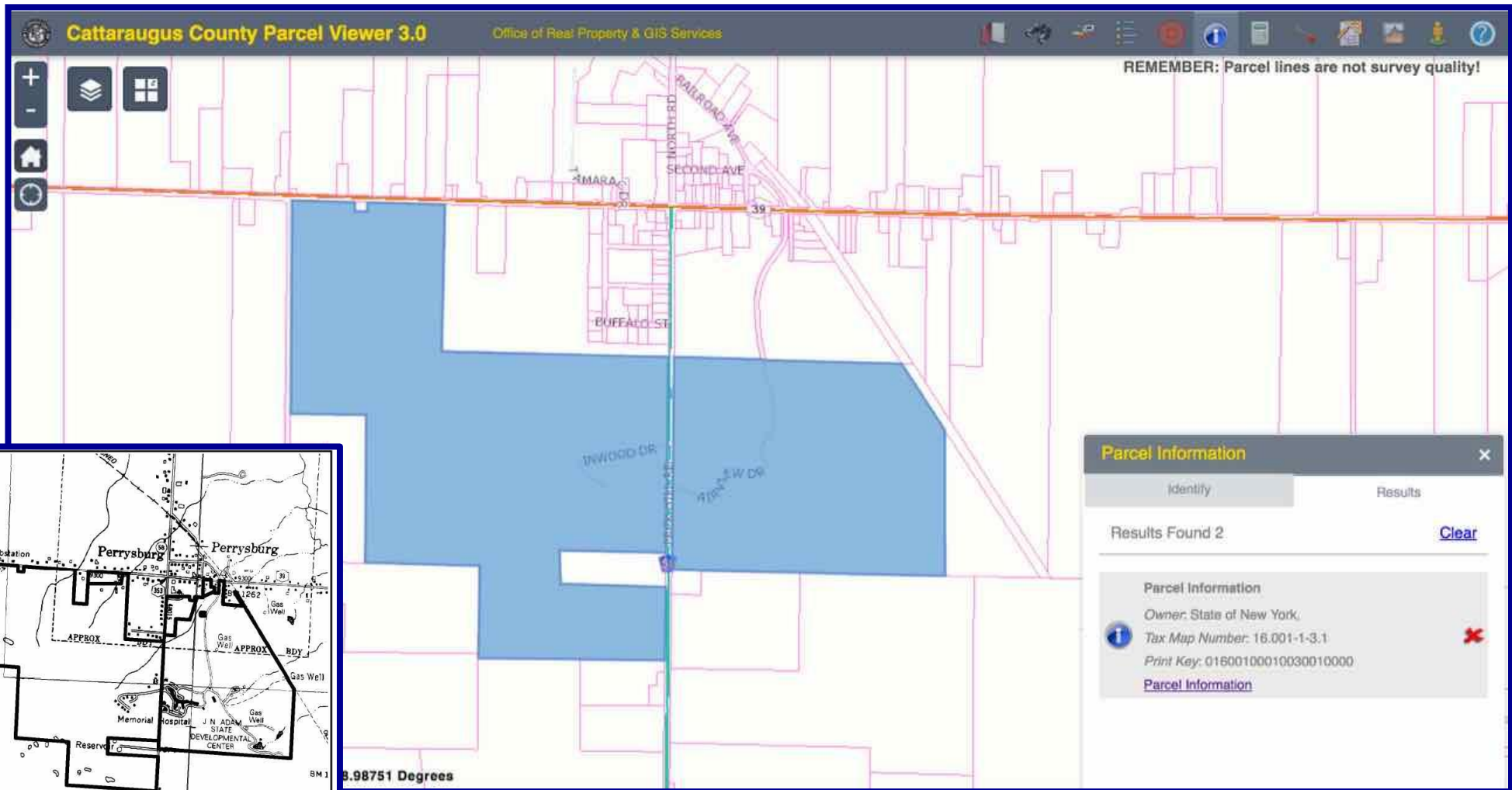
DEED / SURVEY UPDATE



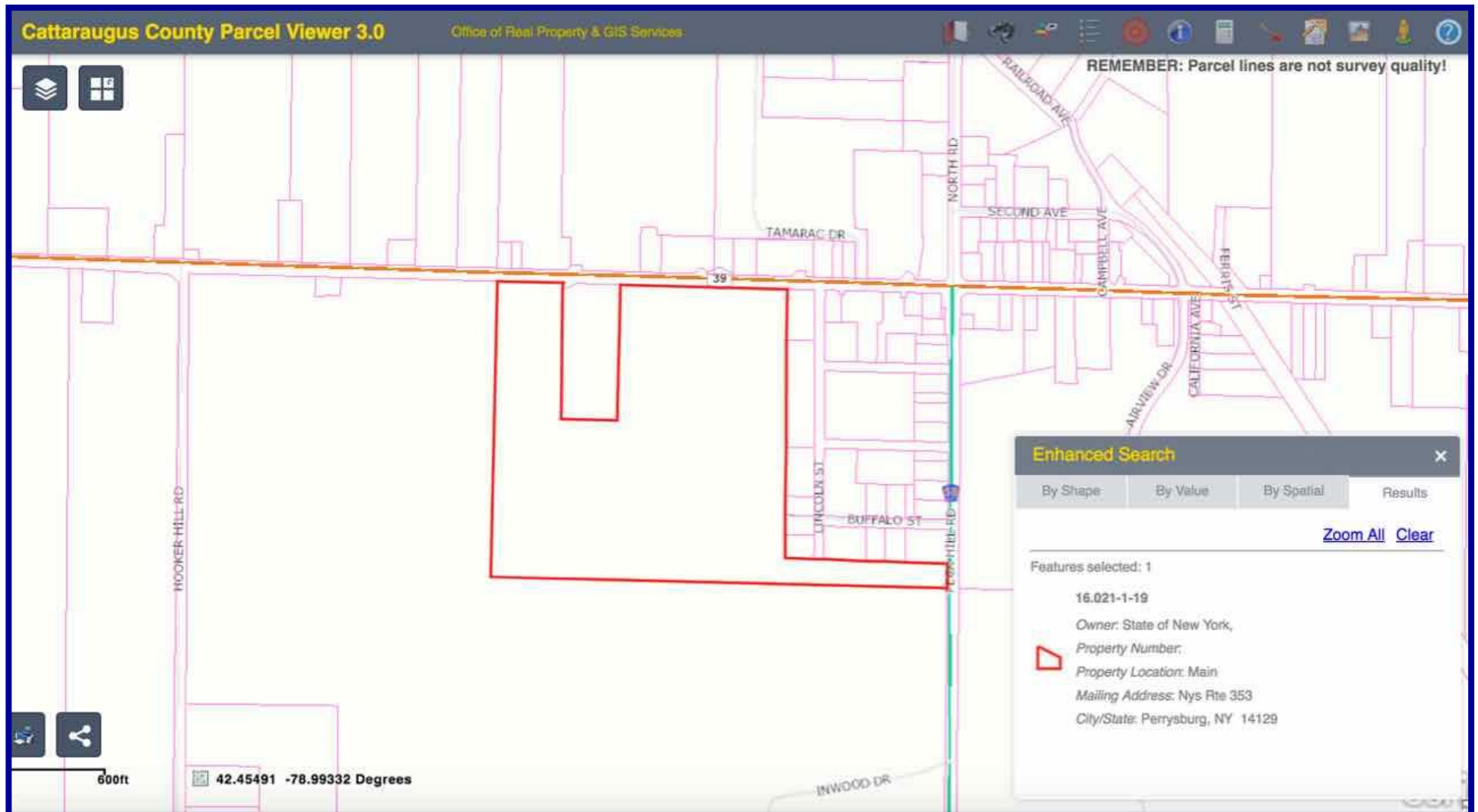
PARCEL "C" TAX MAP



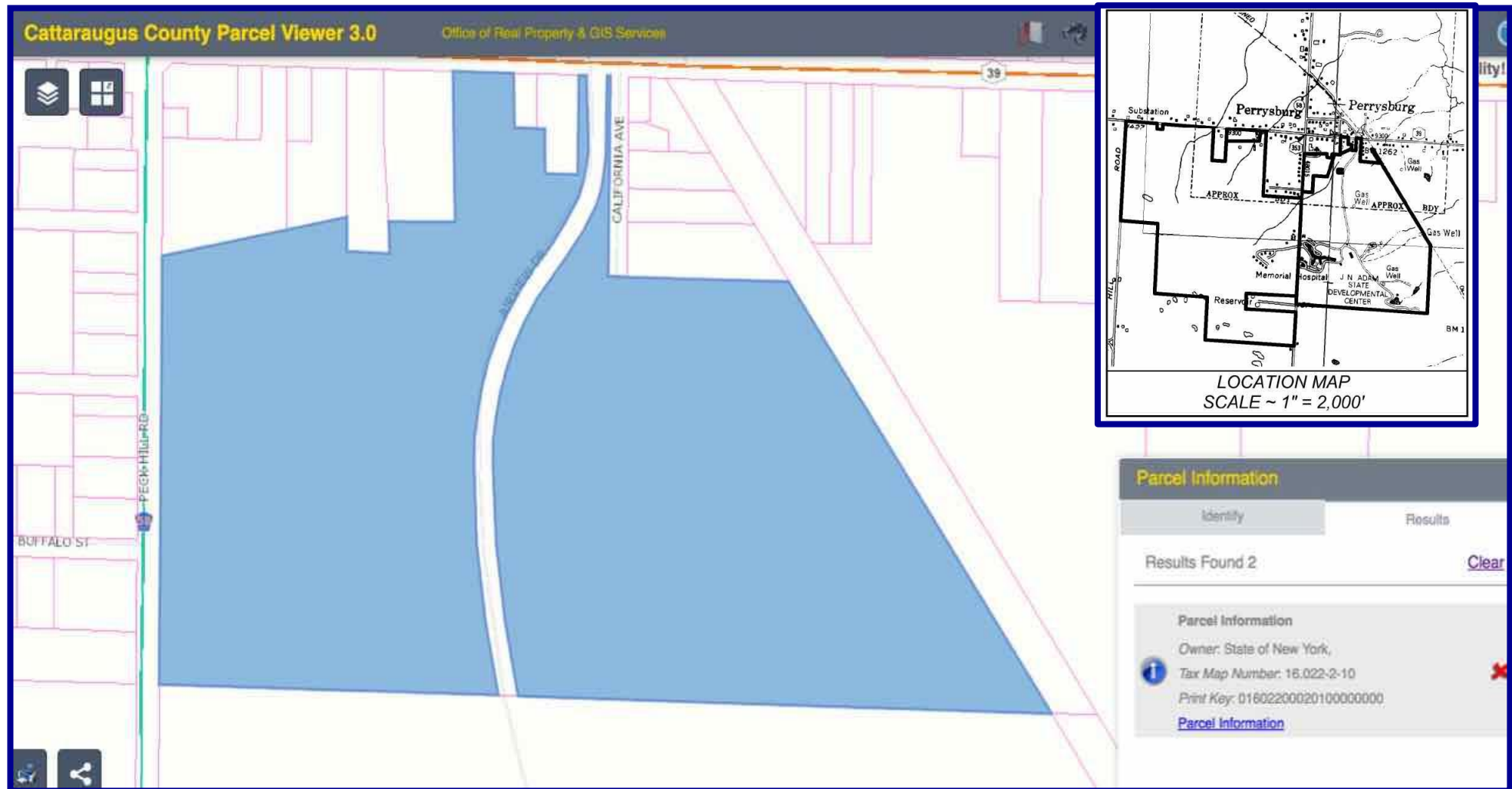
PARTS OF PARCEL "B" & "C" TAX MAP



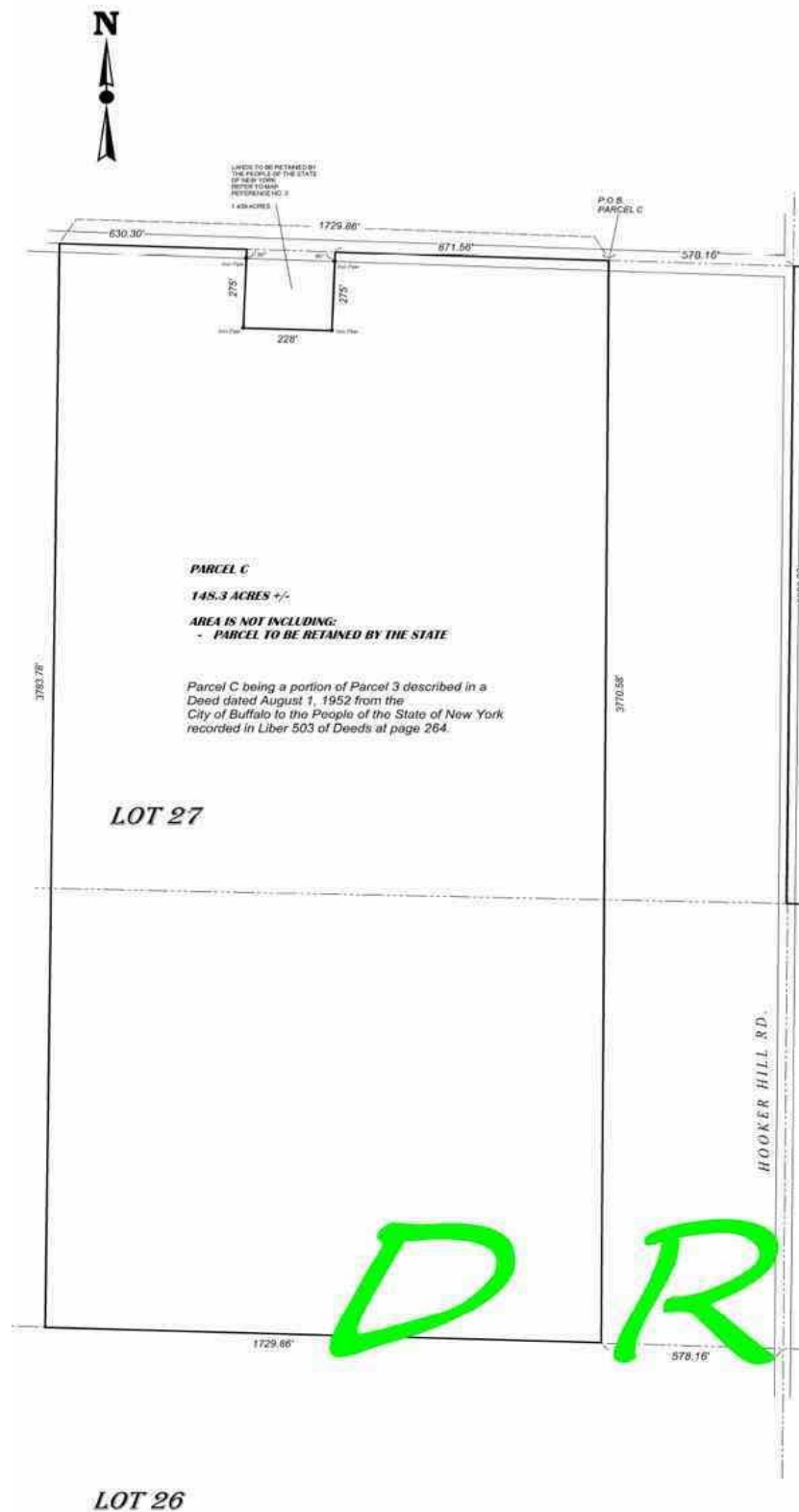
PART OF PARCEL "B" TAX MAP



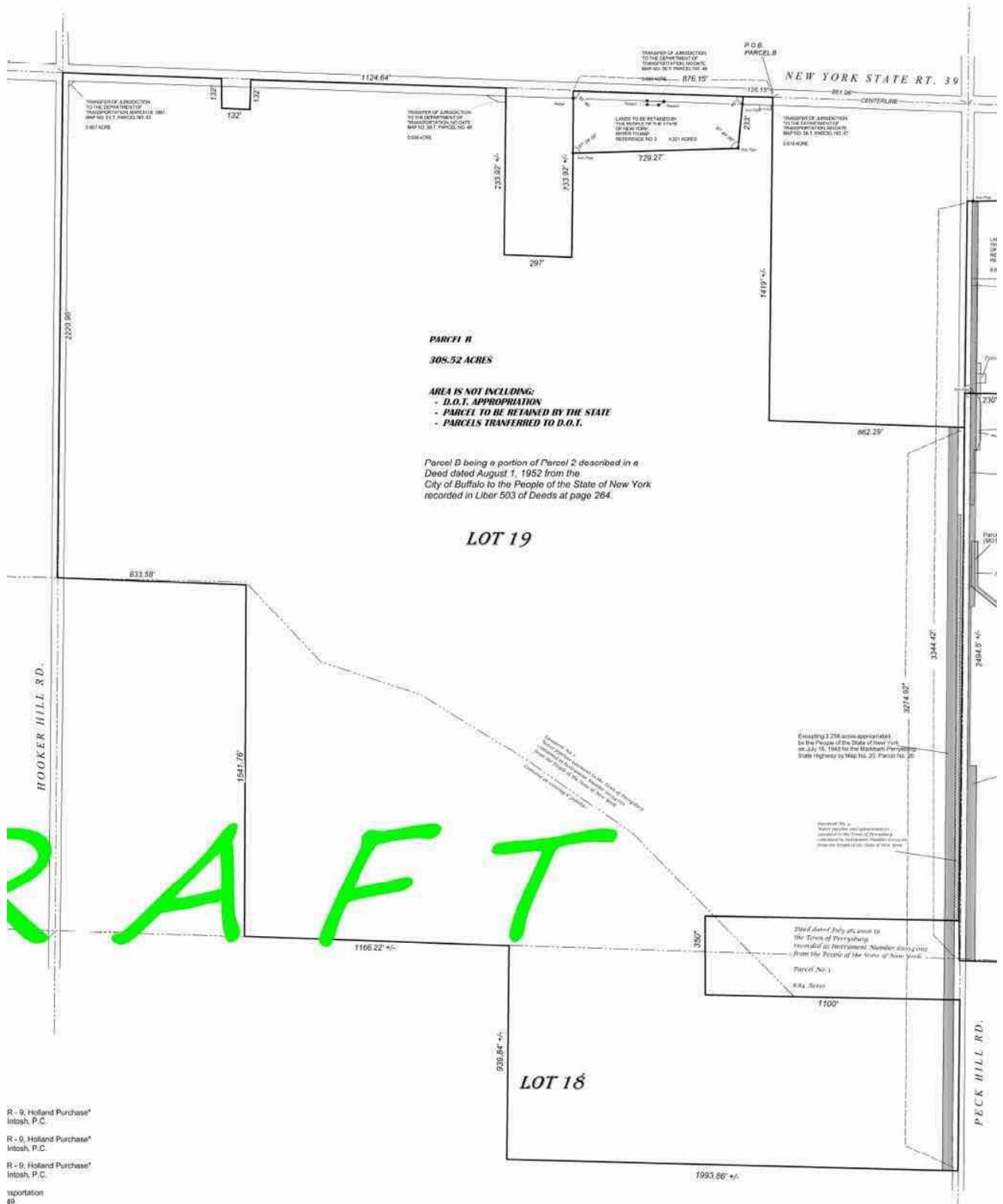
PARCEL "A" TAX MAP



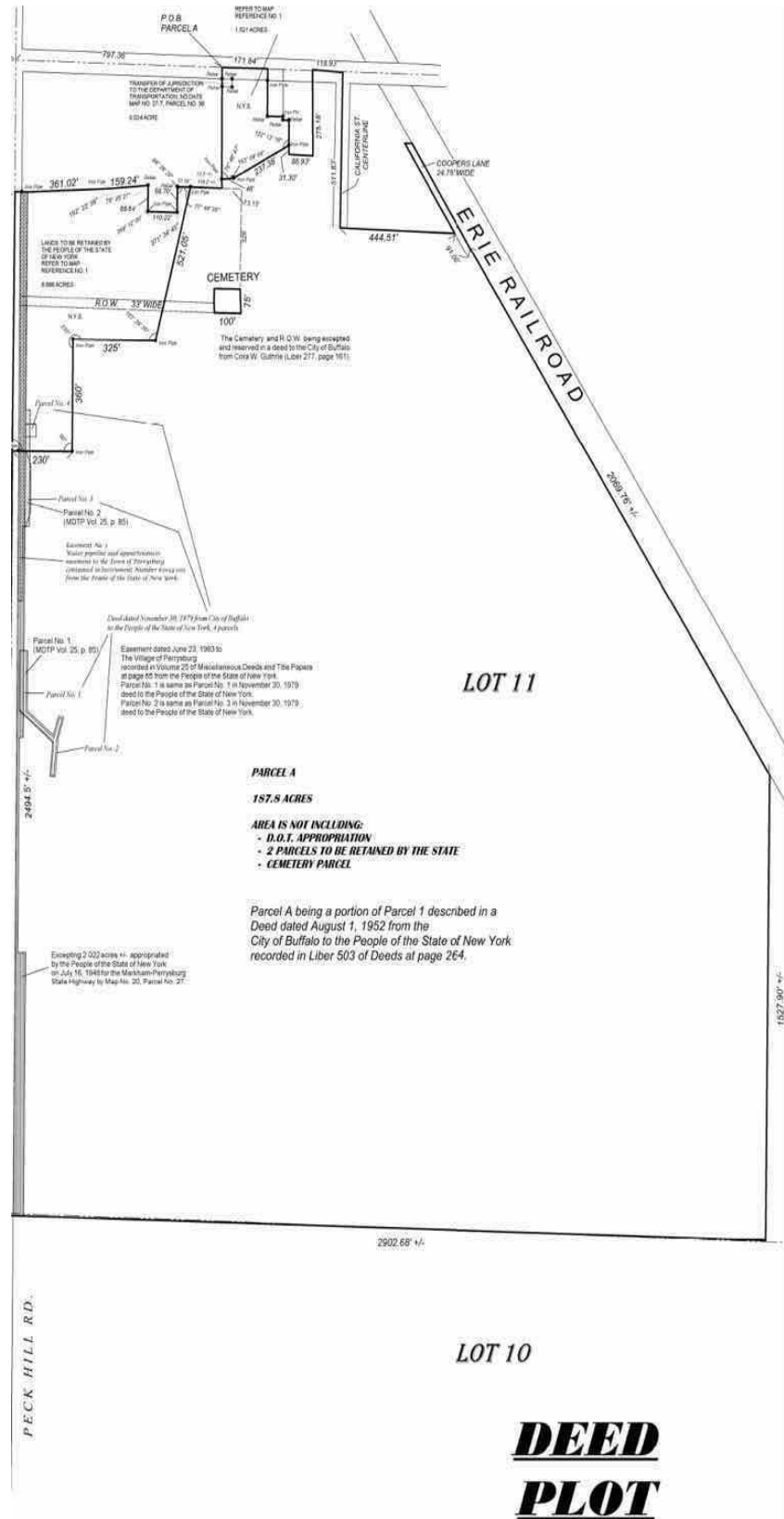
PARCEL "C" SURVEY MAP - LOT 27 ENLARGED



PARCEL "B" SURVEY MAP - LOT 19 & 18 ENLARGED



PARCEL "A" SURVEY MAP - LOT 11 ENLARGED



DESCRIPTION OF SUBJECT PROPERTY***Site Description***

