

Executive Summary
Site and Building Assessment, Real Estate Market Conditions,
and Preliminary Financial Analysis
Iola Campus, Rochester and Brighton, NY

The Iola Campus site consists of roughly 60 acres of land in the Town of Brighton and the City of Rochester. The site is improved with sixteen buildings totaling approximately 308,000 square feet. Seven of these buildings, containing more than 114,000 square feet of floor space, were initially developed in the early 1900s as a tuberculosis hospital. These seven buildings have potential historic significance. For purposes of this analysis, the site has conceptually been divided into five parcels, as shown on Map 1. Key site and building characteristics are summarized in Table 1.

Table 1 - Iola Campus: Site and Building Characteristics

Parcel	Acres	Road Frontage	Building Numbers	Gross Area	Primary Use	Reuse Potential
A	17±	E. Henrietta/Westfall	1,2,4,5,7,8 & 9	114,300 SF	Office	Office/Res. *
B	3±	E. Henrietta	10 & 11	46,900 SF	Utility/Shop	Limited
C	10±	E. Henrietta	15, 16 & 17	71,750 SF	Shop/WHS	Shop/WHS
D	12±	None	3, 12 & 13	74,250 SF	GQ/WHS/Shop	Limited/WHS/Shop
E	18±	Westfall	14	800 SF	WHS	Vacant land
Total	60±	acres	16 buildings	308,000 SF	Mixed	

Abbreviations: Res-residential; WHS-Warehouse; GQ-Group Quarters;
 * Assumes major renovation; selective demolition, code compliance, etc.
 Source: County of Monroe and RKG Associates, Inc.

- The location of the Iola Campus is excellent; and it is considered "suburban" given its convenient access to I-390. The prevailing non-residential uses in the surrounding neighborhood are institutional, and medical-related or general office uses. Residential uses are also apparent, mixed between single and multi-family developments. Neighborhood retail and services appear to be lacking. It should be noted that the zoning for the property is single family/low density residential. As such, redevelopment by the private sector for other uses, would require a zoning change.

1. Industrial Market

- A supply of more than 700 acres of ready-to-go sites exists at nine established

Rochester, that conversion to alternative uses or demolition would be a means of reducing vacancy. Reuse of the potential historic building at lola for office, assuming renovations, would compete with this Class B supply.

- In comparison, nearly 1.1 million SF of office buildings were constructed in the Town of Brighton between 1990 and 1999, as exhibited in Appendix Table 5, and many buildings were Class A properties. Some of the most notable projects include the final phase of Corporate Woods, expansion at Linden Oaks, two new buildings at Meriden Centre, as well as medical office development at Brighton Meadows and Clinton Crossing, where two buildings are currently under construction.
- The range in Class B rents is quite diverse, quoted from as low as \$3/SF to as high as \$18/SF. It generally ranges between \$8 and \$15/SF, on a modified gross basis. In comparison, Class A rents typically range from \$17/SF to \$20/SF. Location, availability and cost of parking are some of the key factors influencing pricing. Suburban rents typically include on-site parking, making it equally if not more economical than downtown. Suburban Class A rents typically range between \$18 and \$20/SF, although asking prices are currently being quoted in excess of \$20/SF. Class B rents range between \$10 and \$15/SF, also on a modified gross basis. Depending on the condition of the unit, term of the lease, etc., fit-out allowances range between \$5/SF and \$20/SF.
- Land pricing for finished lots approved for office development ranges between \$100,000 and \$150,000/acre in the Brighton market. This equates to \$10 to \$15/SF of potential building area, assuming a density of 10,000 SF per acre. Wholesale prices range from \$20,000/acre to \$70,000/acre depending on infrastructure, zoning, location, etc., or 20% to 50% of retail lot prices.
- Sale pricing for office buildings range from less than \$5/SF to more than \$100/SF. Class B and below style buildings are trading in the lower end of the range (\$5 to \$30/SF) while Class A buildings are at the higher end (\$50/SF to \$100/SF). Location, condition, amenities, parking, renovations, etc. influence value. The cost for new office construction in Brighton ranges between \$40/SF and \$100/SF, depending on the use, the level of interior finish, mechanicals, etc.. This figure increases to \$60/SF and \$110/SF when including the cost of the land. This range is likely the amount that would be required to renovate and upgrade the potentially "historic" buildings at the lola Campus to market standards. However, the lola buildings would be considered "Class B" properties, despite incurring Class A costs for renovation.
- Presently, there is a limited supply of existing Class A office space in Brighton. However, approvals are in place or buildings are under construction for an

housing. This is nearly four times the median household income of \$19,936 indicated for the 28,300 households 75 years or older in Monroe County estimated in 1999 by Claritas, Inc. This suggests that the supply of independent units built over the last 10 years has captured nearly 25% of the more affluent elderly households in Monroe County.

- Forecasted growth over the next five years in this sector is roughly equivalent to what is currently proposed or under-construction units (340 units), such that any future large scale expansion (500+) targeted for this sector only, may be at risk of oversupplying the market. A project with a blend of market (single and multi-family), independent and assisted units could be considered for the redevelopment, depending on the program and services provided.
- Pricing for approved elderly housing projects range between \$2,500 and \$8,200/units depending on location, density, infrastructure, etc., as show in Appendix Table 4. Assuming 6 to 10 units per acre this ranges equates to between \$25,000 and \$60,000/acre.

4. Retail

- Existing building improvements on the Iola Campus have little market or economic utility for reuse as either retail stores or as hotel/hospitality uses.
- Access and visibility are key locational components for retail and hospitality uses and as such those portions of the site with frontage to East Henrietta Road and Westfall Road would exhibit the better reuse potential.
- While Parcel B has 550 feet of frontage on East Henrietta, the presence of building #11, the central steam plant, serves as a locational detriment to the adjoining Parcel A. In other words the marketability of the 17 acre Parcel A would be enhanced without the steam plant.
- Retail sales activity and store count have not kept pace in the City of Rochester relative to either Monroe County or all of the Rochester Metropolitan Statistical Area. Despite increases in total sales in the City of Rochester, market share continues to be lost to other locations in Monroe County and to the increasing suburbanization of the MSA.
- In the "retail" region surrounding the Iola Campus there is an estimated 5 million square feet of retail, with approximately a 20.0% vacancy rate including several big boxes such as Value City, Hechingers, Caldors and Builder's Square.
- Opportunities exist for some retail additions to the market, notably a modern,

redevelopment, particularly for upper end retail, office, hotel and housing uses.

- The anticipated costs for demolition of all existing structures on the Iola Campus is estimated to be more than \$2.3 million, assuming an average cost of \$7.50 per square foot. This equates to an average investment of almost \$40,000 per acre for the 60 acre site. This cost is in the range of expected revenues from the sale of the land on a wholesale basis, indicating that the County may see limited net revenue from the sale of the property to a developer. While retail sales values are higher and would generate more revenue to the County, achieving retail sales values implies that the County will serve as the Master Developer for the property, and will undertake the development risks, including demolition costs.
- Development of the site for industrial uses has the worst projected financial return. However, the existing industrial buildings on the site are the most modern, and as such offer the highest level of potential for reuse.
- Large scale retail development is occurring outside of the Interstate 390 loop and given the insularity of the Iola Campus it is unreasonable that "big box" retail would locate on the site. However, potential exists for some neighborhood and convenience retail, especially if anchored by a large, modern grocery store. Given Wegmans' smaller unit on Mt. Hope Avenue and their reported desire for expansion and/or relocation (as well as their being a home-town company) they are the recommended first choice for additional discussions. Presumably, Wegmans with a 50,000± square foot store could anchor a small strip development which could include other neighborhood services such as a video store, hair salon, records (all store types which could serve the residential market as well as the college market) and sit-down chain restaurant such as Applebee's, Chili's or Outback (typically ranging from 6,000 to 10,000 square feet).
- It is unlikely that a hotel would be developed at the Iola Campus without some assurances of demand and without a compliment of other supporting uses. One such assurance of demand could be the University's and Strong Hospital's needs for hotel space off-site from their respective campuses. Another assurance could be an adjacent office park development (similar to Corporate Woods).

**Site and Building Assessment, Real Estate Market Conditions,
and Preliminary Financial Analysis
Iola Campus, Rochester and Brighton, NY**

A. Introduction

RKG Associates, Inc., in association with Bergmann Associates, was retained by the County of Monroe to evaluate the redevelopment potential of the Iola Campus from a real estate market perspective, and to identify financial and fiscal implications associated with potential redevelopment. The purpose of this report is to present the findings of RKG's assessment of the physical conditions of the site and buildings, market conditions for the potential redevelopment, and the ultimate disposition of the campus. The site and market assessment will serve as a baseline for the financial and fiscal models of the redevelopment. A preliminary financial evaluation of potential redevelopment/dispositions is also presented to assist with the decision-making in preparing a preferred redevelopment scheme. This report is presented in three parts as follows:

- 1) An assessment of the characteristics of the land and buildings at the Iola Campus;
- 2) An analysis of real estate market conditions in the Rochester/Brighton market area for selected uses, which include retail, light industrial, hospitality, office and elderly housing; and
- 3) Preliminary financial evaluations of the potential redevelopment of the Iola Campus, first as "vacant land", and secondly "as improved". A comparison of the reuse potentials will assist in selecting a preferred redevelopment scheme.

An Appendix is also included at the end of this report, which contains additional site and building information and photographs, as well as tabulated market data referenced in the analysis.

B. Executive Summary

The Iola Campus site consists of 62 acres of land in the Town of Brighton and the City of Rochester. The site is improved with sixteen buildings totaling approximately 308,000 square feet. Seven of these buildings, containing more than 114,000 square feet of floor space, were initially developed in the early 1900s as a tuberculosis hospital. These seven buildings have potential historic significance. For purposes of this analysis, the site has conceptually been divided into five parcels, as shown on the Map in the Appendix to this report. Key site and building characteristics are summarized in Table 1.

Table 1 - Iola Campus: Site and Building Characteristics

Parcel	Acres	Road Frontage	Building Numbers	Gross Area	Primary Use	Reuse Potential
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 Source: County of Monroe and RKG Associates, Inc.

The location of the Iola Campus is excellent, and it is considered "suburban" given its convenient access to I-390. The prevailing non-residential uses in the surrounding neighborhood are institutional, and medical-related or general office uses. Residential uses are also apparent, mixed between single and multi-family developments. Neighborhood retail and services appear to be lacking. It should be noted that the zoning for the property is single family/low density residential. As such, redevelopment by the private sector for other uses, would require a zoning change.

1. Industrial Market

A supply of more than 700 acres of ready-to-go sites exists at nine established industrial parks in the region, of which approximately 500 acres are from the Kodak Elmgrove site. The retail price for "finished" lots at these parks ranges from \$50,000 to \$80,000/acre. Cumulative sales at these industrial parks have averaged between 40 and 70 acres per year, indicating a competitive supply exists for the next 10 to 20 years. Wholesale prices for "raw" land range from less than \$10,000/acre to roughly \$40,000/acre, depending on location, future infrastructure needs, zoning changes, etc. Raw land values appear to be about 20% to 50% of retail prices, depending on future on-site and off-site costs for a development.

- Industrial building vacancy in the Rochester region for 1999 was reportedly 7%, or roughly 4.6 million SF. This figure would nearly double if the available space at Kodak's former Elmgrove plant were included. Absorption over the last year was reported at 400,000 to 600,000 SF, suggesting a 5 to 15 year supply of available industrial space. More than 1 million SF of industrial type buildings was also reported to have been under construction, proposed or completed in 1999. Demand was evenly mixed between manufacturing, warehouse and flex space. Most new construction was on a build-to-suit

basis, and typically at the expense of the existing inventory which in some cases cannot be economically upgraded to meet the needs of a potential user.

- The post-1980, light-industrial buildings at the Iola Campus were designed primarily for vehicle maintenance and warehouse use, suggesting that reuse for distribution would be appropriate. Distribution would also take advantage of the campus's central location within Monroe County as well as convenient interstate access.

2. Office Market

- The office market in Monroe County has an inventory of nearly 5 million SF of Class A properties, of which 2.7 million SF is located in the suburbs. The Towns of Brighton and Perinton are the major locations for suburban office users. Presently, Class A office vacancy in the suburban market is in the 4% to 6% range, as evidenced by 115,000 SF available, while in downtown Rochester Class A vacancy ranges between 9% and 10%, and nearly 200,000 SF is available. Absorption trends over the last year indicate less than a one-year supply exists, which is the reason Class A office development is occurring in the suburbs.

- A supply of 6.8 million SF of Class B office properties exists in Monroe County, with more than 4.1 million SF in downtown Rochester. Overall vacancy for Class B property is more than 21%, indicating availability of 1.46 million SF. Most of this available space (1.18 million SF) is in downtown Rochester. In downtown Rochester, absorption of Class B space between 1990 and 1999 has cumulatively totaled *negative* 225,000 SF. Between 1998 and 1999, nearly 476,000 SF was absorbed, which offset *negative* absorption in the prior year of nearly 225,000 SF. This indicates a significant supply of Class B buildings exists in downtown Rochester, that conversion to alternative uses or demolition would be a means of reducing vacancy. **Reuse of the potential historic building at Iola for office, assuming renovations, would compete with this Class B supply.**

- In comparison, nearly 1.1 million SF of office buildings were constructed in the Town of Brighton between 1990 and 1999, and many buildings were Class A properties. Some of the most notable projects include the final phase of Corporate Woods, expansion at Linden Oaks, two new buildings at Meriden Centre, as well as medical office development at Brighton Meadows and Clinton Crossing, where two buildings are currently under construction.

- The range in Class B rents is quite diverse, quoted from as low as \$3/SF to as high as \$18/SF. It generally ranges between \$8 and \$15/SF, on a modified gross basis. In comparison, Class A rents typically range from \$17/SF to \$20/SF. Location, availability and cost of parking are some of the key factors influencing pricing. Suburban rents typically include on-site parking, making it equally if not more economical than downtown. Suburban Class A rents typically range between \$18 and \$20/SF, although asking prices are currently being quoted in excess of \$20/SF. Class B rents range between \$10 and

\$15/SF, also on a modified gross basis. Depending on the condition of the unit, term of the lease, etc., fit-out allowances range between \$5/SF and \$20/SF.

- Land pricing for finished lots approved for office development ranges between \$100,000 and \$150,000/acre in the Brighton market. This equates to \$10 to \$15/SF of potential building area, assuming a density of 10,000 SF per acre. Wholesale prices range from \$20,000/acre to \$70,000/acre depending on infrastructure, zoning, location, etc., or 20% to 50% of retail lot prices.
- **The cost to renovate and upgrade the potentially "historic" buildings at the Iola Campus to market standards would likely exceed the value of office space that could be created.** Sale pricing for office buildings range from less than \$5/SF to more than \$100/SF. Class B and below style buildings are trading in the lower end of the range (\$5 to \$30/SF) while Class A buildings are at the higher end (\$50/SF to \$100/SF). Location, condition, amenities, parking, renovations, etc. influence value. The cost for new office construction in Brighton ranges between \$40/SF and \$100/SF, depending on the use, the level of interior finish, mechanicals, etc.. This figure increases to \$60/SF and \$110/SF when including the cost of the land. The Iola buildings would be considered "Class B" properties, despite incurring Class A costs for renovation.
- Presently, there is a limited supply of existing Class A office space in Brighton. However, approvals are in place or buildings are under construction for an additional 865,000 SF of office space. This equates to nearly 80 acres, without considering any proposed redevelopment at the Iola Campus. This proposed inventory represents a 5 to 10 year supply, based on historic trends. This proposed development will likely be at the detriment of older, Class B properties.

3: Elderly Housing Market

- Elderly housing is becoming one of the fastest growing sectors in the residential real estate market, due to the aging of the "baby-boom" generation. The Rochester region has experienced significant growth in this sector over the past ten years, as evidenced by the addition of nearly 900 "independent living" units at nine projects in the Rochester region. Included in this supply are nearly 600 units at seven developments which opened between 1997 and the early part of 2000. Presently, the occupancy at these new developments is stable at 95% or higher, suggesting market acceptance.
- Most of the projects range in size from 50 units to as much as 150 units. Some of the smaller projects are strictly independent living, while some of the other such as St. John's Meadow and the Summit offer a continuum of care such as assisted or enriched living units, where skilled-care is provided. Another project, the Village at Park Ridge, is built adjacent to the hospital campus in Greece, and this project is also undergoing expansion at this time. **The medical-related uses in the surrounding neighborhood of the Iola**

Campus would complement elderly housing reuse. The independent living developments offer a wide variety of unit sizes which range from "cottage" or single family type units to garden style apartments of one and two bedrooms. The one-bedrooms range in size from 500 to 750 SF and in a few cases to 900 SF. The two-bedroom units range from 600 SF to nearly 1,200 SF, with the large units offering two baths in certain instances. The monthly rental charge varies by unit and size, with one bedroom rents ranging from \$1,300 to as much as \$2,500, and two-bedroom rents from \$2,000 to as much as \$3,200. These rents equate to between \$2 and \$3 per square foot on a monthly basis. The amount of services provided and amenities offered, influences pricing.