The subject Property consists of several tracts of land that - in aggregate - consist of 644.62± acres, according to a survey provided to us by New York State Office of General Services and included herein on the prior pages. Note that the best available information on the Cattaraugus County Tax Maps totals 676.47± acres. The difference appears to be from small sections of the tax lots being retained by New York State. The specific parcels [per the Bid Solicitation and Survey] are labeled A, B and C, and are highlighted on the maps on the prior pages. The total site area per the Survey and listed in the table below is 644.62± acres.

Owner Entity	Tax ID:	Acres per Tax Map	Acres per OGS Survey
NYS JN Adam Developmental Center	16.001-1-3.1 - "B" & "C" on Map - "B" on Survey	420.40	308.52
NYS JN Adam Developmental Center	16.021-1-19 - "B" on Map - "B" on SURVEY	50.67	incl
NYS JN Adam Hospital & School	16.022-2-10 - "C" on Map	51.45	187.8
NYS Route 353	15.002-1-15 - "A" on Proposal Map - "C" on Survey	153.95	148.3
Total Acreage		676.47	644.62

A chain link fence encloses the area of the site where the improvements are situated. These fenced areas around the buildings include two specific areas: (1) the westernmost parcel off Peck Hill Road, which has ten (10) old, functionally-obsolescent single-family houses and two other smaller, miscellaneous wood frame structures - primarily situated along the southern side of Inwood Drive, and (2) the area around the larger, institutional buildings – that being the easternmost parcel off Peck Hill Road along Airview Drive. These areas total approximately 57± acres of the total 644.62± acres site per the table. The remaining 587.62 acres consists of unimproved virgin woodlands and timber and are considered to be “excess land.”

Pertinent site characteristics are summarized as follows:

Land Area:

The subject Property consists of four tracts of land that - in aggregate - consist of 644.62± acres, according to our calculations, based upon a survey provided to us by New York State Office of General Services and included herein. The size and configuration of the site should have no effect on the value.

Frontage:

According to the tax maps, the various parcels that comprise the hospital complex have a total of 3,043.42± feet along the south side of NYS Route 39. There is also unknown frontage along County Road 58 [Peck Hill Road aka Dayton Road].