- Reportedly 335 independent living units are either under construction or in the approval process in Monroe County, and slated to open within the next two years. This represents roughly one-third of the supply of independent units constructed during the 1990s, indicating a 3 to 5 year supply, without considering redevelopment opportunities at the Iola Campus. Also, a few downtown Rochester projects have successfully drawn empty nester back to the urban core, and future downtown initiatives would compete with residential reuse at the Iola campus.

- An average monthly rent of \$2,000 equates to a household income of \$80,000 or more to be considered "affordable" based on HUD guidelines of 30% of income for housing. This is nearly four times the median household income of \$19,936 indicated for the 28,300 households 75 years or older in Monroe County estimated in 1999 by Claritas, Inc. This suggests that the supply of independent units built over the last 10 years has captured nearly 25% of the more affluent elderly households in Monroe County.

- Forecasted growth over the next five years in this sector is roughly equivalent to what is currently proposed or under-construction units (340 units), such that any future large scale expansion (500+) targeted for this sector only, may be at risk of oversupplying the market. A project with a blend of market (single and multi-family), independent and assisted units could be considered for the redevelopment, depending on the program and services provided.

- Pricing for approved elderly housing projects range between \$2,500 and \$8,200/units depending on location, density, infrastructure, etc., as show in Appendix Table 4. Assuming 6 to 10 units per acre this ranges equates to between \$25,000 and \$60,000/acre.

4. Retail

- Existing building improvements on the Iola Campus have little market or economic utility for reuse as either retail stores or as hotel/hospitality uses.

- Access and visibility are key locational components for retail and hospitality uses and as such those portions of the site with frontage to East Henrietta Road and Westfall Road would exhibit the better reuse potential.¹
- While Parcel B has 550 feet of frontage on East Henrietta, the presence of building #11, the central steam plant, serves as a locational detriment to the adjoining Parcel A. In other words the marketability of the 17 acre Parcel A would be enhanced without the steam plant.
- Retail sales activity and store count have not kept pace in the City of Rochester relative to either Monroe County or all of the Rochester Metropolitan Statistical Area. Despite increases in total sales in the City of Rochester, market share continues to be lost to other locations in Monroe County and to the increasing sub-urbanization of the MSA.
- In the "retail" region surrounding the Iola Campus there is an estimated 5 million square feet of retail, with approximately a 20.0% vacancy rate including several big boxes such as Value City, Hechingers, Caldors and Builder's Square.²
- Opportunities exist for some retail additions to the market, notably a modern, expanded grocery. **The commitment of such a store as an anchor tenant for potential retail development at the Iola Campus is key.**
- Several recent sales of shopping centers have occurred in Monroe County with prices ranging from \$535,000 to \$10.0 million. The average price was \$3.07 million. The estimated contribution of the land is \$85,000 per acre. The size of these properties ranged from 0.7 acres to 20.75 acres. The average size per parcel was 7.5 acres.

5. Hotel

- There are slightly more than 6,600 hotel rooms in Monroe County with nearly 28% of these built within the last decade.
- An additional 400 hotel units are planned for development in Monroe County. This represents an estimated two-year supply given recent development activity.

¹ Notably the 17.0± acres of Parcel A with 550 feet of frontage to East Henrietta Road and 1,300 feet of frontage to Westfall Road.

² It has also been reported that BJ's Wholesale Club will be relocating to Jefferson Avenue from its present location along Brighton-Henrietta Road. No reuse or new tenant for the to-be-vacated property has been reported.

Occupancy rates exceed 70.0%. However, there has not been much movement over the last five years as the occupancy rate has increased 2 percentage points. Over the 1995 to 2000 time period the average room rate has actually declined by \$3.00. This would indicate that continued absorption levels and occupancy rates have in part been maintained by keeping room rates low, or actually declining to remain competitive.

6. Recommendations

The following recommendations are offered for potential reuse of the Iola Campus, based on the consultants review of the site, access, market conditions, competing supply of developable land, available buildings and the costs associated with reuse or redevelopment of the site.

- Any reuse of the Iola Campus is likely to be a mixed-use development. There does not appear to be sufficient demand to support redevelopment or reuse of the site for a single category of use (ie. Office, retail, light industrial, elderly housing or hotel).

- The reuse of the existing historic buildings on the site is not likely unless the City and the Town of Brighton are willing to allow a higher level of density for redevelopment. Development density bonuses would allow a developer to average the total investment over a larger number of square feet in order to achieve a desired financial return. Without incentives, it is unlikely that reuse of the historic buildings can be made financially feasible.

- The presence of the steam plant is likely to inhibit the marketability of the site for redevelopment, particularly for upper end retail, office, hotel and housing uses.

- Development of the site for industrial uses has the worst projected financial return. However, the existing industrial buildings on the site are the most modern, and as such offer the highest level of potential for reuse.

- Large scale retail development is occurring outside of the Interstate 390 loop and given the insularity of the Iola Campus it is unreasonable that "big box" retail would locate on the site. However, potential exists for some neighborhood and convenience retail, especially if anchored by a large, modern grocery store. Given Wegmans' smaller unit on Mt. Hope Avenue and their reported desire for expansion and/or relocation (as well as their being a home-town company) they are the recommended first choice for additional discussions. Presumably, Wegmans with a 50,000± square foot store could anchor a small strip development which could include other neighborhood services such as a video store, hair salon, records (all store types which could serve the residential market as well as the college market) and sit-down chain restaurant such as Applebee's, Chili's or Outback (typically ranging from 6,000 to 10,000 square feet).

- It is unlikely that a hotel would be developed at the Iola Campus without some assurances of demand and without a compliment of other supporting uses. One such assurance of demand could be the University's and Strong Hospital's needs for hotel space off-site from their respective campuses. Another assurance could be an adjacent office park development (similar to Corporate Woods).

C. Overview of the Iola Campus and Facilities

The Iola Campus is located on the southern fringe of the City of Rochester, New York, and the central portion of the Town of Brighton. The campus consists of roughly 60 acres which are improved with sixteen buildings containing 308,000 SF. At the time of inspection, eight buildings totaling 193,700 SF were being utilized by County or municipal agencies. Most of the occupied buildings are post-1970 construction and used for vehicle maintenance/repair operations, workshops, warehouse, or group quarters purposes. The exceptions are the central steam plant building (Building 11) and the adjacent Building 10, which were built in the early 1900s along with the rest of the buildings at the campus. These occupied buildings are improved on roughly 25 acres of the campus.

The other seven buildings, containing 114,300 SF, were initially developed in the early part of the 1900s as a tuberculosis hospital. Over time they were converted to office use, but were closed in 1998 when the County relocated operations to downtown Rochester. These buildings are located on 17± acres, and are likely eligible for historic designation, given their age. The remaining 18± acres of the campus, which includes the portion in the Town of Brighton, are primarily undeveloped.

1. Site and Building Characteristics

- The location of the Iola Campus is excellent, and it is considered "suburban" given its convenient access to I-390.
- The prevailing non-residential uses in the surrounding neighborhood are institutional, and medical-related or general office uses. Residential uses are also apparent, mixed between single and multi-family developments. Neighborhood retail and services appear to be lacking.
- Zoning for the property is single family/low density residential. As such, redevelopment by the private sector for other uses, would require a zoning change.³

- For narrative and analysis purposes, the Iola Campus is divided into five separate parcels based on site development and current building utilization. Table 2 summarizes characteristics of each parcel which are illustrated in Map 1, which appears on the next page. More detailed information regarding the site and individual buildings is in the Appendix.
- The seven buildings with potential historic significance are located on Parcel A, and contain 114,300 SF. The major buildings (Buildings 1, 5 and 7) are multi-level, central corridor, former office buildings which would need complete renovation for reuse as either office or multi-family residential, including selective demolition. This would be necessary to correct physical and functional obsolescence associated with deferred maintenance, the narrow building design, and code issues (life safety, ADA, BOCA, seismic, etc.). In addition, asbestos, lead paint and other hazardous materials would need to be abated.

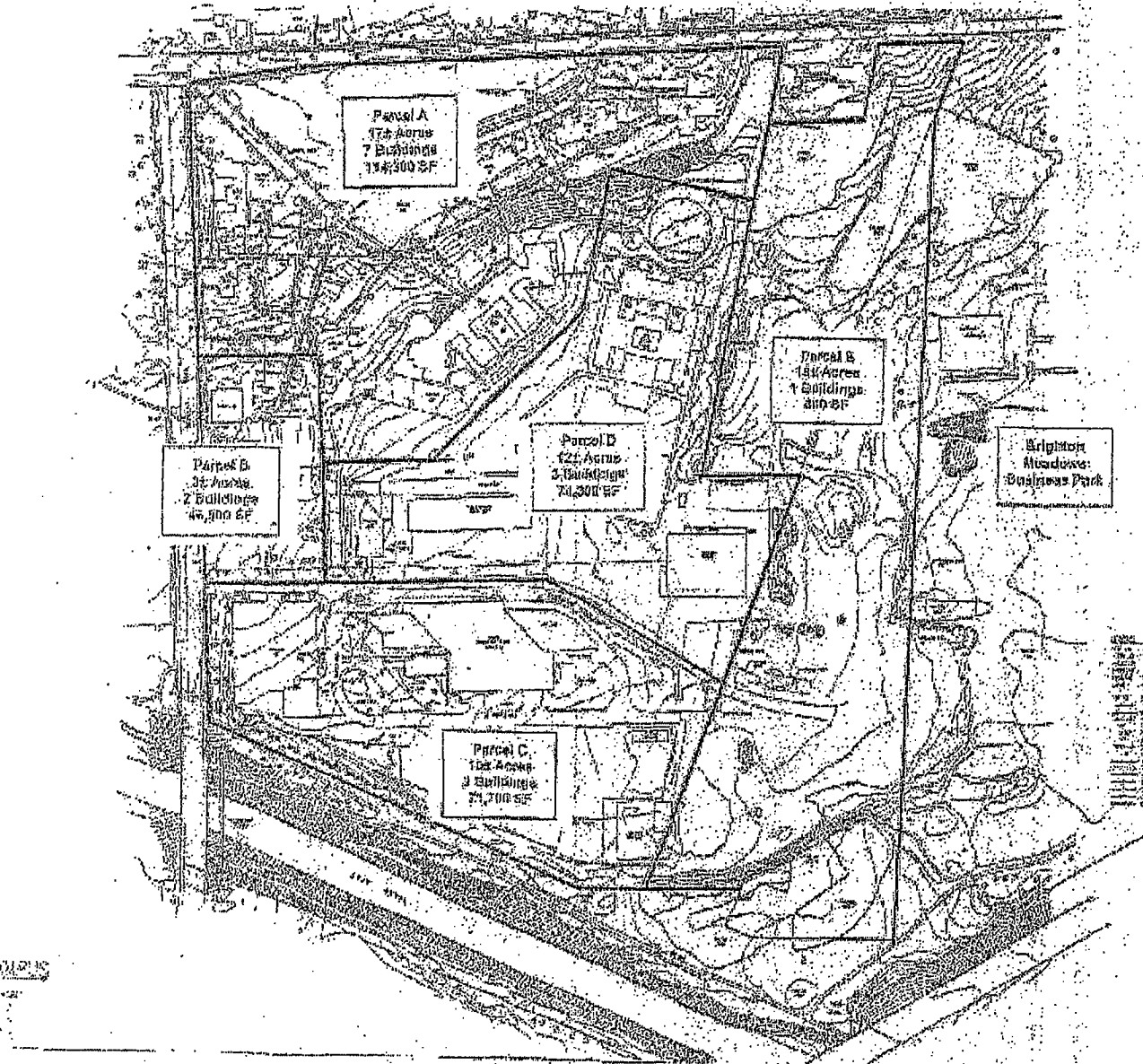
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 * Assumes major renovation, selective demolition; code compliance, etc.

Source: County of Monroe and RKG Associates, Inc.

³ The Rochester portion is zoned IPD-Institutional Planned Development. However, if the County were to transfer the property to the private sector the zoning designation reverts to R-1, single family (4,000 SF/unit), according to Chapter 115-42 "Annexed land and public land" in Rochester's zoning ordinance. The Brighton portion is zoned low density residential (13,500 SF/unit), despite being adjacent to an approved office/business park.



LEGEND

- 1. Existing Buildings
- 2. Proposed Buildings
- 3. Existing Roads
- 4. Proposed Roads
- 5. Existing Utility Lines
- 6. Proposed Utility Lines
- 7. Existing Site Lines
- 8. Proposed Site Lines
- 9. Existing Topography
- 10. Proposed Topography
- 11. Existing Contours
- 12. Proposed Contours
- 13. Existing Easements
- 14. Proposed Easements
- 15. Existing Right-of-Way
- 16. Proposed Right-of-Way
- 17. Existing Wetlands
- 18. Proposed Wetlands
- 19. Existing Flood Hazard
- 20. Proposed Flood Hazard
- 21. Existing Survey Lines
- 22. Proposed Survey Lines
- 23. Existing Property Lines
- 24. Proposed Property Lines
- 25. Existing Encroachments
- 26. Proposed Encroachments
- 27. Existing Obstructions
- 28. Proposed Obstructions
- 29. Existing Utilities
- 30. Proposed Utilities
- 31. Existing Structures
- 32. Proposed Structures
- 33. Existing Features
- 34. Proposed Features

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- Parcel B contains the central steam plant (Building 11) which has a highly visible location. Its use and appearance is not conducive to attracting high-value uses for the redevelopment at the rest of the campus. This plant also provides steam to other Monroe County facilities. Reuse for this building and adjacent Building 10 appear limited.
- Parcel C is improved with three post-1980 industrial-type buildings which are currently utilized. This parcel also has frontage on the Erie Canal, which is considered to be a resource, and could be a "natural" amenity for the redevelopment. However, the existing buildings on Parcel C do not complement this resource, nor do they contribute to attracting high-value redevelopment, that would benefit from such a resource.
- Parcel D is in the central part of the campus, and its elevation is lower than the adjacent Parcel A. This parcel is improved with two post-1980 industrial buildings, and a post-1970 detention center for juveniles. Continued operations at these buildings would also conflict with potential high-value redevelopment at the rest of the campus.
- Parcel E is primarily an undeveloped tract at the eastern end of the campus, including the portion of the property in the Town of Brighton. This parcel has various site constraints associated with its access and topography.
- The Iola Campus also has an internal road system with different parking lots, fenced storage yards and confinement areas, and a full complement of utilities including a network of tunnels for steam and other lines. The condition of the asphalt appears worn in many places and the infrastructure and utility systems/lines are likely suspect, given their age, and would need replacement/upgrade with redevelopment.
- A cost of \$8.58 million for capital improvement projects was estimated by the County in 1996, as part of a five-year budget, although the projects were never performed. This figure equates to more than \$50/SF, based on the 160,000 SF of pre-1970 buildings at the Iola Campus. In addition, a cost of \$293,000 was estimated in a December, 1997 "Asbestos Survey" for abatement of asbestos-containing materials in the potential "historic" buildings (excluding the central steam plant) and the network of tunnels. This represents a factor of roughly \$2.30/SF. These costs could be understated since they are represented in 1996 and 1997 dollars. A summary of various projects and their associated costs is included in the Appendix, as well as the Iola building matrix-itemizing areas of each building.

D. Real Estate Market Conditions

- Employment in the Rochester MSA increased by 46,000 jobs between 1990 and 1999, and the region has reportedly become the second largest employment center in the State

of New York. Employment growth is reportedly concentrated in services, retail and telecommunication industries. The manufacturing sector did not experience any employment growth during this period. In fact, 20,000 jobs were lost in this sector. This transition in the employment base is reflected in the real estate market.

1. Light-Industrial Market

A supply of more than 700 acres of ready-to-go sites exists at nine established industrial parks in the region, as shown in Appendix Table 1. The City of Rochester has a small supply, of which 16 acres are available at the Rochester Science Park, which is near the Iola Campus. The retail price for "finished" lots at these parks ranges from \$50,000 to \$80,000/acre. Cumulative sales at these industrial parks have averaged between 40 and 70 acres per year, indicating a competitive supply exists for the next 10 to 20 years. Wholesale prices for "raw" land range from less than \$10,000/acre to roughly \$40,000/acre, depending on location, future infrastructure needs, zoning changes, etc. Raw land values appear to be about 20% to 50% of retail prices, depending on future on-site and off-site costs for a development. Sales data for commercial and industrial parcels having 10 acres or more in size are exhibited in Appendix Table 2.

Industrial building vacancy in the Rochester region for 1999 was reportedly 7%, or roughly 4.6 million SF.⁴ This figure would nearly double if the available space at Kodak's former Elmgrove plant were included.⁵ Absorption over last year was reported at 400,000 to 600,000 SF, suggesting a 5 to 15 year supply of available industrial space.