Tax Map ID:	The parcels are formally known as Tax Parcel #'s 16.001-1-3.1; 16.021-1-19; 16.022-2-10 and 15.002-1-15 on the Official Tax Maps of Cattaraugus County.
Coverage:	Not Available
Topography:	Generally rolling and situated on a hill overlooking the surrounding countryside.
Soil/Geologic Conditions:	Appear to be adequately drained
Utilities:	All public utilities are available.
Easements/ Encroachments:	There are no known encroachments or easements adversely affecting the site.
Access:	The Property is accessible from Dayton Road, aka Peck Hill Road [NYS Route 39]
Off Site Improvements:	None
Environmental Hazards:	<u>The condition of the abandoned hospital improvements observed during our Property inspection STRONGLY suggests the presence of significant environmental contamination - potentially from asbestos, lead, mold and potentially other toxic substances.</u> No environmental reports were available for our review. The location of aquifers is an important consideration, <u>given the potential for eventual seepage into an aquifer that may be possible from these long-abandoned, derelict structures.</u>
Flood Zone:	The Property is situated within the southern portion of Flood Map #360091B, dated 4/20/1984, and the northern portion of Map #360066B, dated 5/25/1984. FEMA has not completed a study to determine flood hazard for the selected location; therefore, a flood map has not been published at this time.

To the best of our knowledge, the site has not been subjected to completion of the New York State SEQRA process. We make no assumptions as to whether the site complies with all environmental requirements.

DESCRIPTION OF SUBJECT PROPERTY***Improvements "As Is"***

In 1910, the City of Buffalo, beset by the public scourge of tuberculosis, purchased almost 300 acres of land adjacent to the Village of Perrysburg, for the purpose of establishing the Buffalo Municipal Hospital for Incipient Tuberculosis. The facility opened in 1912 and later became the J. N. Adam Memorial Hospital. Additional "excess land" surrounding the improvements has been acquired over the years, as discussed below. J. N. Adam was used as a tubercular hospital until 1960, when it was turned over to the State of New York for use as a Developmental Disability Center.

By 1991, the institutional treatment of such disabilities by the State had ended and the complex was abandoned. It has remained abandoned – and open to the ravages of weather, trespassers and vandals, and wildlife for the past 26 years. No maintenance has been performed, and no measures of any kind [other than the perimeter fencing] appear to have been taken to provide security of the abandoned improvements, or to prevent the continued and further deterioration of the structures, and their inevitable demise.

Today, the 649-acre J.N. Adam Hospital campus is still situated at 10317 County Road 58 [Peck Hill Road aka Dayton Road], in rural Perrysburg, NY, 14129 - about an hour south of Buffalo. The site is reportedly improved with approximately of the 25± older buildings - most of the primary structures on the site – that were constructed between 1909 and 1912. However, our inspection revealed that many if not all of these structures are derelict institutional masonry buildings with wood-frame porches, abandoned concrete and brick midrise buildings, and / or collapsed wood frame accessory structures. The complex has been closed, abandoned and fenced off for the past 21 years, and remains off limits to everyone but certain state and county personnel. Over this period, nature has slowly and inexorably reclaimed what were once functional, if not beautiful improvements and grounds.

A chain link fence encloses the area of the site where the improvements are situated. These fenced areas around the buildings include two specific areas: (1) the westernmost parcel off Peck Hill Road, which has ten (10) old, functionally-obsolescent single-family houses and two other smaller, miscellaneous wood frame structures - primarily situated along the southern side of Inwood Drive, and (2) the area around the larger, institutional buildings – that being the easternmost parcel off Peck Hill Road along Airview Drive. These areas total approximately 57± acres of the total 644.62± acres site per the table. The remaining 587.62 acres consists of unimproved virgin woodlands and timber and are considered to be "excess land."

The site has engendered a large, long-term controversy in the small town of Perrysburg. Many people have been arrested there for trespassing and vandalism. Although fencing was put up after the facility closed to prevent people from accessing the grounds and structures,

there is considerable evidence that it has been of little deterrence. Although some people are preservationists and argue the merits of preserving and / or restoring the complex, many others in Perrysburg are fed up with the nuisances caused by the trespassers, as well as the cost of constant security issues at the Property.

NOTE: The subject Property reportedly is / was improved with 25±²⁶ older buildings, many if not all of which are derelict institutional masonry buildings with wood-frame porches. However, according to the “Structural Condition Assessment Report - JN Adam Developmental Center,” dated November 18, 2016, prepared by Popli Design Group, Penfield, NY, which is incorporated into this report by reference, Buildings #1 - #5 comprise approximately 120,000± square feet of GBA. ***However, no site plan or definitive data of any kind are available concerning any of the other remaining buildings,*** including size, date of construction, condition, or anything else usable in the completion of the MARKETING STUDY AND STRATEGIC PLAN and the APPRAISAL REPORT. Consequently, we have no option but reliance upon the Structural Condition Assessment Report, thus limiting our consideration of the improvements herein to approximately 120,000± square feet of GBA.

NOTE: Available information on each – or ANY - of the buildings was significantly limited. In particular, construction details and property condition reports were severely limited and / or nonexistent. Only the main buildings and the power plant were available to be inspected We have completed this report based upon our visual inspection of the buildings, which – other than the main buildings - was from the exterior, and from the data included herein by reference – specifically the Structural Condition Assessment Report. All of the data that were available to us are included within the body of this appraisal report

Historic Designation

The details of the historical significance of the complex were discussed in detail earlier in this report. In summary, since the hospital closed its doors in 1991, a popular local legend holds that a stained glass dome in the Hall Rotunda was salvaged from the Temple of Music at Buffalo's Pan-American Exposition. However, according to experts knowledgeable of such matters, a visual comparison between the surviving dome and a rendering of the Temple of Music dome reportedly shows no resemblance between the two.