More than 1 million SF of industrial type building was also reported to have been under construction, proposed or completed in 1999. Demand was evenly mixed between manufacturing, warehouse and flex space. Most new construction was on a build-to-suit basis, and typically at the expense of the existing inventory which in some cases cannot be economically upgraded to meet the needs of a potential user. A few large blocks of former end-user industrial space was reportedly being regenerated for multi-tenant use. Downtown Rochester was also reportedly undergoing a renaissance, complete with conversions of older, multi-level industrial space into residential units and lofts.

⁴ Pyramid Brokerage, 2000 Annual Market Review - Industrial

⁵ Kodak's Elmgrove plant consists of 500± acres and is improved with 4.7± million SF of modern, high bay industrial and office space. It was reportedly transferred for \$30 million to a California developer, who in turn transferred 1.0± million SF, suggesting that 3.7± million SF is available. This amount would increase the available space to more than 8 million SF, suggesting a vacancy rate of 12%.

- New space being developed is leasing for \$6/SF, while new "flex" space is leasing for \$9/SF, both on a net basis. Older "modern" buildings rent for between \$3 and \$5/SF depending on location, use, age, fit-up, etc.. Industrial buildings are generally selling for between \$5/SF and \$50/SF, depending on location, style, age, condition, utilities, potential renovation costs, etc. New buildings are reportedly being constructed within a \$25/SF and \$60/SF range.
- The post-1980, light-industrial buildings at the Iola Campus were designed primarily for vehicle maintenance and warehouse use, suggesting that reuse for distribution would be appropriate. Distribution would also take advantage of the campus's central location within Monroe County as well as convenient interstate access.

2. Office Market

- The office market in Monroe County has an inventory of nearly 5 million SF of Class A properties, of which 2.7 million SF is located in the suburbs. The Towns of Brighton and Perinton are the major locations for suburban office users. Presently, Class A office vacancy in the suburban market is in the 4% to 6% range, as evidenced by 115,000 SF available, while in downtown Rochester Class A vacancy ranges between 9% and 10%, and nearly 200,000 SF is available. Absorption trends over the last year indicate less than a one-year supply exists, which is the reason Class A office development is occurring in the suburbs.⁶
- A supply of 6.8 million SF of Class B office properties exists in Monroe County, with more than 4.1 million SF in downtown Rochester. Overall vacancy for Class B property is more than 21%, indicating availability of 1.46 million SF. Most of this available space (1.18 million SF) is in downtown Rochester.⁷
- In downtown Rochester, absorption of Class B space between 1990 and 1999 has cumulatively totaled *negative* 225,000 SF. Between 1998 and 1999, nearly 476,000 SF was absorbed, which offset *negative* absorption in the prior year of nearly 225,000 SF.⁸ This indicates a prodigious supply of Class B buildings exists in downtown Rochester; that conversion to alternative uses or demolition would be a means of reducing vacancy. Reuse of the potential historic building at Iola for office, assuming renovations, would compete with this Class B supply.

⁶ Pyramid Brokerage, 2000 Annual Market Survey - Office

⁷ Ibid.

⁸ May, 1999 Survey of Downtown Office Space by the Rochester Downtown Development Corporation

- In comparison, nearly 1.1 million SF of office buildings were constructed in the Town of Brighton between 1990 and 1999, as exhibited in Appendix Table 5, and many buildings were Class A properties. Some of the most notable projects include the final phase of Corporate Woods, expansion at Linden Oaks, two new buildings at Meriden Centre, as well as medical office development at Brighton Meadows and Clinton Crossing, where two buildings are currently under construction.⁹

- The range in Class B rents is quite diverse, quoted from as low as \$3/SF to as high as \$18/SF. It generally ranges between \$8 and \$15/SF, on a modified gross basis. In comparison, Class A rents typically range from \$17/SF to \$20/SF. Location, availability and cost of parking are some of the key factors influencing pricing. Suburban rents typically include on-site parking, making it equally if not more economical than downtown. Suburban Class A rents typically range between \$18 and \$20/SF, although asking prices are currently being quoted in excess of \$20/SF. Class B rents range between \$10 and \$15/SF, also on a modified gross basis. Depending on the condition of the unit, term of the lease, etc., fit-out allowances range between \$5/SF and \$20/SF.

- Land pricing for finished lots approved for office development ranges between \$100,000 and \$150,000/acre in the Brighton market. This equates to \$10 to \$15/SF of potential building area, assuming a density of 10,000 SF per acre. Wholesale prices range from \$20,000/acre to \$70,000/acre depending on infrastructure, zoning, location, etc., or 20% to 50% of retail lot prices. Five to fifteen acres per year have been developed for office use in Brighton during the 1990s. Appendix Table 2 exhibits sales of large commercial and industrial tract (10 acres or more) in Monroe County, and Appendix Table 3 illustrates office land sales in Brighton.

- Sale pricing for office buildings range from less than \$5/SF to more than \$100/SF. Class B and below style buildings are trading in the lower end of the range (\$5 to \$30/SF) while Class A buildings are at the higher end (\$50/SF to \$100/SF). Location, condition, amenities, parking, renovations, etc. influence value. As shown in Appendix Table 5, the cost for new office construction in Brighton ranges between \$40/SF and \$100/SF, depending on the use, the level of interior finish, mechanicals, etc.. This figure increases to \$60/SF and \$110/SF when including the cost of the land. This range is likely the amount that would be required to renovate and upgrade the potentially "historic" buildings at the Iola Campus to market standards. However, the Iola buildings would be considered "Class B" properties, despite incurring Class A costs for renovation. A similar renovation cost range would likely be necessary for

⁹ Brighton Office Market Study prepared in January, 2000 by Bruckner, Tillett, Rossi, Cahill & LeGrett (BTRCL)

conversion to residential, where similar bonuses would also be needed to attract investment.

- Presently, there is a limited supply of existing Class A office space in Brighton. However, approvals are in place or buildings are under construction for an additional 865,000 SF of office space. This equates to nearly 80 acres, without considering any proposed redevelopment at the Iola Campus. This proposed inventory represents a 5 to 10 year supply, based on historic trends. This proposed development will likely be at the detriment of older, Class B properties. This figure does not include an additional 500,000 SF of mixed office, flex and commercial space at the proposed Brighton Business Park, which is on hold due to a required zoning change and a temporary moratorium in Brighton.

3. Elderly Housing Market

Elderly housing is becoming one of the fastest growing sectors in the residential real estate market, due to the aging of the "baby-boom" generation. The Rochester region has experienced significant growth in this sector over the past ten years, as evidenced by the addition of nearly 900 "independent living" units at nine projects in the Rochester region. Included in this supply are nearly 600 units at seven developments which opened between 1997 and the early part of 2000. Presently, the occupancy at these new developments is stable at 95% or higher, suggesting market acceptance. Appendix Table 5 exhibits these developments.¹⁰

Most of the projects range in size from 50 units to as much as 150 units. Some of the smaller projects are strictly independent living, while some of the other such as St. John's Meadow and the Summit offer a continuum of care such as assisted or enriched living units, where skilled-care is provided. Another project, the Village at Park Ridge, is built adjacent to the hospital campus in Greece, and this project is also undergoing expansion at this time. The medical-related uses in the surrounding neighborhood of the Iola Campus would complement elderly housing reuse.

The independent living developments offer a wide variety of unit sizes which range from "cottage" or single family type units to garden style apartments of one and two bedrooms. The one-bedrooms range in size from 500 to 750 SF and in a few cases to 900 SF. The two-bedroom units range from 600 SF to nearly 1,200 SF, with the large units offering two baths in certain instances. The monthly rental charge varies by unit and size, with one bedroom rents ranging from \$1,300 to as much as \$2,500, and two-bedroom rents from \$2,000 to as much as \$3,200. These rents equate to between \$2 and \$3 per square foot on a monthly basis. The amount of services provided and

¹⁰ "Senior Housing Market Study of the Rochester, NY Market as of January, 2000" prepared by Bruckner, Tillett, Rossi, Cahill & Leggett (BTRCL)

amenities offered, influence pricing. Appendix Table 7 exhibits current rental charges at various projects.

- Reportedly 335 independent living units are either under construction or in the approval process in Monroe County, and slated to open within the next two years. This represents roughly one-third of the supply of independent units constructed during the 1990s, indicating a 3 to 5 year supply, without considering redevelopment opportunities at the lola Campus. Also, a few downtown Rochester projects have successfully drawn empty-nester back to the urban core, and future downtown initiatives would compete with residential reuse at the lola campus.

- An average monthly rent of \$2,000 equates to a household income of \$80,000 or more to be considered "affordable" based on HUD guidelines of 30% of income for housing. This is nearly four times the median household income of \$19,936 indicated for the 28,300 households 75 years or older in Monroe County estimated in 1999 by Claritas, Inc. This suggests that the supply of independent units built over the last 10 years has captured nearly 25% of the more affluent elderly households in Monroe County.

Forecasted growth over the next five years in this sector is roughly equivalent to what is currently proposed or under construction units (340 units), such that any future large scale expansion (500+) targeted for this sector only, may be at risk of oversupplying the market.¹¹ A project with a blend of market (single and multi-family), independent and assisted units could be considered for the redevelopment, depending on the program and services provided.

Pricing for approved elderly housing projects range between \$2,500 and \$8,200/units depending on location, density, infrastructure, etc., as show in Appendix Table 4. Assuming 6 to 10 units per acre this ranges equates to between \$25,000 and \$60,000/acre.

4. Retail

This section presents the baseline retail conditions for the City of Rochester, Monroe County and the Rochester Metropolitan Statistical Area (MSA). Retail sales, store count and productivity, from the U.S. Census of Retail Trade, are assessed for these market areas; retail inventories are developed where appropriate; and, an overview of market activity is presented. Finally, the potential for retail use of the lola Campus is presented.

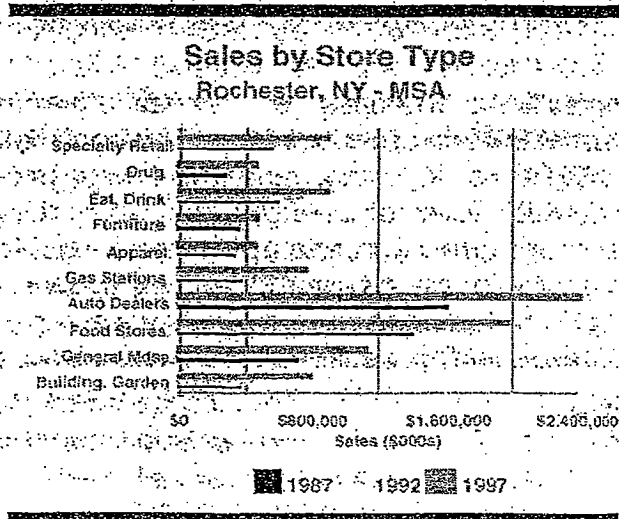
¹¹ Households aged 75 years and older in Monroe County, as presented in the BTRCL report, are forecasted to increase by 1,200 households over the next five years. Assuming 25% have the income potential for high-end independent units, suggests growth of roughly 300 additional households.

Over the past several years the core, central cities of many urbanized areas (particularly older areas) have continued to decline, or lose market share, to the suburban districts, either in the central county or in the broader metropolitan region. A review of Census data will assist in presenting the picture for Rochester. Sales, store count and sales productivity are compared for all three areas in the following¹² figures and tables.

a. Sales

Retail sales¹³ increased throughout all three regions during the 1987 to 1997 period. Sales across the Rochester MSA increased by nearly 60.0%, with Monroe County experiencing an increase of 47.0% in retail sales and the City of Rochester exhibited a single digit, 9.0% increase in retail sales. As such, the percent increase in retail sales activity for the City of Rochester has been about one-fifth that of Monroe County and one-sixth that of the MSA.

Figure 1: Between 1987 and 1997, retail sales in the Rochester MSA increased by nearly \$3.7 billion, rising from \$6.3 billion in 1987 to slightly more than \$10.0 billion in 1997. This reflects a growth rate of 59.5% for all store types across the board. Building materials stores exhibited the greatest percent increase at 129.0%, while furniture stores experienced the least percent growth at 36.1%.



¹² Please refer to the Appendix for a more detailed table.

¹³ Sales data from the US Census of Retail Trade reflect sales for the year reported and not adjusted for inflation.

Figure 2: Retail sales increased by slightly less in Monroe County than in the MSA. In the County, retail sales in 1987 were around \$4.9 billion and increased by 47.4% to \$7.2 billion in 1997 - an increase of \$2.3 billion in total. Similar to the metropolitan area, building goods stores had the greatest percent growth at nearly 131.0%. However, in the County it was apparel stores that grew the least, by about 28.0%. Other store types, which realized sales increases in excess of the County average (47.4%), include gas stations, drug stores and specialty retailers.

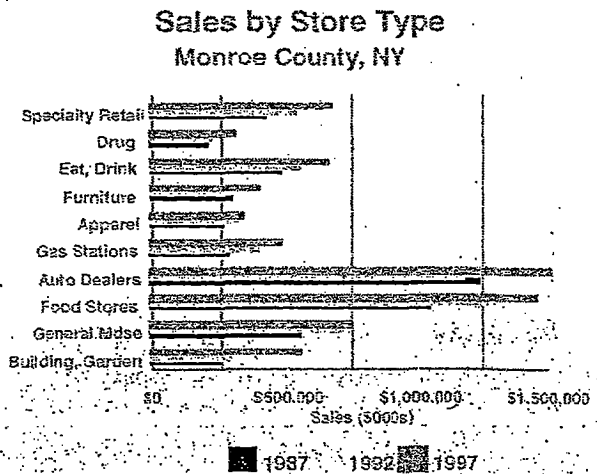


Figure 3: Overall, according to the U.S. Census, retail sales grew in the City of Rochester, NY, by 9.0% between 1987 and 1997, rising from \$1.21 billion to \$1.32 billion. Two store types more than doubled their sales in this time period. These were building materials stores (with a 150.0% increase) and general merchandisers (with an increase of 118.0%). Several store types lost sales including food stores, and furniture shops.

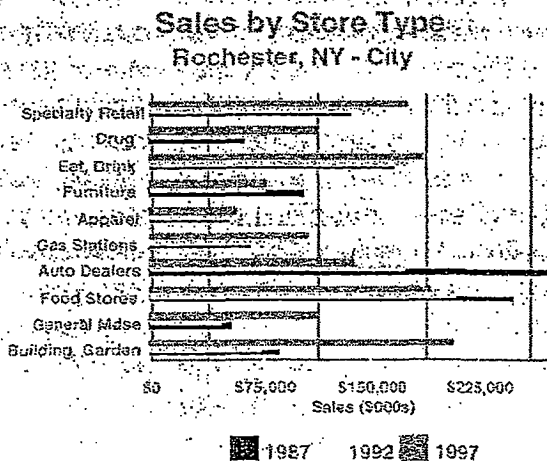


Figure 4: In 1987 retail sales in the City of Rochester accounted for 25.0% of the retail sales activity in Monroe County. By 1997 this percentage had declined to 18.5% of the County. Gas stations held their own, declining from 24.3% in 1987 to 22.4% in 1997. General merchandisers actually increased, going from a 9.4% representation in 1987 to a 14.9% share in 1997. Similarly, drug stores increased from 32.0% to 37.3%. Building and garden supply stores also increased. Other store types lost market share as a percent of County sales, with food stores and furniture stores declining by more than one half.

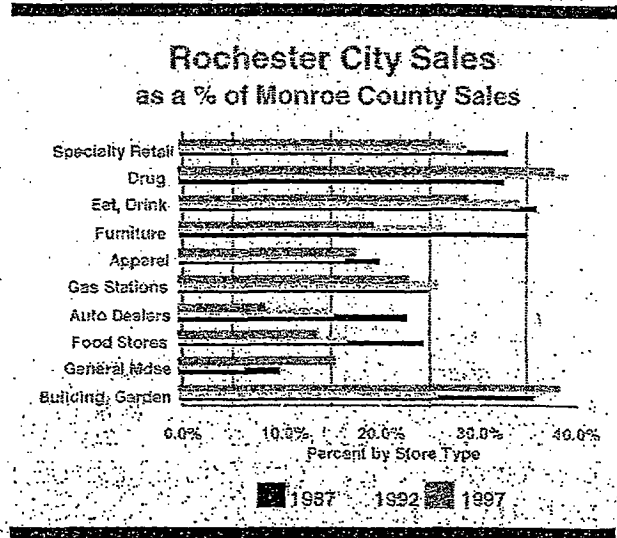
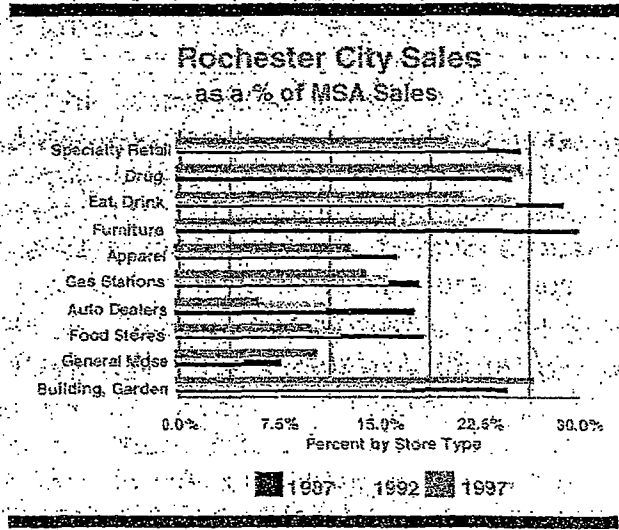


Figure 5: In 1987 retail sales in the City of Rochester accounted for 19.3% of the retail sales activity throughout the metropolitan area (MSA) and declined to 13.2% by 1997. With the exception of building materials and garden stores, general merchandisers and drug stores all other store types in the City of Rochester, declined in market share relative to the MSA.



The following table highlights the change in total sales and market share for the City of Rochester.

TABLE 3 : Retail Sales in \$Millions - 1987, 1992 and 1997

Location	1987	1992	1997	%'87-'97
Rochester City	\$1,213.6	\$1,095.4	\$1,322.8	9.0%
Monroe County	\$4,851.3	\$5,607.6	\$7,152.3	47.4%
Rochester MSA	\$6,301.2	\$7,693.2	\$10,047	59.5%
Rochester as a %				
Monroe Co.	25.0%	19.5%	18.5%	(26.0%)
MSA	19.3%	14.2%	13.2%	(31.6%)

Source: U.S. Census Bureau and RKG Associates, Inc.

b. Store Count

In total, there was a decline of nearly 14.0% in the number of stores in the City of Rochester between 1987 and 1997. This represented a loss of nearly 200 stores. This contrasts with a 2.0% decline in the number of retail stores in Monroe County, reflecting an absolute loss of about 65 stores. Store count within the MSA increased by more than 8.0% or slightly more than 450 stores. As such, the trend indicates the increasing sub-urbanization of retail and shopping venues in the MSA at the expense of the central city and core county. The following figures present more detailed information for each of these geographic areas by store type. In each area there were retail additions and losses, with no one area exhibiting either growth or decline in each store type. However, there was a decline, across all areas, in the number of grocery stores, furniture stores and miscellaneous, specialty retailers.

Figure 6: The total number of retail stores in the City of Rochester declined from 1,453 in 1987 to 1,257 in 1997. Leading this loss was furniture stores, specialty retailers, grocery stores and auto dealers - all with double digit percentage declines. Gas stations, apparel shops and even eating, drinking places all experienced single digit percentage declines. Store types which increased their presence in the City of Rochester, each by about 35.0% or so, included building materials shops, general merchandisers and drug stores.

Change in Store Count by Type
Rochester, NY - City

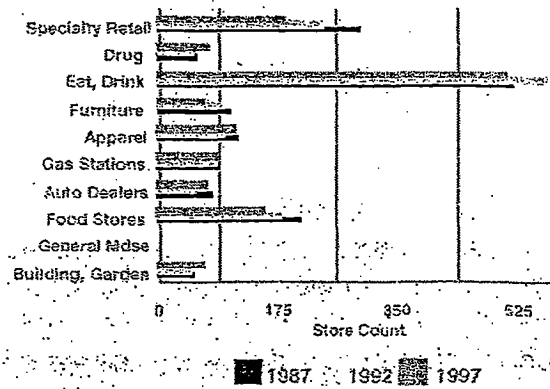


Figure 7: There were 3,988 retail establishments in Monroe County in 1987 and by 1997 this had declined to 3,924 establishments. Specialty retailers, furniture stores, auto dealers and grocery stores all experienced declines greater than 10.0 percent, while the number of apparel shops declined by about 5.0 percent. All other store types increased their presence in the County with drug stores adding 80 units for a near 70.0% growth. The number of eating and drinking places increased by nearly 20.0% and added slightly more than 200 establishments.

Change in Store Count by Type
Monroe County, NY

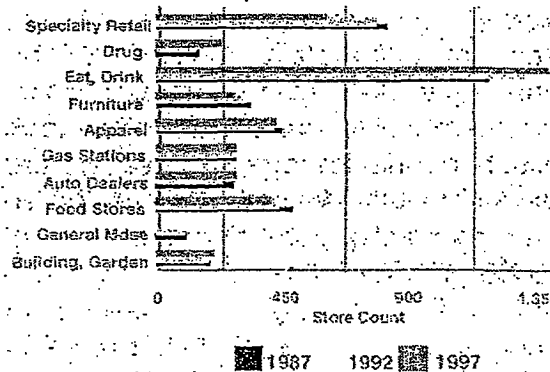


Figure 8: The MSA has experienced an increase in the number of retail stores, from 5,565 in 1987 to 6,022 in 1997 - an increase of 457. Despite this growth there were certain store types which declined including miscellaneous, specialty retailers, furniture stores, grocers and general merchandisers (although the absolute decline in this latter category was only three businesses). Contrary to the City of Rochester and Monroe County, the MSA realized a nominal growth in the number of apparel stores, likely reflecting their high concentration as tenants in shopping malls. The MSA added 136 drug stores for a growth rate of slightly better than 81.0 percent.

**Change in Store Count by Type
Rochester, NY - MSA**

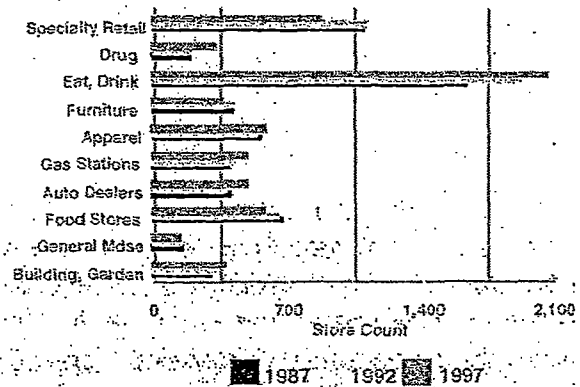


Table 4 presents the retail store count for each of these areas and the change from 1987 to 1997, indicating that the number of stores in the City of Rochester has declined as a percentage of the number of retail stores in both Monroe County and throughout the MSA.

TABLE 4 : Number of Retail Stores - 1987, 1992 and 1997

Location	1987	1992	1997	% '87-'97
Rochester City	1,453	1,348	1,257	(13.5%)
Monroe County	3,988	3,893	3,924	(1.6%)
Rochester MSA	5,565	5,881	6,022	8.2%
Rochester as a %				
Monroe Co.	36.4%	34.6%	32.0%	(12.1%)
MSA	26.1%	22.9%	20.9%	(19.9%)

Source: U.S. Census Bureau and RKG Associates, Inc.

c. Sales Productivity

Despite some losses in store count for both the City of Rochester and Monroe County, both experienced an increase (as did the MSA) in sales productivity, or average sales, by store. In the City, the average sale for all stores in 1987 was about \$835,300 which increased by 26.0% to \$1,052,300 by 1997. The increase in total stores sales productivity in Monroe County, over the same time period, was near 50.0% rising from \$1,216,500 in 1987 to \$1,822,700 in 1997. Similarly, the increase in the Rochester MSA was nearly 50.0%, going from \$1,132,300 in 1987 to \$1,668,500 in 1997. It was only in the MSA that all stores types realized an increase in their average sales between 1987 and 1997 as drug stores sales increased by a nominal 0.3%. In Monroe County the average drug store sales declined by about 5.0%. In the City of Rochester the only store type to experience a decrease in average sales was auto dealers. The following figures present data by store type and by each geography:

Figure 9: Despite a decline in the number of grocers in the City of Rochester, the average sales per store increased by about 5.0% between 1987 and 1997. All other store types, excluding the loss exhibited by auto dealers, realized a double digit increase in average sales productivity from a high of 110.3% among specialty retailers to 13.8% for eating and drinking establishments.

Sales Productivity by Store Type
Rochester, NY - City

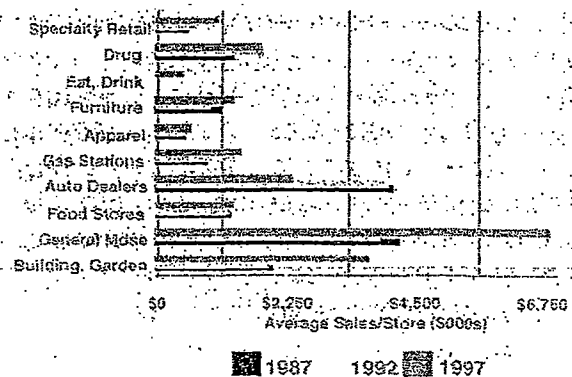


Figure 10: The average sales productivity, among retail stores in Monroe County, grew by 49.8% between 1987 and 1997. All store types, except drug stores, experienced a double-digit percent increase in sales productivity. Drug stores exhibited a 5.0% decline in average sales, going from \$1,547,200 to \$1,470,600. Both building goods stores and miscellaneous, specialty retailers exhibited growth in sales productivity exceeding 100.0 percent.

Sales Productivity by Store Type
Monroe County, NY

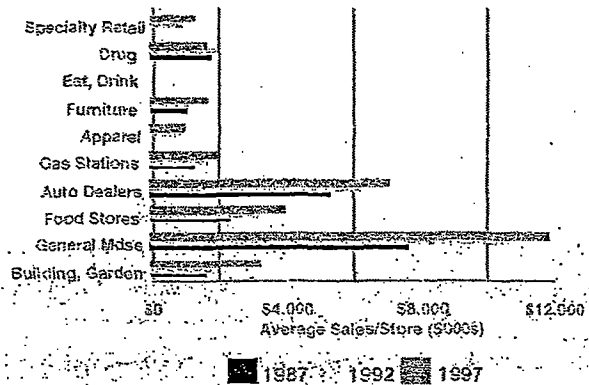


Figure 11: Similar to Monroe County, the average sales productivity for retail stores in the MSA increased by 47.4% between 1987 and 1997. However, in the MSA all store types realized an increase in their average sales and with the exception of drug stores (with an increase of only 0.3%) all store types experienced a double-digit percent gain. This ranged from a low of 19.7% among eating, drinking places to a high of 108.3% among specialty retailers.

Sales Productivity by Store Type
Rochester, NY - MSA

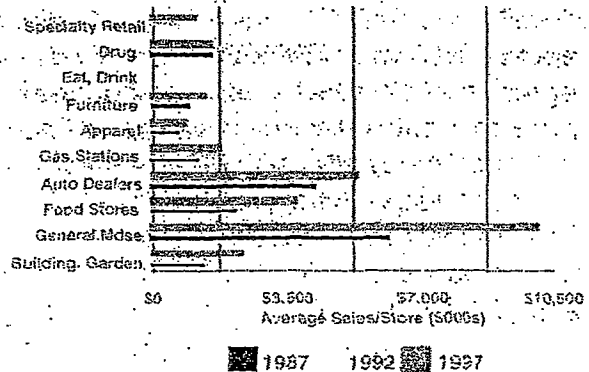


Figure 12: In 1987 the average sales per store in the City of Rochester represented 68.7% that in the County. This percentage slipped to a 57.7% representation by 1997. While several store types "held their own" such as eating and drinking places or specialty retailers, most store types declined, i.e., the average sales per store in the City declined relative to the County. One exception is the average sales among drug stores which were 81.4% in 1987 (City as a percent of County) and increased to a 116.5% representation by 1997.

Average Sales by Store Type
Rochester as a % of Monroe Co.

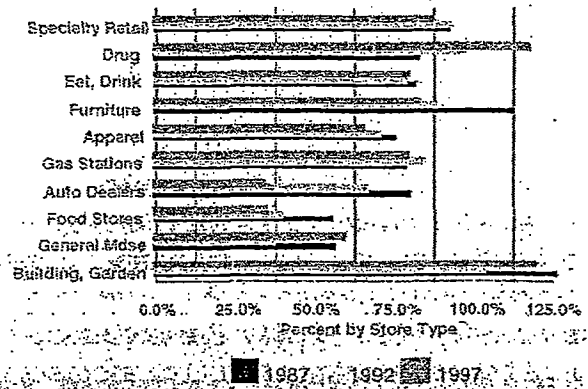


Figure 13: Average sales per store in the City of Rochester were 73.8% of the average sales in the MSA in 1987. This declined to a 63.1% representation by 1997. Major declines include grocery stores (from 57.3% in 1987 to 35.1% in 1997).

Average Sales by Store Type
Rochester as a % of MSA

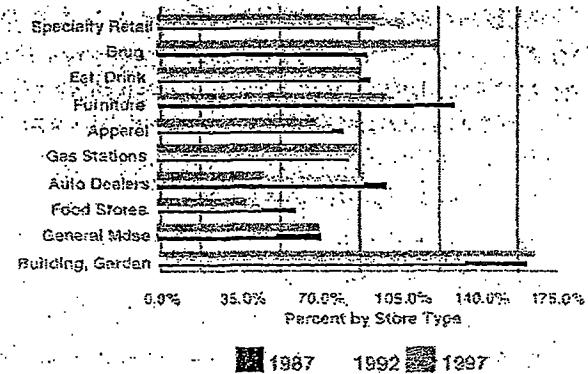


Table 5 presents average sales per store (all stores) for each of the three areas for 1987, 1992 and 1997.

TABLE 5 : Sales Productivity in \$000s - 1987, 1992 and 1997

Location	1987	1992	1997	% '87-'97
Rochester City	\$835.3	\$812.6	\$1,052.3	26.0%
Monroe County	\$1,216.5	\$1,440.4	\$1,822.7	49.8%
Rochester MSA	\$1,132.3	\$1,308.1	\$1,668.5	47.4%
Rochester as a %				
Monroe Co.	68.7%	56.4%	57.7%	(16.0%)
MSA	73.8%	62.1%	63.1%	(14.5%)

Source: U.S. Census Bureau and RKG Associates, Inc.

Conclusions - Despite some increases in total overall sales in the City of Rochester, these increases have not kept pace with those in either the County or the MSA, reflecting the continued sub-urbanization of the retail economy in Rochester. Similarly, store count and new development has typically occurred outside of the City limits and Monroe County limits. One exception has been the growth in the number of drug stores as the City has added 17 new drug stores (1987 to 1997) and the County, inclusive of the City, has added 80 drug stores. Average sales per drug store declined in the County between 1987 and 1997, although they experienced an increase within the City of Rochester.

Part of the growth in drug store count, as well as sales activity, may be attributed to the continuing decline in the number of grocery stores, especially within the City. In 1987 there were 203 grocers in the City of Rochester and by 1997 there had been a 28.0% decline to only 147 grocers. As such, sales activity declined and the average sales per grocery store was fairly stagnant at \$1.22 million in 1987 and \$1.27 million in 1997. The newer drug stores, ranging from 13,000 to 15,000 square feet in size, and carrying expanded food and grocery departments, have been built to replace this decline.¹⁴

¹⁴ It is not surprising to witness several recent drug store developments, or expansions, such as CVS and Eckerds, occupying opposite side of the street intersections throughout Rochester.

d. Competing Inventory

A complete retail inventory of the City of Rochester was beyond the scope of this analysis. However, a field survey of many of the shopping centers around the Iola Campus is appropriate and is presented in Table 6.

TABLE 6 : Selected Shopping Centers in the Iola Campus Area
Rochester & Brighton, NY

	GLA ^{1/}
MarketPlace Mall	1,116,000
SouthTown Plaza	492,600
BJ's Plaza	185,000
Hechingers, Marshalls	147,700
Henrietta S/C	123,000
Scutti Plaza	262,600
Kmart	126,000
Sieman Plaza	150,000
WestOver Plaza	9,000
Coho's Commons	263,000
HenVee	215,000
Henrietta Plaza	123,000
Kmart/Builders Square	355,000
Southview Commons	51,000
Wegmans	61,600
West Brighton	170,000
Sams, Wal-Mart	350,000
Staples Plaza	200,000
Home Depot	110,000
TOTAL	4,510,500

Notes: ^{1/} Gross Leasable Area rounded to the nearest 100 SF.

Source: National Research Bureau of Chicago, IL, and RKG Associates, Inc.

As reflected in this selected listing of shopping centers, there is more than 4.5 million square feet of existing retail inventory near the Iola Campus. This listing excludes many of the smaller centers and/or freestanding retail venues, which if estimated to represent another 10.0% of the inventory indicates nearly 5.0 million square feet of shopping alternatives. Field analysis indicated that this space is about 20.0% vacant with several big box vacancies such as the former Builder's Square and Caldors Department Store.