A preliminary application for listing on the NYS Register of Historic Places was made in 1985. However, it was never fully completed as required, and designation never occurred. Thus, the structure IS NOT historically designated. It remains eligible for State and National Register of Historic Places designation, but an entirely new application would need to be

²⁶ See Note 1 in this report.

made. Given its current physical and environmental condition, its approval is considered highly unlikely.

Summary

Upon inspection, the buildings originally appear to have been well built, back in 1910 and thereabouts. However, they have been vacant and unused continuously for more than 20 years, and the improvements are in very poor condition, with issues that are well beyond being classified as deferred maintenance. It appears that there is asbestos in the buildings, which was often found in VAT tile flooring and in the 1950's vintage glue-on / stapled-on perforated 12" x 12" ceiling tiles prevalently used at that time and which have been accumulating in wet heaps along the floors and hallways for the past two+ decades. Asbestos is also likely in the HVAC system and in some pipe joints. Peeling and flaking lead paint is plainly evident throughout the structure, and also possibly in the water lines due to old lead piping.

A variety of other environmental hazards are likely present in other deteriorating building and waste materials, which have been allowed to accumulate on the floors of the abandoned structures - open to rain, snow and the elements, wildlife, and trespassers for decades. It is possible - if not likely - that some of these toxins have been leeching into the soil given the long term conditions, and may be finding their way into the groundwater. It appears to us that the subject Property may be an ongoing and worsening environmental catastrophe. However, we are not experts in these types of environmental issues and are not qualified to definitively make these conclusions based solely upon our visual observations.

The completed improvements were Class "C" hospital / medical office buildings, of good construction quality years ago. Class "C" buildings have masonry or concrete exterior walls, and wood or steel roof and floor structures, except for concrete slab on grade. No building permits are known to be open or pending with the local municipality.

OCCUPANCY	CLASS	A	B	C	D	S
SECTIONS 15 & 45, BANKS, OFFICES AND PUBLIC BUILDINGS						
Atriums, good and excellent		60	60	55	50	50
average		55	55	50	45	45
Banks, branch and central, good and excellent		60	60	55	50	50
average		55	55	50	45	45
low cost		50	50	45	40	40
mini, drive-up, good and excellent		55	55	50	45	45
low cost and average		50	50	45	40	40
Convalescent hospitals, good and excellent		50	50	45	40	---
low cost and average		45	45	40	35	35

The improvements appear to have been adequate for their intended use at one time, but are no longer useable without significant structural repairs. Given the speed of innovation and new technological advances in the field of medicine, improvements that were built between 1910 and 1977 inherently incur some functional obsolescence in design for any continued

use as a hospital or rehabilitation facility. These buildings have an average of 40 to 45 years of depreciable life, and an actual age of 100+ years. Thus, the complex has been fully depreciated.

Cost to Cure

According to the Executive Summary in the Structural Condition Assessment Report, dated November 18, 2016, prepared by Popli Design Group, Penfield, NY,

“New York State Office of General Services (OGS) commissioned this updated structural condition assessment to support the potential redevelopment of the five original Center buildings. The goal of this study is to evaluate the general condition of Buildings 1 - 5 and identify structural deficiencies that may affect their reuse.”

Further, the Popli report Executive Summary states *“Our assessment revealed the Center is in poor-to-fair overall condition. Widespread deterioration of the buildings was observed... The primary structure (slabs, beams, columns, bearing walls, etc.) of Buildings 1, 2, and 3 generally appears to be in good condition. There were no apparent signs indicative of global instability or impending structural failure. However, ...localized structural deficiencies and conditions (listed in descending order of urgency) will need to be addressed as [IF] redevelopment planning progresses...[or were to be undertaken].”*

The Executive Summary continues – *“The primary structure of Buildings 4 and 5 generally appears to be in poor condition. Significant deterioration of exterior brick masonry bearing walls, moderate-to-heavy corrosion of steel beams and columns, and significant water infiltration were observed throughout all floors of each building.”*

Also, *“Despite the appearance of being in good overall condition, localized repairs and/or reconstruction of Buildings 1 – 3 are likely and should be expected. Exterior masonry walls have sustained a fair amount of damage directly related to continued water infiltration and lack of maintenance. Deterioration of porch framing will likely necessitate large-scale reconstruction or demolition.”*

*“The degree of deterioration observed at Buildings 4 and 5 may hinder their reuse, **making redevelopment of these structures infeasible or cost prohibitive.** Large-scale reconstruction or demolition of these buildings would be expected.”*

“Based on the observations made during our assessment, it is our opinion that water infiltration resulting from compromised exterior building envelopes and damage caused by vandals is directly attributable to the typical deficiencies, deterioration, and structural failures observed throughout the Center. If the buildings are left in their current, unprotected condition and measures are not taken to repair damaged

areas, enclose and weatherproof the exterior envelope, **continued deterioration and localized failures and/or collapse are likely.**

“Finally, it is recommended that a detailed structural investigation and testing program be implemented as part of the planning process when considering potential redevelopment options for the Center. The purpose of the detailed investigation would be to determine the extent of deterioration and reconstruction necessary for the intended use. Destructive and non-destructive testing to evaluate material properties and strengths would be an integral component of the investigation and provide information necessary to facilitate design of structural repairs.”