Conclusions - There is a great deal of competing and alternative shopping venues around the Iola Campus, particularly with respect to big boxes and strip centers, malls and regional and nation chains. However, most of this alternative shopping space is to the south and east of the Iola Campus, with diminishing options northbound to downtown Rochester. Of particular note is the lack of a large, modern grocery store. Tops has a newer unit to the east, on South Clinton Road, and Wegmans has an older, small unit just to the north on Mt. Hope Avenue (Route 15). This Wegmans appears to be small in size to properly serve the market and it has been reported that Wegmans has sought alternative sites for development and expansion. One such site is just to the north of the existing Tops, at the intersection of Elmwood and South Clinton. However it has been reported that Wegmans was unable to acquire this site.

If Wegmans were able to procure a site to the east of the Iola Campus, it is uncertain whether the Mt. Hope store would remain open. Reportedly, the University of Rochester would like to see the Wegmans on Mt. Hope Avenue remain open, as it serves the college consumers due to its proximity to the campus. Considering this factor, and presumably Wegmans continued desire for expansion and/or relocation, a site at the corner of the Iola Campus makes good market sense. Presumably, Wegmans with a 50,000± square foot store could anchor a small strip development which could include other neighborhood services such as a video store, hair salon, records (all store types which could serve the residential market as well as the college market) and sit-down chain restaurant such as Applebee's, Chili's or Outback (typically ranging from 6,000 to 10,000 square feet). The potential for retail development at the Iola Campus would depend heavily on the commitment of a local anchor tenant such as Wegmans.

e. Shopping Center Sales

A total of 28 sales of shopping centers¹⁵ was reviewed for this analysis. These sales are all fairly recent, from 1995 through 1999, and indicate the following:

- Sales of shopping centers (Monroe County) ranged in size from 34,200 square feet to nearly 204,000 square feet. The average shopping center size was 79,500 square feet.
- The total selling price for these centers was \$85.87 million, ranging from \$535,000 to \$10.0 million. The average price was \$3.07 million.

¹⁵ Utilizing New York state data and land use codes 451 (regional shopping centers); 452 (neighborhood shopping centers); and, 453 (regional shopping centers).

- These retail properties accounted for about 210.0 acres of land, ranging from a small parcel of 0.7 acres to a large parcel of 20.75 acres. The average size per parcel was 7.5 acres.
- The average floor area ratio (FAR) for these parcels was slightly less than 25.0%, indicating that three-fourths of the land was unimproved on average.
- The average selling price for the retail centers is \$38.00 to \$40.00 per square foot. It is interesting to note that existing shopping centers are being sold for less than it could cost to build them new. Estimated costs to rehabilitate some of the buildings on the Iola Campus exceed \$100 per square foot, and as such this further indicates that there is little reuse potential for the existing building inventory at the Iola Campus for retail uses.

• The estimated contribution of the land is \$85,000 per acre.

f. Land Sales

Eleven recent sales¹⁶ of commercial land in Monroe County have been reviewed and these indicate the following:

- These sales represented \$9.18 million in real estate activity, ranging from a transaction of \$100,000 to one of \$3.0 million.
- The size of these parcels ranged from 13.06 acres to nearly 78.00 acres with the average size being 24.34 acres. In total these sales accounted for 267.78 acres.
- The average selling price per acre was \$34,300, however, whether the land was improved with roadways and other utilities/infrastructure is unknown. Wegmans Food Markets Inc. purchased a 77.0 acre parcel in Webster at an average price of \$38,500 per acre.
- One 10.6-acre parcel on Westfall Road, in Brighton, sold for \$84,700/acre which is in line with the estimated contributory value of the land from the retail center sales (noted above).

¹⁶

Since 1996 with most of the transactions occurring in 1999.

5. Hotel

This section reviews the existing hotel and lodging market within Rochester (Monroe County) in an effort to establish whether or not there is existing unmet demand for lodging. Within Monroe County there are approximately 6,637 lodging rooms¹⁷ with opening dates from the 1970s to the year 2000. From this total count a sample of 1,254 rooms (about 20.0%) was selected to reflect those hotels with openings in the 1990s to present. From these hotels an estimate of room rates, occupancy rates and market demand will be developed. The hotels included in this sample are presented in the Table 7:

TABLE 7 : Sampled Lodging Accommodations - Monroe County, NY

Facility	City	Rooms
Microtel	Henrietta	98
Hyatt Regency	Rochester	337
Fairfield Inn	Henrietta	63
Courtyard East	Penfield	92
Hampton Inn-North	Rochester	118
Fairfield Inn	Rochester	63
Fairfield Inn	Webster	63
Extended Stay	Rochester	127
Extended Stay	Rochester	125
Courtyard Greece	Rochester	78
	Total	1,254

Source: Smith Travel Research and RKG Associates, Inc.

Several hotels have been built in the year 2000 including the following: Holiday Inn Express in Brockport (41 rooms); County Inn & Suites in Henrietta (80 rooms); the Delmonte Lodge in Pittsford (99 rooms); and, the Homewood Suites in Rochester (90 rooms). These newer units account for 310 rooms and represent an additional 5.0% of the inventory of rooms.

17

Developed by Smith Travel Research of Hendersonville, TN.

Figure 14: Nearly 28.0% of the inventory of hotel rooms in Monroe County have been built within the last decade. However, nearly 30.0% of the rooms (hotel facilities) were built in the 1970s or earlier. From the sample of 1,254 hotel rooms, a five-year history of occupancy and room rates has been developed and is presented in the following figures.

Distribution of Hotels by Year Built
Monroe County, NY

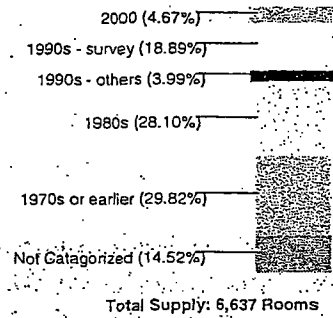
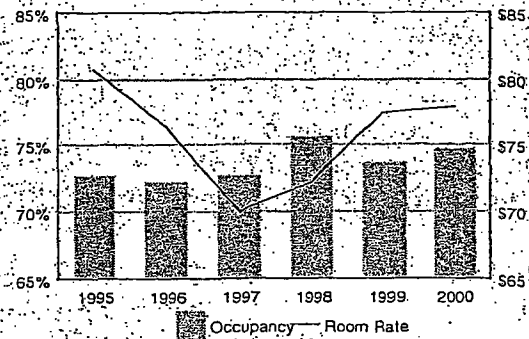


Figure 15: Occupancy rates exceed 70.0% in Monroe County, however, there has not been much movement over the last five years as the occupancy rate has increased from an average of 72.7% in 1995 to 74.7% for the year 2000. This is actually down from the peak occupancy of 75.6% in 1998. Nonetheless this remains above the industry "break-even average" of 60.0% to 65.0% occupancy. Similarly there has been little movement in the average room rate in Monroe County and what movement has occurred has been downward from \$81.00 in 1995 to \$78.00 in 2000. This would indicate that continued absorption levels and occupancy rates in Rochester (Monroe County) have in part been maintained by keeping room rates low, or actually declining in order to remain competitive.

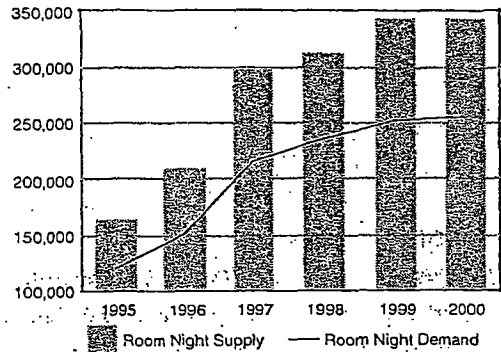
Occupancy & Rate Trends 1995-2000
Post 1990 Hotels in Monroe County, NY



NOTE: Year to date figures (through September) are shown.
1995 figures do not include January.
Source: Smith Travel Research & RKG Associates, Inc.

Figure 16: Hotel demand has leveled over the last three years in Monroe County while supply continued to grow until around 1999. Since 1995 there has been an average of 202 hotel rooms added to the supply, annually, in Monroe County. Occupancy rates have been fairly stagnant over the same time period and average room rates have actually declined.

Room Supply & Demand Trends 1995-2000
Post 1990 Hotels in Monroe County, NY



NOTE: Year to date figures (through September) are shown.
1995 figures do not include January
Source: Smith Travel Research & RKG Associates, Inc.

Table 8 highlights planned hotel activity for Monroe County. As the table indicates, there is an approximate two-year supply of hotel rooms planned for Monroe County, assuming 200+ rooms per year.

TABLE 8: Planned Hotel Activity - Monroe County, NY

Facility	City	Rooms	Status
Marriot Towne Plaza	Henrietta	95	Planned
Hilton Garden Inn	Penfield	158	Planned
Mainstay Suites	Penfield	82	Planned
Holiday Inn	Irondequoit	70	Planned

Source: Bruckner, Tillet, Rossi, Cahill & LeGrétt and RKG Associates, Inc.

a. Market Area

In the immediate area of the Iola Campus there is a Courtyard by Marriot and a Hampton Inn which are part of the Corporate Woods Office park (Interstate 390 and East Henrietta/Route 15A). To the north of the Iola Campus, at the intersection of Mt. Hope Avenue and Elmwood Avenue is the former Town House Hotel which was purchased by the University of Rochester for use as office and campus space. Other hotels are clustered to the south, on West Henrietta (Route 15) near the intersection with Route 253, and these include a Super 8, Fairfield Inn, Red Roof Inn, Microtel, Days Inn and a full service, higher end Marriott.

Conclusions - Given the development in the immediate area, it is unlikely that a hotel would be developed at the Iola Campus without some assurances of demand and without a compliment of other supporting uses. One such assurance of demand could be the University's and Strong Hospital's needs for hotel and meeting space off-site from their respective campuses. Another assurance could be an adjacent office park development such as is the case at Corporate Woods, which also has two or three restaurants within walking distance. In other words, a hotel at the Iola Campus would need to be a part of a bigger package, not a stand-alone development. It is unlikely that retail uses would be the "bigger package" with some room night guarantees from the University and the hospital.

E. Redevelopment Implications and Preliminary Financial Implications

Trends in these real estate market sectors in Rochester and Monroe County are positive, and the supply and pricing for the most part is competitive. At this time, there is a fair amount of available inventory either on the market or in the pipeline in the light-industrial and office market sectors. Also the "upscale" elderly housing market has seen expansion over the last ten years and may be reaching its peak given what is in the pipeline. Similarly, the retail market has an estimated 20% vacancy rate, making a stand-alone retail development questionable from a market perspective. The site is considered too big to be developed solely for hotel/hospitality uses, in addition to the fact that more than 400 additional rooms are already planned for the market, an increase of more than 6% in the current supply. At this time there does not appear to be any short-term shortage for which the potential redevelopment of Iola could fill a void as a single use project.

Table 9 compares the Iola campus to the regional supply of available land and buildings, including those properties that are under construction or in the pipeline in the various target market sectors. Pricing indicators for land both on a wholesale and retail bases are shown, as well as for-sale and for-rent building pricing.

Table 9: Market Comparison of lola Campus for Redevelopment

Availability	Light Industrial	Office	Elderly Housing [1]
Competing Land Supply	700+ acres	80+ acres [2]	340 units
Supply in Years	10 to 20 years	5 to 15 years	2 to 6 years
lola Campus	60 acres	60 acres	400-800 units
lola as % of Market	9%	75%	120% to 235%
Range in Land Pricing Indicators			
Land Wholesale/acre	\$10,000 - \$40,000	\$20,000 - \$70,000	\$25,000 - \$60,000
Land Retail/acre	\$50,000 - \$80,000	\$80,000-\$150,000	N/A
Competing Bldg Supply	4.6 million SF	1.5 million SF [3]	See above
Supply in Years	10 to 20 years	50 year+	N/A
lola Campus	145,400 [4]	114,300 [5]	114,300 [5]
lola as % of Market	5%	8%	24% to 30% [6]
Range in Building Pricing Indicators			
Buildings/SF (sales)	\$5 to \$50/SF	\$5 to \$100/SF	\$30 to \$140/SF
Buildings/SF (rent)	\$2 to \$6/SF	\$8 to \$15/SF	\$24 to \$36/SF

N/A - not applicable

[1] Independent elderly units only

[2] 865,000 SF in Brighton is either under construction or permitted equating to 80+ acres

[3] Class B office supply, rounded

[4] Includes Buildings 12, 13, 15, & 17

[5] Includes Buildings 1, 2, 4, 5, 7, 8 & 9; assumed renovated to market standards

[6] Assumes 80 to 100 units would be available with renovations

Source: RKG Associates, Inc.

Comprehensive supply information was not available for retail and hospitality sites. However, some indicators were noted, including land prices in the range of \$35,000 to \$85,000 per acre, as well as approximately 1.0 million square feet of retail properties, including several "big boxes". The availability of existing centers puts some pressure on the economies of new construction for retail uses, as developers weigh the costs of acquiring an existing center in the range of \$38 to \$42 per square foot against the costs of new construction. Similarly, while the market has been absorbing 200 new hotel rooms annually, the continued addition of new rooms to the market has kept rates stagnant.

Table 10 summarizes preliminary financial evaluations of potential dispositions/ redevelopment of the lola Campus first as vacant land for each of the uses assuming the buildings are razed, and secondly "as improved", by reusing some of the existing buildings. More detailed worksheets and assumptions are exhibited in Appendix Tables 8 through 11. A range of values is used since this is preliminary, and many costs associated with the redevelopment remain unknown at this time.

The "as vacant" evaluation indicates that the potential redevelopment is basically a wash when factoring in the costs of building demolition. In other words, the County may have to incur costs to dispose of the campus, and these costs may or may not be commensurate with the market, depending on the severity of the costs. The highest upside potential is for office use where \$1.89 million in potential revenue may result. In comparison, the lowest overall potential is from light-industrial, as evidenced by a \$1.7 million potential cost to dispose of the property.

Table 10: Preliminary Financial Evaluation of Disposition and Redevelopment Options for Iola Campus (\$ in millions)
Iola Campus As Vacant Land [1]

Use	Light-Industrial		Office		Elderly Housing	
	Low	High	Low	High	Low	High
Range	7 to 12 years		8 to 12 years		4 to 8 years	
Years to Complete	7 to 12 years		8 to 12 years		4 to 8 years	
Reuse Historic Bldgs	No		No		No	
Retain Steam Plant	No		No		No	
Available Acres	60 acres/Light Ind.		60 acres/Office		60 acres/Elderly	
Bldg SF Razed	308,000 SF		308,000 SF		308,000 SF	
Net Revenue [2]	\$0.60	\$2.40	\$1.50	\$4.20	\$1.20	\$3.60
Demolition	(\$2.31)	(\$2.31)	(\$2.31)	(\$2.31)	(\$2.31)	(\$2.31)
Net Revenue [3]	(\$1.71)	\$0.09	(\$0.81)	\$1.89	(\$1.11)	\$1.29

Iola Campus As Vacant Land [1]

Use	Retail		Hotel	
	Low	High	Low	High
Range	5 to 10 years		15 to 20 years	
Years to Complete	5 to 10 years		15 to 20 years	
Reuse Historic Bldgs	No		No	
Retain Steam Plant	No		No	
Available Acres	60 acres/Retail		60 acres/Hotel	
Bldg SF Razed	308,000 SF		308,000 SF	
Gross Revenue [2]	\$1.80	\$3.60	\$1.80	\$3.60
Demolition	(\$2.31)	(\$2.31)	(\$2.31)	(\$2.31)
Net Revenue [3]	(\$0.51)	\$1.29	(\$0.51)	\$1.29

[1] Assumes 60 acres (gross) are available and all buildings including steam plant are razed.

[2] Based on estimated wholesale value without on or off-site infrastructure improvement; or building renovations; subject to additional architectural and engineering information and costs

[3] Excludes any relocation costs of existing uses/users

Source: RKG Associates, Inc.

The second analysis or "as improved" analysis, presents three redevelopment or disposition schemes (office, light industrial and elderly housing) which retains different buildings for alternative uses. The key financial indicators for these scenarios are shown in Table 11 below. The potential use of the existing buildings for retail and/or hospitality buildings is not considered realistic, based on the consultants' experience. Typically, both of these uses require specific building and design criteria, which rarely includes the

conversion, rehabilitation or reuse of existing facilities, unless it is in conjunction with the expansion of an existing facility.

Table 11: Preliminary Financial Evaluation of Disposition and Redevelopment Options for Iola Campus (\$ in millions)
Iola Campus As Improved [1]

Use	Light-Industrial Pk		L-Ind/Office Park		Office/Elderly Hsg	
Years to Complete	5 to 10 years		4 to 8 years		4 to 8 years	
Reuse Historic Bldgs	No		Yes		Yes	
Retain Steam Plant	Yes		Yes		No	
Available Acres/Use	43 acres/Light Ind.		25 acres/Office		40 acres/Office	
Avail. Light-Industrial SF	145,400 SF		145,000 SF		None	
Avail. Historical Bldgs SF	None		114,300 SF/Office		114,300 SF/Resid.	
Bldg SF Razed	162,600 SF		48,300 SF		112,000 SF	
Gross Revenue [2]	Low	High	Low	High	Low	High
Land	\$0.86	\$1.72	\$0.50	\$1.25	\$1.20	\$2.80
Light Ind. Buildings	\$1.45	\$3.64	\$1.45	\$3.64	\$0.00	\$0.00
Historic Buildings	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subtotal	\$2.31	\$5.36	\$1.95	\$4.89	\$1.20	\$2.80
Building Demolition	(\$1.22)	(\$1.22)	(\$0.36)	(\$0.36)	(\$1.45)	(\$1.45)
Net Potential Revenue [3]	\$1.09	\$4.14	\$1.59	\$4.52	(\$0.25)	\$1.35

[1] Assumes existing light industrial buildings are sold except in Office/Eld. Hsg. scenario; Buildings 3 & 10 are razed.

[2] Based on estimated wholesale value without on or off-site infrastructure improvement; or building renovations; subject to additional architectural and engineering information and costs.

[3] Excludes any relocation costs of existing uses/users.

Source: RKG Associates, Inc.

- Redevelopment of the existing buildings adds value to the potential redevelopment, but only if incentives are included. The business park, or the mixed light industrial and office use alternative, yields the highest potential value, ranging between \$1.6 and \$4.5 million. This scenario also assumes the existing historic buildings would be renovated for office use provided a development bonus would be offered. These buildings and the associated bonus are not anticipated to yield any revenue in the disposition. The potential revenue from this disposition strategy potentially yields revenue of \$4.5 million on the high end.
- A potential reuse as a light-industrial park is similarly positive, but slightly lower than the mixed office/light-industrial use. This strategy does retain the steam plant, however, the potentially historic buildings are assumed to be razed.

- The third alternative assumed the historic buildings are converted to elderly housing, including a development bonus of at least 100 units that could be added to the site. It is likely a potential developer may factor some cost for this bonus, whereby the buildings yield a nominal value at the high end of this range. The remainder of the site would be used for office development, and the steam plant is assumed to be demolished and relocated, since its use is believed to conflict with the residential use.
- The potential revenue from the "as improved" analyses are all higher than the "as vacant" analysis, indicating that the existing buildings for the most part are contributing to the site. However, the issue is the appropriate mix for the redevelopment.
- Concentrating the redevelopment of the Iola Campus in one single real estate sector presents too much risk, and an elongated absorption period, except for a specific end-user. A mixed use plan would diversify the risk and take advantage of market opportunities "at a smaller scale."

APPENDIX - This section includes additional site and building information of Iola Campus. In addition, tabulated market information is also presented.

Iola Site and Building Characteristics: Information about each parcel detailed on Map 1 including a summary of building characteristics are shown on the following pages.

Parcel A Buildings 5, 1, 7, 8, 2, 4 & 9

Parcel B Building 11 & 10

Parcel C Buildings 15, 17 & 16

Parcel D Buildings 12, 3 & 13

Parcel E No Existing Structures

Iola Building Matrix

Iola Projects for 1996 through 2002

Suggested Additional Expenditures

APPENDIX TABLE 1 - Industrial Parks in Monroe County, NY

APPENDIX TABLE 2 - Sales of Commercial and Industrial Tracts with 10 acres or more

APPENDIX TABLE 3 - Land Sales for Office Use in Brighton

APPENDIX TABLE 4 - Land Sales of Elderly Housing Developments

APPENDIX TABLE 5 - Construction Activity of Professional and General Office Buildings in Brighton

APPENDIX TABLE 6 - Independent Unit Development in Monroe County

APPENDIX TABLE 7 - Independent Unit Rental Rates

APPENDIX TABLE 8 - Preliminary Evaluation of the Iola Campus As Vacant Land

APPENDIX TABLE 9 - Iola Campus as a Light Industrial Park

APPENDIX TABLE 10 - Iola Campus as a Light Industrial/Office Park

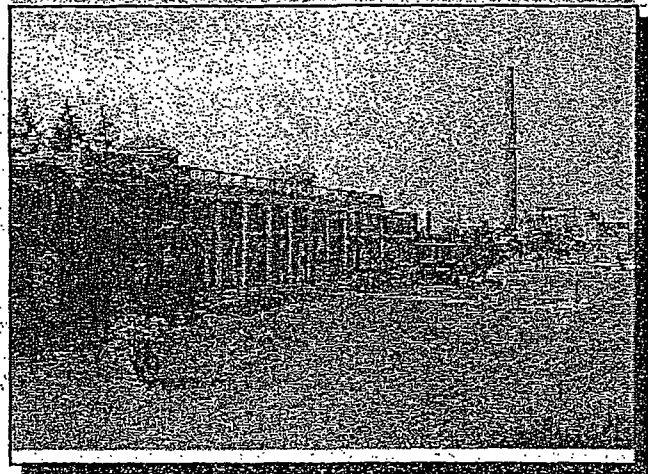
APPENDIX TABLE 11 - Iola Campus as an Elderly Housing Project and Office Park

Parcel A Site characteristics

- Size: 17± acres
- Frontage: 550 feet on East Henrietta Road; 1,300 feet on Westfall Road
- Road Grade: Parcel is at grade with both roads
- Access: Three entrances off each road (horseshoe drive for Buildings 1 & 7) and two major road entrances
- Topography: Parcel has gentle to rolling slopes to the south and southeast; steep slope behind Building 1 to Parcel D, which is roughly 20 to 30 feet lower.
- Visibility: Excellent along the frontage of both roads/panoramic views to southeast
- Parking: Four major parking lots with capacity of approximately 200 cars; former road lined with sycamore trees (Sycamore Allé) is also used for parking
- Buildings: Seven major buildings containing 114,300 SF indicating a floor area ratio of 15%. Building characteristics are summarized below

Building 5 - Children's Building

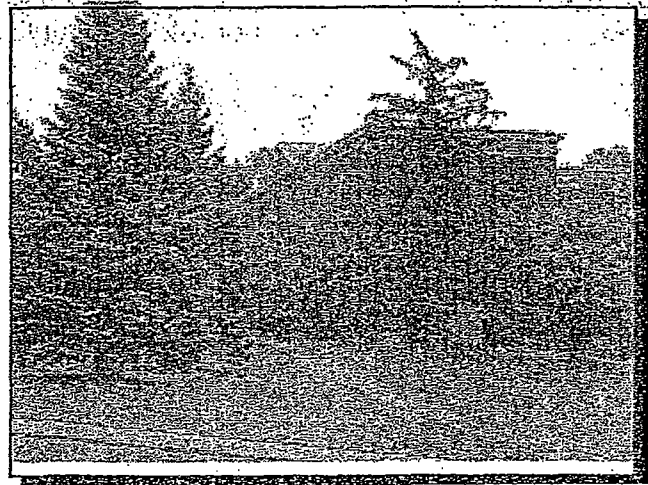
- Use: Former office; mostly vacant
- Height: 2 & 3 stories; walk-out in rear
- Area: 58,386 SF gross; 42,615 SF useable
- Frame: Masonry/Concrete
- Facade: Brick w/single glazed wooden windows in need of replacement/repair; Roof also in poor condition;
- Design: Central entrance with wings at each end and in the rear
- Layout: Central corridor (6-8 feet wide) with offices on either side ranging in depth between 12 and 20 feet;
- Finish: Fair; complete upgrade needed
- Reuse: Office or multi-family potential with renovations; selective demolition, etc.



Building 5 - Children's Building

Building 1 - Nurses' Home

- Use: Former Office; currently vacant
- Height: 3 & 4 stories; walk-out in rear
- Area: 23,548 SF gross; 17,115 SF useable
- Frame: Masonry/Concrete
- Facade: Brick w/replacement double glazed, metal clad windows; Ivy growing on front
- Design: Central entrance with wings at each end and one in rear
- Layout: Central corridor (4-6 feet wide) with offices on either side ranging in depth between 13 and 15 feet;
- Finish: Fair; complete upgrade needed
- Reuse: Office or multi-family potential with renovations; selective demolition, etc.



Building 1 - Nurses' Home

Building 7

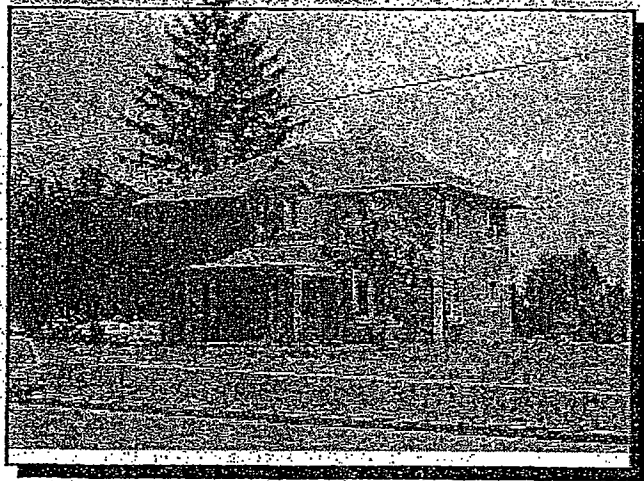
Use: Former office; currently vacant
Height: 2 stories plus basement and attic
Area: 14,360 SF gross; 12,762 SF useable
Frame: Masonry/Concrete
Facade: Brick w/single glazed, metal-framed casements/awning windows; copper gable
Design: Central entrance with wings at each end
Layout: Central corridor (3-4 feet wide) with offices on either side ranging in depth between 10 and 14 feet
Finish: Poor; complete upgrade needed
Reuse: Office or multi-family potential with renovations; selective demolition, etc.



Building 7 - Western (front) facade

Building 8 - Superintendent's House

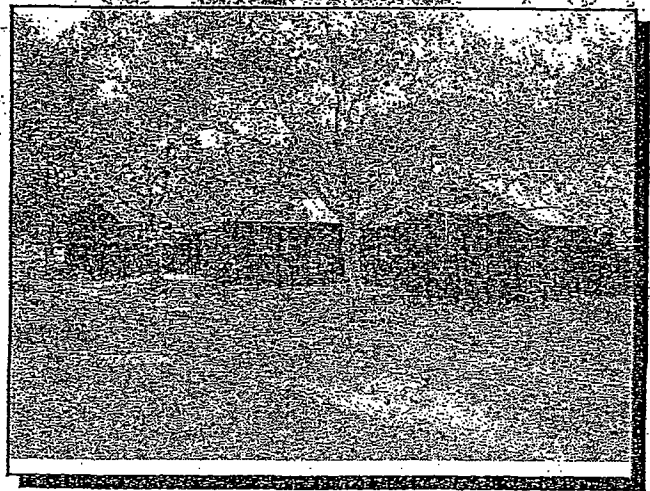
Use: Former office; currently vacant
Height: 2 stories plus basement
Area: 2,775 SF gross
Frame: Masonry/Wood
Facade: Brick w/single glazed windows
Design: Central entrance & rear porch
Layout: 7 rooms/4 bdrm/1 bath; central foyer
Finish: Fair; upgrade needed for reuse
Reuse: Office or residential with renovations; 2 story porch in rear exhibits structural deficiencies



Building 8 - Superintendent's House

Buildings 2, 4 & 9 - Dormitory Pavilions

Use: Shop/garage/storage; mostly vacant
Height: 1 story
Area: 5,890 SF gross (Bldgs 2 & 4); 3,460 SF gross (Bldg 9)
Frame: Masonry/Wood
Facade: Brick w/single glazed windows (boarded)
Design: Central entrance with wings at each end
Finish: Poor; complete upgrade needed
Reuse: Office or residential duplex with complete renovation



Building 4 - Dormitory Pavilions

Parcel B

Site characteristics

Size: 3± acres
Frontage: 500 ± feet on East Henrietta Road
Road Grade: Parcel is at grade of East Henrietta
Access: Internal only
Topography: Parcel is gently rolling to the southeast
Visibility: Excellent exposure to East Henrietta
Parking: Parking lots behind Building 10, and in front of Building 11
Buildings: Two buildings containing 46,911 SF indicating a floor area ratio of 36%.

Building 11 - Central Steam Plant

Use: Utilities; steam provided for all buildings at the Iola campus, Monroe County Hospital across East Henrietta Road; Community College and correctional facility on other side of Canal and Interstate 390.

Height: 4 stories

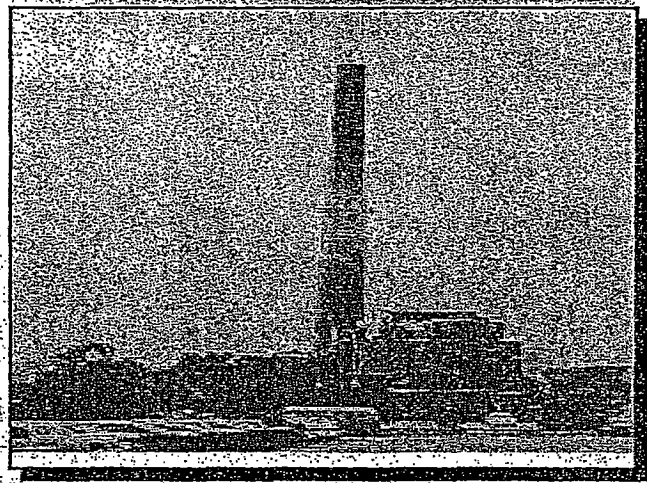
Area: 35,000 SF gross, 11,333 SF usable

Frame: Masonry/concrete/steel

Design: High-bay, specialty design for central steam plant

Finish: Commensurate with use

Reuse: Limited given specialty use and design; smokestack could potentially be used for cellular transmission/relay given its height; likely inefficiencies exist given advanced age of system.



Building 11 - Central Steam Plant

Building 10 - Highway Building

Use: Shop/Garage/Office

Height: 3 & 4 stories with walk-out rear

Area: 11,911 SF gross

Frame: Masonry/concrete

Reuse: Limited, reported structural deficiencies



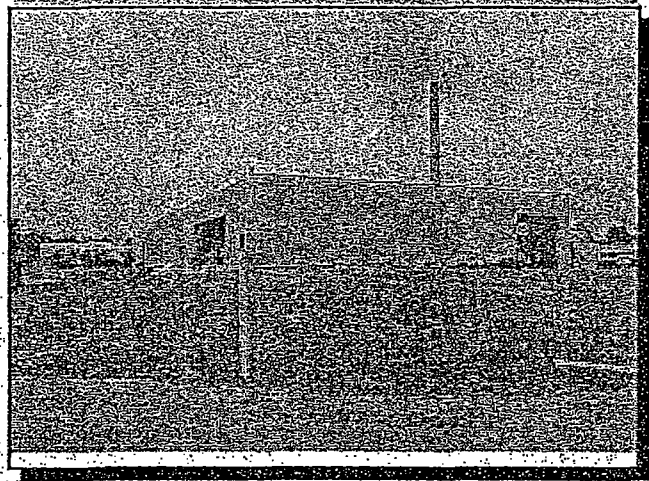
Building 10

Parcel C - Site characteristics

- Size: 10± acres
- Frontage: 300± feet on East Henrietta Road
- Road Grade: Parcel is below the road grade
- Access: One major entrance
- Topography: Parcel slopes gently to the southeast; steeper slopes to the Erie Canal
- Visibility: Excellent along the frontage of East Henrietta
- Parking: One large parking lot at the entrance; DES has large, fenced storage yard adjacent to Building 16 and opposite Building 15.
- Buildings: Three major buildings containing 71,700 SF indicating a floor area ratio of 16%.

Building 15 - R.P.W.D.

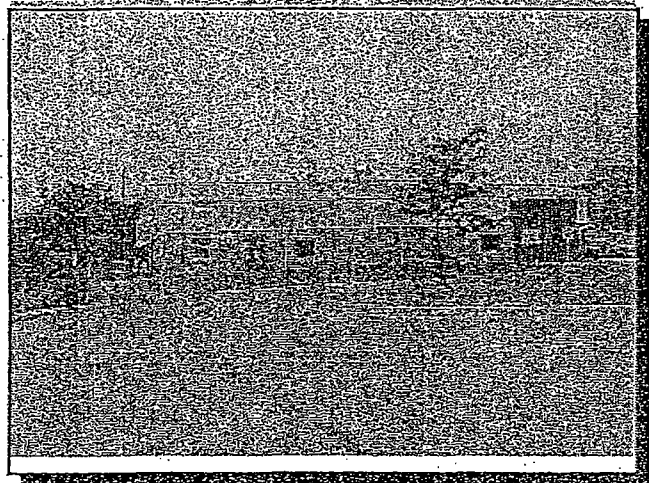
- Use: Shop/Garage/Office
- Height: 1 story
- Area: 63,800 SF gross
- Frame: Steel/Concrete
- Reuse: Distribution/Flex



Building 15 - R.P.W.D.