In order to estimate the feasibility of any proposal or intention for the “...potential redevelopment options for the Center...” a potential buyer / investor would deem it necessary to assign some rough cost estimates to the various components of the work that would be needed on the structure and site to return the complex to viable, functional usability. Following are “ballpark” cost ranges that would need to be incurred to re-use “...Buildings #1 - #5 [which] comprise approximately 120,000± square feet of GBA,” per our NOTE above. **WE ARE NOT GENERAL CONTRACTORS NO ENVIRONMENTAL CLEAN UP / MITIGATION CONTRACTORS, AND WE CANNOT STATE WITH CERTAINTY THE ACCURACY OF THE FOLLOWING COST FIGURES. NOR CAN WE STATE WITH ANY CERTAINTY THE VERACITY OF THE SQUARE FOOTAGE INVOLVED OR REQUIRED TO BE REPAIRED BEYOND THAT STATED IN THE POPLI REPORT.**

THE FOLLOWING FIGURES ARE FOR ILLUSTRATION AND DISCUSSION PURPOSES ONLY AND WERE DERIVED BASED UPON OUR DECADES LONG REAL ESTATE DEVELOPMENT AND VALUATION EXPERIENCE. THESE ESTIMATES ARE BELIEVED TO BE REASONABLE ESTIMATES, WHICH WILL BE USED IN THE VALUATION OF THE SUBJECT PROPERTY - BOTH “As-Improved,” AS WELL AS “As-If Vacant.”

1. Environmental Mitigation and Clean Up

As discussed above,

“It is very likely that there is asbestos in the buildings, which was often found in VAT tile flooring and in the 1950’s vintage glue-on / stapled-on perforated 12” x 12” ceiling tiles prevalently used at that time and which have been accumulating in wet heaps along the floors and hallways for the past two+ decades. Asbestos is also likely in the HVAC system and in some pipe joints. Peeling and flaking lead paint is plainly evident throughout the structure, and also possibly in the water lines due to old lead piping.

A variety of other environmental hazards are likely present in other

deteriorating building and waste materials, which have been allowed to accumulate on the floors of the abandoned structures - open to rain, snow and the elements, wildlife, and trespassers for decades. It is possible - if not likely - that some of these toxins have been leeching into the soil given the long term conditions, and may be finding their way into the groundwater.”

To restate, a chain link fence encloses the area of the site where the improvements are situated. These fenced areas around the buildings include two specific areas: (1) the westernmost parcel off Peck Hill Road, which has ten (10) old, functionally-obsolete single-family houses and two other smaller, miscellaneous wood frame structures - primarily situated along the southern side of Inwood Drive, and (2) the area around the larger, institutional buildings – that being the easternmost parcel off Peck Hill Road along Airview Drive. **These areas total approximately 57± acres** of the total 644.62± acres site per the table. The remaining 587.62± acres of “excess” land consists of unimproved virgin woodlands and timber.

Based upon our experience, it would be reasonable to assume that AT LEAST \$2,000,000 to \$4,000,000 would be required to test the entire 57± acre site for various forms of environmental contamination likely present, and to remove and properly dispose of these hazardous waste materials. However, this estimated range in costs could be less [which we consider to be unlikely] or possibly considerably more, depending upon the types and extent of the toxins present, and to what extent decades of exposure to the open environment have contaminated the soil and / or the groundwater [if any].

Conclusion of Estimated Cost of Environmental Mitigation and Clean Up

\$2,000,000 to \$4,000,000

NOTE: The appraisal is subject to the use of two hypothetical conditions, which (1) assume that the ownership entity is the People of the State of New York, which has clear title, and that the City of Buffalo has no ownership interest or rights, when in fact the City of Buffalo has a Reverter clause interest; and (2) assumes that the hospital site, the surrounding woodlands, and the groundwater are unaffected by adverse environmental contamination conditions, when in fact likely environmental contamination was observed at the time of inspection. Consequently, we will not consider the cost to cure the environmental conditions in this appraisal.

2. Cost to Cure the Structural Issues and Defects in the Popli Report – to Return Buildings to Raw “Shell” Condition

Total Area of Buildings 1 – 5 = 120,000 Square Feet

Estimated Cost to Repair and Restore = \$30 to \$50 per Square Foot

Conclusion of Estimated Cost to Cure the Structural Issues and Defects in the Popli Report – to Return Buildings to Raw “Shell” Condition

\$3,600,000 to \$6,000,000

3. Cost to the Finish Building Shell to an Alternative Use

Total Area of Buildings 1 – 5 = 120,000 Square Feet

Estimated Cost to Finish Building Shell to an Alternative Use = At LEAST \$100 per Square Foot

Conclusion of Estimated Cost to Finish Building Shell to an Alternative Use

\$12,000,000+

4. Cost to Completely Demolish the Structures and Improvements, i.e., Restore the Site to Natural State [After Environmental Cleanup and Remediation]

Total Area of Buildings 1 – 5 = 120,000 Square Feet

Estimated Cost to Completely Demolish the Structures and Improvements, i.e., Restore the Site to Natural State = \$15 per Square Foot

Conclusion of Estimated Cost to Completely Demolish the Structures and Improvements, i.e., Restore the Site to Natural State [After Environmental Cleanup and Remediation]

\$1,800,000

These costs will be used to examine the various alternatives possible in the highest and Best Use Analysis and in the Valuation of the subject Property “As-Improved,” as well as “As-If Vacant.”