Building 17 - Recycling Building

- Use: Shop/Garage/Warehouse
- Height: 1 story
- Area: 6,400 SF gross
- Frame: Steel
- Reuse: Warehouse/Flex



Building 17 - Recycling Building

**Building 16 - Hazardous Material
(no photo)**

- Use: Shop/Warehouse
- Height: 1 story
- Area: 1,548 SF gross
- Frame: Steel
- Reuse: Shop/Warehouse

Parcel D Site characteristics

Size: 12± acres
Frontage: None
Road Grade: Parcel is below the grade of both major roads
Access: Internal
Topography: Parcel is relatively flat and slopes gently to the southeast; steeper slopes along its eastern edge with Parcel E
Visibility: Limited from each road
Parking: Two parking lots at side and rear of Buildings 12 and fuel pump area; one parking lot at Building 3; fenced containment yards adjacent to Buildings 3 and 13
Buildings: Three major buildings containing 74,300 SF indicating a floor area ratio of 14%.

Building 12 - Fleet Garage

Use: Vehicle Shop/Garage
Height: 1 story
Area: 17,887 SF gross
Frame: Concrete/Steel
Reuse: Shop/Garage



Building 12 - Fleet Garage

Building 3 - Children's Detention Center

Use: Group Quarters
Height: 1 story
Area: 35,600 SF gross
Frame: Reinforced Concrete
Reuse: Limited



Building 3 - Children's Detention Center

Building 13 - Sheriff's Warehouse

Use: Warehouse
Height: 1 story
Area: 20,768 SF gross
Frame: Steel
Reuse: Warehouse



Building 13 - Sheriff's Warehouse

Parcel E

Site Characteristics

Size: 18± acres
Frontage: 200± feet on Westfall Road
City: A 12± acre portion of this parcel is within the Town of Brighton
Road Grade: Parcel is below the grade of Westfall Road
Access: Internal via gravel road on Parcels C/D
Topography: Parcel slopes from Westfall Road to the east and southeast, and in some instances fairly severe; fairly level area at the southern end adjacent to Parcel C; parcel abuts Brighton Meadows Business Park.
Visibility: Limited from each road
Parking: None
Buildings: One small building (Building 14 - Bridges) containing 800 SF, indicating a floor area ratio of 0% and suggesting that this parcel is primarily undeveloped.

Deferred Maintenance An estimated \$6.88 million in improvements at various projects had been estimated by the County for continued operations in 1996 as part of a five-year budget plan. An additional, \$1.70 million was estimated for corrections to the central steam plant, indicating a total of \$8.58 million to cure deferred maintenance items at most of the potentially "historic" buildings, correct ADA and other code issues, reconstruct tunnels, install HVAC systems, etc. This figure equates to more than \$50/SF, based on the 160,000-SF of pre-1970 buildings at the Iola Campus. This figure is represented in 1996 dollars, such that it could be understated by at least 10%, if not 15%. These figures are tabulated on the following pages by various projects:

Potential Renovation Costs Based on discussions with local professionals, renovation costs of similar type institutional or Class B type buildings for office use would range anywhere between \$60/SF and \$100/SF, depending on a myriad of issues. Completely gutting the interior of a structure and renovating it for open or back office type operations with exposed ceiling and mechanicals has proven successful and somewhat economical. This type of renovation could be done at the three major "historic" buildings at Iola, *assuming the structural integrity of the buildings are not compromised by removing the central corridor walls*. However, given the building accessibility needs, exterior improvements, coupled with mechanical upgrades these renovations may be at the upper end of the range (\$80/SF to \$100/SF), if not higher, given infrastructure improvements associated with separate parking, antiquated utility lines and the like. This range is equivalent to building a new Class A building where the developer would benefit from Class A rents. At Iola, a potential developer would likely obtain Class B rent, despite incurring Class A costs. Therefore, additional incentives would be required, such as density bonuses if made available, to stimulate interest to preserve these structures.

Reuse Incentives: One incentive that could offset a portion of this renovation cost would be historic tax credits. However, these may be problematic in obtaining, if architectural changes

associated with multi-tenant use such as new atriums are needed to correct code and egress issues. In addition, higher costs may result if specialty materials would be required.

Residential Use: Conversion to residential would be an option, and likely somewhat less problematic from a design point of view. Similar to office renovation the costs would be equivalent to building new. Also new construction would like be more efficient from an operating point of view, especially in terms of insulation and heating costs.

Making the Site Vacant for New Development: An "Asbestos Survey" was undertaken in December, 1997, for the potential "historic" buildings (excluding the central steam plant) and network of tunnels at the campus. An cost of \$293,000 was estimated to abate the buildings of asbestos related materials. This represents a factor of roughly \$2.30/SF, based on the 126,000 SF of buildings surveyed. This factor could be understated since it is represented in 1997 dollars.

Demolition: While estimates for demolition have not been prepared for any of the buildings at the Iola Campus, a factor of \$5/SF is typical for preliminary evaluations, such as this. An additional factor of \$2.50/SF would be used for asbestos mitigation, indicating a total cost of \$7.50/SF. This is near the mid-point of the \$3- to \$14/SF range, reported in the market. Utilizing the \$7.50/SF factor indicates a cost of \$2.31 million, to make the site vacant for new development, indicating a potential cost of \$38,500 per acre. This figure does not include any costs to the County to relocate any current operations at the campus, let alone building new facilities.

IOLA BUILDING MATRIX

NO	Building No	Total Bldg Sq. Ft.	Department or Program	Chargeable Sq. Ft.	ACV	Percentage
1		23,548	Comms Svcs	17,118		58
1			C.S. Incent	2,448		
1			C.S. Admin	800		
1			C.S. Aging	6,041		
1			C.S. Youth	2,460		
1			C.S. Mental	3,302		
1			C.S. Veterans	2,664		
2		5,890				
3		35,600	D.C.C.	35,600		8
4		5,890				4
5		58,388				140
6			D.O.E.	18,596		
6			Water Quality	628		
6			E.M.C.	500		
6			Transportation	11,786		
6			Solid Waste	2,369		
6			P.W.W.M.	9,939		
7		14,320		12,762		56
7			P/S Admin	3,150		
7			Protection	9,612		
8		2,775	DSS Income	2,775		7
9		3,460	MCC	3,460		2
10		11,911	Highway			33
11		35,000	Heavy/Parkse	11,233		
12		17,587	Fleet Gar/Sheriff			
12			Fleet Garage	10,180		
12			Sheriff	7,707		
12		20,788	Storage			
12			Sheriff Storage	11,682		
12			Fleet Storage	4,543		
12			Traf. Sig Storage	4,543		
14		800	Bridges	800		
15		63,600	P W Operations	63,600		
16		1,548	Hazardous Waste			

IOLA PROJECTS FOR 1996 THROUGH 2002

PROJECT (FROM 1996 - 2002 CIP)	APPROVAL DATE	AMOUNT
Iola Building #7 Roof & Masonry Improvements	1996 CIP	\$300,000
Reline Iola Campus Water Lines	1996 CIP	\$225,000
Iola Offices (window replacement & HVAC installation)	After 2002	\$2,152,000
General Improvements/Asbestos	1997 - 2002 CIP	\$150,000
Aid to Disabled Improvements	1996 - 2002 CIP	\$700,000
General Improvements	1997 - 2002 CIP	\$650,000
Reconstruct Various Tunnels - Iola	1997 - 2002 CIP	\$418,000
SUB-TOTAL		\$4,595,000
PROJECT (PREVIOUSLY APPROVED)	APPROVAL DATE	AMOUNT
Structural Repairs - Iola	1990	\$454,291 *
Parking Areas - Iola	1991	\$250,812 *
Reconstruct Various Tunnels - Iola	1991	\$132,192 *
HVAC at Iola #5	1993	\$599,967
Reconstruct HVAC Systems - Iola	1987	\$134,463 *
Iola Masonry Reconstruction	1994	\$125,000 *
SUB-TOTAL		\$1,676,727
TOTAL (previously approved projects & 1996 thru 2002 CIP)		\$6,271,727
* Includes funds from this project which are considered "available" or which have been placed on "reserve"		

(C)km

**SUGGESTED ADDITIONAL EXPENDITURES TO BRING
IOLA CAMPUS BUILDINGS UP TO ACCEPTED STANDARDS
(NOT IN CIP)**

<u>BUILDING</u>	<u>REPAIR ITEM</u>	<u>EXPENSE</u>
#1	Stairway and elevator roof replacement	\$30,000
#2	Roof and miscellaneous exterior repairs	30,000
#4	Roof and miscellaneous exterior repairs	150,000
#5	Roof and miscellaneous exterior repairs	200,000
#7	Replace windows	150,000
#8	Roof, masonry, windows, porch, downspouts	40,000

TOTAL SUGGESTED ADDITIONAL EXPENDITURES \$600,000

PROJECT EXPENSE & SUGGESTED ADDITIONAL EXPENDITURES

IOLA PROJECTS FOR 1996 - 2002	\$6,271,727
<u>SUGGESTED ADDITIONAL EXPENDITURES</u>	<u>600,000</u>
TOTAL IOLA EXPENDITURES FOR 1996 - 2002	\$6,871,727

NOTE: In addition to above, \$1,695,967 in expenditures are required for Powerhouse Boiler upgrades/replacements as follows:

<u>PROJECT</u>	<u>APPROVAL DATE</u>	<u>AMOUNT</u>
Iola Powerhouse Brick & Masonry Improvements	1997 CIP	\$368,000
Iola Powerhouse Boiler Replacement	1997-2002 CIP	1,133,666
Upgrade Boilers 2 & 3 Iola Powerhouse	1994	189,301

TOTAL IOLA POWERHOUSE PROJECTS \$1,695,967

APPENDIX TABLE 1

Industrial Parks in Monroe County, NY

Park Name	Town	Year Started	Total Acres	Acres Available	Price/Acre (\$000)		Average Absorption		
					Low	High	Acres	Years	Acre/Year
Thruway Industrial Park	Henrietta	1996	273	260	\$50	\$75	13	4	3
Rochester Int. Comm. Ctr	Chili	1993	200	110	\$60	\$80	90	7	13
Westover Center	Ogden	1990	120	90	\$50	\$75	30	10	3
Elmgrove Crossing	Gates	1999	100	91	\$70	\$80	9	1	9
RIT Business & Tech	Henrietta	1990	82	60	\$60	\$75	22	10	2
Jetview Industrial Park	Chili	1978	130	30	\$60	\$80	100	22	5
University Park of Rochester	Henrietta	1980	180	40	\$70	\$75	140	20	7
Pease Industrial Park	Henrietta	1975	88	17	\$70	\$80	71	25	3
Rochester Science Park	Rochester	1990	38	16	\$60	\$60	22	10	2
Vantage Point	Ogden	1986	62	0			62	14	4
Genesee Valley Reg.	Henrietta	1975	122	0			122	25	5
Jonh Bailey High Tech	Henrietta	1984	76	0			76	16	5
Metro Industrial Park	Brighton	1980	100	0			100	20	5
Total			1,571	714			857	15	55

Source: Rochester Business Journal "The Lists"; Monroe County Economic Development Department; JD Rock Real Estate; and RKG Associates, Inc.

APPENDIX TABLE 2

Sales of Commercial and Industrial Tracts with 10 acres or more

Owner	Property Address	Town	Use	Sold	Price	Acres	Price/acre
GALLINA DEVELOPMENT CORP	ELMGROVE RD	GATE	340	Mar-99	\$2,000,000	139.89	\$14,297
ROCHESTER'S CORNERSTONE	382 FISHER ROAD	CHIL	340	Jul-98	\$700,000	54.57	\$12,828
WEGMAN'S D-CENTER	58 JETVIEW DRIVE	CHIL	340	Apr-98	\$750,000	53.35	\$14,058
PAE TEK CORP @ WILLOWBROOK	PITTSFORD PALMYRA ROAD	PERI	330	Nov-99	\$450,000	38.00	\$11,842
RJ DORSCHER CORP	WEST HENRIETTA/70 TELCO Rd	HENR	340	Jun-99	\$300,000	37.90	\$7,916
1999 MT RB LLC	MT READ BLVD	GREC	340	Nov-98	\$2,800,000	25.16	\$111,288
LEFROIS DEVELOPMENT LLS	METHODIST HILL DR/W. HENRIETTA	HENR	340	Jun-99	\$1,000,000	25.02	\$39,968
INDUSTRIAL LOT	977 CLAKINS ROAD	HENR	340	Jan-97	\$775,000	24.98	\$31,025
BENDERSON NATHAN & RONALD	HOWARD RD	GATE	330	Feb-98	\$675,000	24.62	\$27,417
FUTURE LANDFILL EXPANSION	521 PERINTON PARKWAY	PERI	340	Nov-98	\$925,000	23.68	\$39,063
FELGENHAUER GORHAM	3513 UNION STREET	CHIL	340	Dec-99	\$20,000	19.13	\$1,045
SILVAROLE NEIL W	WARD BOULEVARD(multi-parcel)	HENR	340	Apr-99	\$852,750	18.60	\$45,847
ALBERT COSTELLO	CLINTON CROSSING	BRIG	330	Dec-98	\$356,064	17.31	\$20,570
ROTH ROBERT T	1231 LEHIGH STATION ROAD	HENR	340	Sep-95	\$87,542	17.27	\$5,069
INDUSTRIAL LOT	JEFFERSON ROAD-COMMONS WAY	HENR	340	Jul-96	\$937,500	16.81	\$55,770
COUNTY OF MONROE	LEHIGH STATION ROAD	HENR	340	Aug-98	\$479,875	15.50	\$30,960
SULLIVAN ROBERT GERARD	LEHIGH STATION ROAD	HENR	340	Aug-96	\$130,000	15.44	\$8,420
EVERGREEN DEVELOPMENT	COOK DRIVE (Multi-parcel)	HENR	340	Apr-98	\$380,000	15.42	\$24,643
CAMBRIDGE PLACE - 2 LOTS	1850 WINTON ROAD	BRIG	330	Aug-97	\$530,000	14.36	\$36,908
HAMMER LITHOGRAPH	200 LUCIUS GORDON DRIVE	HENR	340	Jul-98	\$361,000	13.76	\$26,235
INDUSTRIAL LOT	236 PERINTON PARKWAY	PERI	340	Aug-97	\$313,000	13.05	\$23,985
CARGEX ROCHESTER	2580 MANITOU RD	GATE	340	Apr-97	\$754,000	13.00	\$58,000
RED CROSS DISTRIBUTION	825 JOHN STREET	HENR	340	May-99	\$885,000	12.55	\$70,518
INDUSTRIAL LOTS	90 SHEPARD	OGDN	340	Jun-97	\$903,500	11.28	\$80,098
WESTFALL CROSSINGS LLC	WESTFALL RD	BRIG	330	Dec-96	\$900,000	10.63	\$84,666
COMMERCIAL LOT	2337 RIDGEWAY AVE	GREC	330	Nov-96	\$990,000	10.06	\$98,410
H M HANSEN PROPERTIES, IN	1001 LEHIGH STATION ROAD	HENR	340	Jan-99	\$435,000	9.95	\$43,719
					\$19,690,231	691.29	\$28,483

Source: Landata Information Services, Inc. (NY Division); Bruckner, Tillett, Rossi, Cahill & Leggett; JD Rock Real Estate Co. and RKG Associates, Inc.

APPENDIX TABLE 3

Selected Land Sales for Office Use in Brighton

Owner	Property Address	Sold	Price	Acres	Sale/ACRE
980 WESTFALL	980 WESTFALL RD BLDG 200	Feb-95	\$150,000	0.94	\$159,574
SAWGRASS OFFICE I LLC	170 SAWGRASS DR	Dec-99	\$456,750	3.05	\$149,754
WESTFALL CROSSINGS	WESTFALL/SAWGRASS	Oct-95	\$756,757	5.26	\$143,870
KEATING BLVD ASSOC, LLC	1065 SENATOR KEATING BLVD	Feb-98	\$651,250	5.15	\$126,456
SAUCKE WILLIAM &	2561 LAC DEVILLE BLVD	Sep-96	\$250,000	2.16	\$115,741
SAUCKE WILLIAM C	2541 LAC DEVILLE BLVD	Aug-95	\$105,000	0.99	\$106,061
WESTFALL CROSSINGS LLC	0 WESTFALL RD	Dec-96	\$900,000	10.63	\$84,666
RG&W LLC	980 WESTFALL RD BLDG 300	Dec-99	\$220,000	2.94	\$74,830
COMIDA	0 WEST METRO PARK	Oct-99	\$220,000	3.96	\$55,556
CAMBRIDGE PLACE - 2 LOTS	1850 WINTON ROAD	Aug-97	\$530,000	14.36	\$36,908
A. COSTELLO	WESTFALL ROAD	Dec-98	\$356,064	17.31	\$20,570
Total			\$4,595,821	66.75	\$68,851

Source: Landata Information Services, Inc. (NY Division); Bruckner, Tillett, Rossi, Cahill & Leggett, JD Rock Real Estate Co. and RKG Associates, Inc.

APPENDIX TABLE 4

Selected Sales of Elderly Housing Developments

Owner	Property Address	Town	Sold	Price	Acres	\$/acre	Units	\$/Unit
VILLAGE AT PARK RIDGE (exp)	STRAUB ROAD	GREC	Jan-99	\$986,000	21.00	\$46,952	120	\$8,217
PERINTON RETIREMENT	PITTSFORD PALMYRA ROAD	PERI	Mar-99	\$290,000	11.70	\$24,786	114	\$2,544
STERLING HOUSE	TREELINE DR	GREC	Jul-98	\$292,800	4.88	\$60,000	46	\$6,365
			3	\$1,568,800	37.58	\$41,746	280	\$5,603

Source: Landata Information Services, Inc. (NY Division); Bruckner, Tillett, Rossi, Cahill & Leggett, JD Rock Real Estate Co. and RKG Associates, Inc.

APPENDIX TABLE 5
Construction Activity of Professional and General Office Buildings by Project
in the Town of Brighton, NY (1990-1999)

Date	Office Park	Address	Bldg SF	Type	Cost (\$mil)	\$/SF
Oct-98	Brighton Commons	1815 S Clinton	18,868	1-story/gen	\$0.80	\$42.40
Oct-97	Brighton Commons	1815 S Clinton	30,526	1-story/gen	\$0.80	\$26.21
Nov-96	Brighton Commons	1815 S. Clinton	24,056	1-story/med	\$1.20	\$49.88
Jul-92	Brighton Commons	1815 S. Clinton	30,840	1-story/med	\$0.80	\$25.94
			4		\$3.60	\$34.52
Aug-92	Westfall Park (GRS)	150 Sawgrass	127,208	2-story/med	\$6.10	\$47.95
Nov-99	Westfall Park	170 Sawgrass	30,385	1-story/med	\$2.60	\$85.57
Mar-95	Westfall Park	980 Westfall	18,000	2-story/med	\$1.53	\$85.00
			3		\$10.23	\$58.26
Dec-98	Canal View	700 Canal Blvd	60,000	1-story/gen	\$1.30	\$21.67
Jul-97	Canal View	500 Canal Blvd	50,178	1-story/gen	\$1.30	\$25.91
Sep-95	Canal View	500 Canal Blvd	47,800	1-story/gen	\$2.60	\$54.39
Feb-90	Canal View	300 Canal Blvd	83,600	3-story/med	\$4.00	\$47.85
			4		\$9.20	\$38.08
Aug-99	Clinton Crossings	2400 S. Clinton	28,000	1-story/med	\$1.10	\$39.29
Feb-98	Clinton Crossings	1065 S. Keating Blvd	42,800	2-story/med	\$4.50	\$105.14
Nov-97	Clinton Crossings	2400 S. Clinton	56,652	2-story/med	\$1.94	\$34.24
Aug-96	Clinton Crossings	2400 S. Clinton	19,828	1-story/med	\$1.80	\$90.78
			4		\$9.34	\$63.42
Mar-98	Meridian Centre	200 Meridian Centre	109,000	3-story/gen	\$4.00	\$40.00
Jan-93	Meridian Centre	100 Meridian Centre	100,000	3-story/gen	\$5.40	\$54.00
			2		\$9.40	\$47.00
Apr-96	Lac De Ville	2601 Lac De Ville	5,044	1-story/med	\$0.50	\$99.13
Aug-95	Lac De Ville	2101 Lac De Ville	8,953	1-story/gen	\$0.80	\$89.36
Oct-96	Lac De Ville	2561 Lac De Ville	19,885	2-story/med	\$1.10	\$55.32
			3		\$2.40	\$70.83
Apr-98	Winton Place Bus Ctr	3490 Winton Pl	12,400	1-story/gen	\$0.40	\$32.26
Sep-92	Corporate Woods	175 Corporate Woods	67,114	3-story/gen	\$3.50	\$52.15
Apr-91	Linden Oaks	80 Linden Oaks	55,000	2-story/med	\$3.30	\$60.00
Feb-90	Executive Square	95 Allens Creek	32,210	3-story/med	\$1.30	\$40.36
Jan-98	Sear-Brown Group	2250 BHTL	20,000	2-story/gen	\$2.00	\$100.00
			5		\$10.50	\$56.23
	Total	25	1,089,347		\$54.67	\$50.19

Source: Bruckner, Tillett, Rossi, Cahill & Leggett; and RKG Associates, Inc.

**APPENDIX TABLE 6:
Independent Unit Developments in Monroe County**

Project Name	Town	Units	Occupancy	Year
The Gables	Brighton	103	94%	1988
Village at Park Ridge	Greece	150	100%	1990
Highlands [1]	Pittsford	135	97%	1994
St. John's Meadows [2]	Brighton	80	100%	1997
Chapel Oaks	Irondequoit	120	99%	1997
River Edge	Rochester	49	97%	1997
Village Wood	Penfield	51	100%	1997
The Summit [1]	Brighton	93	94%	1998
Maplewood Estates	Perinton	114	70%	2000
Legacy	Penfield	89		2000
Total		10	984	95%
Village at Park Ridge	Greece	120	Under Construction	
Baywind Senior Comm.	Penfield	120	Under Construction	
Mercy Park	Brighton	95	Proposed project	
Bryant Woods	Brighton	4	Approvals lapsed	
Total		4	339	

[1] Entrance fee required

[2] Does not include 176 senior apartments and 45 cottages

Source: Bruckner, Tillett, Rossi, Cahill & LeGrett; and RKG Associates, Inc.

APPENDIX TABLE 7
Independent Living Facilities (no medical care)

Project Name	Town	Units	Occupancy	Year	Type	Size SF	Low end		High end		
							Mo. Rent	Rent/SF	Size SF	Mo. Rent	Rent/SF
Village at Park Ridge	Greece	150	100%	1990	One Bdrm	600	\$1,273	\$2.12	901	\$2,103	\$2.33
					Two Bdrm	950	\$2,311	\$2.43	1,037	\$2,637	\$2.54
St. John's Meadows	Brighton	80	100%	1997	One Bdrm	650	\$1,750	\$2.69	760	\$1,905	\$2.51
					Two Bdrm	770	\$2,215	\$2.88	780	\$2,240	\$2.87
Chapel Oaks	Rochester	120	99%	1997	One Bdrm	621	\$1,295	\$2.09	910	\$2,490	\$2.74
					Two Bdrm	987	\$2,600	\$2.63	1,107	\$2,890	\$2.61
River Edge	Rochester	49	97%	1997	One Bdrm	625	\$1,750	\$2.80			
					Two Bdrm	802	\$2,110	\$2.63	875	\$2,150	\$2.46
The Summit [1]	Brighton	93	94%	1998	One Bdrm	690	\$1,375	\$1.99	896	\$1,825	\$2.04
					Two Bdrm	1,085	\$1,975	\$1.82	1,320	\$2,450	\$1.86
The Gables	Brighton	103	94%	1988	Studio	650	\$1,785	\$2.75	650	\$2,150	\$3.31
					One Bdrm	678	\$2,350	\$3.47	745	\$2,450	\$3.29
					Two Bdrm	870	\$3,000	\$3.45	968	\$3,200	\$3.31
Village Wood	Penfield	51	100%	1997	Studio	410	\$1,350	\$3.29	410	\$1,450	\$3.54
					One Bdrm	475	\$1,500	\$3.16	475	\$1,550	\$3.26
					Two Bdrm	600	\$1,600	\$2.67	675	\$1,750	\$2.59
Highlands [1]	Pittsford	135	97%	1994	One Bdrm	608	\$1,135	\$1.87	907	\$1,890	\$2.08
					Two Bdrm	1,033	\$2,135	\$2.07	1,315	\$2,435	\$1.85
Legacy	Penfield	89		2000	One Bdrm	530	\$1,700	\$3.21	840	\$2,190	\$2.61
					Two Bdrm	912	\$2,350	\$2.58	912	\$2,560	\$2.81
Maplewood Estates	Perinton	114	61%	2000	Studio	341	\$1,095	\$3.21	571	\$1,495	\$2.62
					One Bdrm	542	\$1,595	\$2.94	811	\$1,895	\$2.34
					Two Bdrm	903	\$2,095	\$2.32	975	\$2,195	\$2.25

[1] Entrance fee required

Source: Bruckner, Tillet, Rossi, Cahill & LeGrett and RKG Associates, Inc.

Preliminary Financial Analysis

As If Vacant Land - a preliminary evaluation of the site as vacant land is a first step in determining whether the existing buildings are adding value to the site. This evaluation assumes that all buildings are razed at a cost of \$7.50/SF which will be subtracted from the potential revenue from the wholesale value of the 60+ acre tract. A wholesale value is used, since it is assumed that the campus would be disposed of in bulk. Revenue figures are presented in a range and should be considered preliminary since additional costs associated with on and off site improvements need to be evaluated as well as architectural costs to more accurately determine potential demolition and renovation costs. Appendix Table 8 indicates a range of potential revenue figures for each use evaluated under the "as if" vacant analysis.

APPENDIX TABLE 8
Estimated Value Range of Iola Campus as Vacant Land

Use	Light Industrial		Office		Elderly Housing	
	Low	High	Low	High	Low	High
Competing Supply	700+ acres		80+ acres		340 units	
Supply in Years	10 to 20 yrs		5 to 15 yrs		2 to 8 yrs	
Iola Campus	60 acres (gross)		60 acres (gross)		400 to 800 units	
Pot. Ann. Abs.	5 to 8 acres		4 to 6 acres		75 to 150 units	
# of Years	7 to 12 yrs		8 to 12 yrs		4 to 8 yrs	
Range in Value	Low	High	Low	High	Low	High
Value/acre [1]	\$15,000	\$40,000	\$25,000	\$70,000	\$20,000	\$60,000
Gross Value	\$600,000	\$2,400,000	\$1,500,000	\$4,200,000	\$1,200,000	\$3,600,000
Less Demo [2]	(\$2,310,000)	(\$2,310,000)	(\$2,310,000)	(\$2,310,000)	(\$2,310,000)	(\$2,310,000)
Net Value Range [3]	(\$1,710,000)	\$90,000	(\$810,000)	\$1,890,000	(\$1,110,000)	\$1,290,000

[1] Estimated wholesale value without internal/external infrastructure improvements; range could change with additional information

[2] Assumes demolition of all buildings (308,000 SF) times \$7.50/SF

[3] Excludes relocation costs of existing uses/users

Source: RKG Associates, Inc.

As Improved Analysis - This section evaluates the potential disposition of the Iola Campus "as improved" under three reuse scenarios, a light-industrial park, a mixed light-industrial and office park, and a mixed office and elderly residential project. The first two schemes anticipate the central steam plant is reused. However, no budget is included to reflect the costs of upgrade and modernization.

Light industrial Park - This scheme assumes that the existing light-industrial buildings and 17 acres are redeveloped for light-industrial or distribution use. The revenue for the sales of these buildings is estimated to range between \$10/SF and \$25/SF, or the low to mid point indicated by sales of industrial buildings. The remaining 43 acres would be developed as a light industrial park. The potentially historic buildings on Parcel A would be demolished as well as Buildings 3 and 10. A one acre portion of Parcel B would be annexed to Parcel A.

No cost to relocate existing tenants has been factored in the analysis. Appendix Table 9 illustrates the financial implications from this disposition strategy.

APPENDIX TABLE 9

Iola Campus as Light Industrial Park with Steam Plant

Parcel	A	B	C	D	D & E	Total
Reuse	L-I Land	Utility [1]	Light-Indy	Light-Ind	L-I Land	
Acres	18	2	10	5	25	60
Bldgs SF	0	35,000	71,700	38,700	0	145,400
Demo Bldg	114,300	11,900	0	35,600	800	162,600
Available Land	43 acres					
Available L-I Bld	145,400 SF					
Redevelopment Period	4 to 6 years					
Potential Revenue:	Low		High			
Land Revenue [2]	\$860,000	\$1,720,000				
Bldg Revenue [3]	\$1,454,000	\$3,635,000				
Gross Revenue	\$2,314,000	\$5,355,000				
Demolition [4]	(\$1,219,500)	(\$1,219,500)				
Net Revenue [5]	\$1,094,500	\$4,135,500				

[1] Assumes the steam plant is not transferred and is upgrade; Bldg 10 is demolished & 1 acre added to Parcel A

[2] Estimated wholesale value to range between \$20,000 and \$40,000/acre

[3] Estimated value to range between \$10 and \$25/SF

[4] 162,600 SF times \$7.50/SF

[5] Excludes relocation costs of existing uses/users

Source: RKG Associates, Inc.

The potential net revenue from this option ranges from \$1.9 to \$4.1 million.

Light Industrial and Office Park - This is a mixed use plan, where the light-industrial buildings area assumed to be regenerated for distribution use, as in the previous scheme. The potential historic buildings are assumed to be renovated, and it is assumed that an unspecified density bonus would be offered to entice a developer to undertake the renovation. Without the incentive of a density bonus, it is unlikely that the renovation of the historic structures could be justified from a financial perspective. Building 3 and 10 are assumed to be demolished, and the vacant land would be reused for office use. This alternative assumes that the steam plant is retained, although no budget has been included for upgrading the plant. Providing low cost steam heat to potential users could be a marketing advantage for this option as well as the previous one. Appendix Table 10 provides an overview of the financial implications from this disposition scheme.

**APPENDIX TABLE 10:
Iola Campus as Light Industrial/Office Park with Steam Plant**

Parcel	A	B	C	D	D & E	Total
Reuse	Office	Utility [1]	Light-Ind	Light-Ind	Off-Land	
Acres	18	2	10	5	25	60
Bldgs SF	114,300	35,000	71,700	38,700	0	259,700
Demo Bldg	0	11,900	0	35,600	800	48,300
Available Land	25 acres					
Available L-I Bld	145,400 SF					
Avail. Hist. Bld	114,300 SF					
Potential Revenue	Low		High			
Land Revenue [2]	\$500,000	\$1,250,000				
L-I Bldg Rev [3]	\$1,454,000	\$3,635,000				
Hist. Bldg Rev [4]	\$0	\$0				
Gross Revenue	\$1,954,000	\$4,885,000				
Demolition [5]	(\$362,250)	(\$362,250)				
Net Revenue [6]	\$1,591,750	\$4,522,750				

[1] Assumes the steam plant remains and is upgrade and Bldg 10 demolished; 1 acre added to Parcel A
 [2] Estimated value to range between \$20,000 and \$50,000/acre
 [3] Estimated value to range between \$10 and \$25/SF
 [4] Factored at \$0/SF assuming density bonus would be allowed
 [5] 48,300 SF times \$7.50/SF
 [6] Excludes relocation costs of existing users/users
 Source: RKG Associates, Inc.

The potential revenue ranges from \$1.6 to \$4.5 million in this scheme. These figures do not include a cost to upgrade the steam plant, and also assumes that the existing "historic" buildings would be renovated, given the opportunity to build 100,000 SF of new space on the site.

Elderly Housing and Office Park - This plan is also a mixed use disposition scheme, although it assumes that the potentially historic buildings on Parcel A are renovated for elderly housing uses. Although the communities have not specifically approved any potential density bonuses for the site, it is anticipated that a bonus would be required in order to entice a developer. The rest of the site is assumed to be made vacant, including the steam plant. This land (40 acres) would be reused for office development, while 20 acres would support elderly residential. Appendix Table 11 illustrates the financial implications of this strategy.

APPENDIX TABLE 11
Iola Campus as Elderly Housing and Office Park

Parcel	A	B	C	D	D & E	Total
Reuse	Elderly	Off.Land	Off.Land	Off.Land	Off.Land	
Acres	20	0	10	5	25	60
Bldgs SF	114,300	0	0	0	0	114,300
Demo Bldg	0	46,900	71,700	74,300	800	193,700
Available Land	40 acres					
Available L-1 Bld	None					
Avail. Hist Bld	114,300 SF					
Potential Revenue	Low	High				
\$/Acre	\$30,000	\$70,000				
\$/SF	\$0.00	\$0.00				
Historic	\$0.00	\$0.00				
Land Revenue [1]	\$1,200,000	\$2,800,000				
Gross Revenue	\$1,200,000	\$2,800,000				
Demolition [2]	(\$1,452,750)	(\$1,452,750)				
Net Revenue [3]	(\$252,750)	\$1,347,250				

[1] Estimated value to range between \$30,000 and \$70,000/acre; subject to other internal/external costs
 [2] 122,000 SF times \$7.50/SF
 [3] Excludes relocation costs of existing uses/users
 Source: RKG Associates, Inc.

The resulting potential revenue ranges from *negative \$250,000* to \$1.35 million. However, the steam plant is assumed to be razed and no cost for replacement is considered. It is unlikely that the high value residential and office uses would be attracted to the site with the presence of the steam plant. In addition, it is likely that the financial performance may improve in this scenario, if neighborhood retail/services or hospitality developments were included. At least in this option the sites frontage on the Eire Canal could be repositioned as an amenity for the redevelopment, assuming the removal of the light-industrial buildings that are presently there.