

PREPARED FOR:

Town of Brookhaven Industrial Development Agency
One Independence Hill
Farmingville, NY 11738

Reasonableness Assessment for Financial Assistance

SOSUNRISE LLC

MAY 2026

PREPARED BY:



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EXECUTIVE SUMMARY

Project Description

The Town of Brookhaven Industrial Development Agency (Agency) received an application from Sosunrise LLC (Applicant) for financial assistance to construct 64 age-restricted (55+) rental apartments in East Patchogue, New York, located on Sunrise Highway South Service Road and Robinson Road. This development will include an affordable housing component consisting of 3 at 50% of the Area Median Income (AMI), 4 at 65% of the AMI and 7 at 80% of the AMI.

The Project represents a \$34.8 million investment and is anticipated by the Applicant to generate 1.5 full-time permanent jobs within two years. To support this project, the Applicant requests financial assistance through a Payment In Lieu of Taxes (PILOT) agreement. Three different PILOT schedules were tested and compared to no PILOT:

- 7-year phased in PILOT
- 15-year phased in PILOT
- 17-year phased in PILOT

Purpose of this Analysis

An objective, third-party review of a project's assumptions and estimated operating and financial performance helps Industrial Development Agencies perform a complete evaluation of a proposed Project. Camoin Associates was engaged to analyze the Project and deliver an analysis and opinion to answer three questions:

- ◆ Are the operating assumptions, such as rent, vacancy, and expenses, within regional norms?
- ◆ Is the assistance necessary for the Project to be financially feasible and, therefore, undertaken by the Applicant?
- ◆ If assistance is awarded, will the Applicant's rate of return on investment be similar to market expectations for similar projects in the region and, therefore, reasonable?

Findings: This analysis concludes that the answer to each of these questions is as follows:

- ◆ Operating assumptions are reasonable and fall within regional and industry norms.
- ◆ The equity dividend rate benchmark is not met in any scenario, including all three PILOT scenarios, where average rates of -0.23% (7-year), 0.60% (15-year), and 0.80% (17-year) fall well below the benchmark average of 9.56%. In the No PILOT scenarios, average rates range from -3.84% to -2.50%, indicating that assistance alone is insufficient to meet industry benchmarks, though it meaningfully improves returns.
- ◆ Across the 15-year and 17-year PILOT scenarios, cumulative cash flow is positive — \$813,340 (15-year) and \$1,261,696 (17-year) — but does not recoup the initial equity investment over the time period studied. The 7-year PILOT produces a modest positive cumulative cash flow of \$138,795, while all No PILOT scenarios result in deeply negative cumulative cash flow ranging from (\$2,328,294) to (\$3,912,844).

1. OPERATING ASSUMPTIONS

The Applicant's operating assumptions are compared to CoStar estimates for rent in in Suffolk County and key metrics for affordable housing income limits as provided by the U.S. Department of Housing and Urban Development. The ability of households in Suffolk County to afford market rate, workforce, and affordable apartments is estimated by calculating the income necessary to pay no more than 30% of income on rent.

Apartment Unit Type, Rent, and Household Income

Type of Apartment (1)		Number of Units in Project (1)	Average Rent per Month (1)	Rent per Year	Household Income Required (2)	Average Rent for Suffolk County (3)	Affordable Income Limits (4)	Benchmarks
Market	2BR	50	\$3,970	\$47,640	\$158,800	\$3,549	N/A	Rents are 12% higher than average rent for the area.
Affordable	2BR	14	\$2,500	\$30,000	\$100,000	N/A	\$70,312	Rents will need to meet local affordability requirements.

(1) Source: Applicant

(2) Income needed to pay no more than 30% on rent

(3) 2026 Average monthly rent for newly built apartments (Post 2020) for Suffolk County, NY Source: CoStar

2. PILOT ANALYSIS

Camoin Associates created a 7-year, 15-year, and 17-year PILOT schedule:

PILOT Schedule - 7 Year						
Year	Property Without Project (1)	Plus: Improvements			Estimated PILOT Savings (2)	Project w/out PILOT (2)
		Projected Improvement Tax (2)	Proposed Exemption (1)	Total PILOT (1)		
Construction Year 1	\$6,000	\$ -	100%	\$6,000	\$ -	\$6,000
Construction Year 2	\$6,120	\$ -	100%	\$6,120	\$ -	\$6,120
PILOT/Tax Year 3	\$6,242	\$520,533	90%	\$58,296	\$468,480	\$526,776
PILOT/Tax Year 4	\$6,367	\$530,944	80%	\$112,556	\$424,755	\$537,311
PILOT/Tax Year 5	\$6,495	\$541,563	70%	\$168,963	\$379,094	\$548,057
PILOT/Tax Year 6	\$6,624	\$552,394	60%	\$227,582	\$331,436	\$559,018
PILOT/Tax Year 7	\$6,757	\$563,442	50%	\$288,478	\$281,721	\$570,199
Total	\$44,606			\$867,995	\$1,885,486	\$2,753,481

(1) Source: Town of Brookhaven

(2) Source: Applicant

PILOT Schedule - 15 Year

Year	Property Without Project (1)	Plus: Improvements			Total PILOT (1)	Estimated PILOT Savings (2)	Project w/out PILOT (2)
		Projected Improvement Tax (2)	Proposed Exemption (1)				
Construction Year 1	\$6,000		100.00%	\$6,000	\$0	\$6,000	
Construction Year 2	\$6,120		100.00%	\$6,120	\$0	\$6,120	
PILOT/Tax Year 3	\$6,242	\$520,533	90.00%	\$58,296	\$468,480	\$526,776	
PILOT/Tax Year 4	\$6,367	\$530,944	90.00%	\$59,462	\$477,849	\$537,311	
PILOT/Tax Year 5	\$6,495	\$541,563	80.00%	\$114,807	\$433,250	\$548,057	
PILOT/Tax Year 6	\$6,624	\$552,394	80.00%	\$117,103	\$441,915	\$559,018	
PILOT/Tax Year 7	\$6,757	\$563,442	70.00%	\$175,790	\$394,409	\$570,199	
PILOT/Tax Year 8	\$6,892	\$574,711	70.00%	\$179,305	\$402,297	\$581,603	
PILOT/Tax Year 9	\$7,030	\$586,205	60.00%	\$241,512	\$351,723	\$593,235	
PILOT/Tax Year 10	\$7,171	\$597,929	60.00%	\$246,342	\$358,757	\$605,100	
PILOT/Tax Year 11	\$7,314	\$609,888	50.00%	\$312,258	\$304,944	\$617,202	
PILOT/Tax Year 12	\$7,460	\$622,085	50.00%	\$318,503	\$311,043	\$629,546	
PILOT/Tax Year 13	\$7,609	\$634,527	40.00%	\$388,326	\$253,811	\$642,137	
PILOT/Tax Year 14	\$7,762	\$647,218	40.00%	\$396,092	\$258,887	\$654,979	
PILOT/Tax Year 15	\$7,917	\$660,162	20.00%	\$536,046	\$132,032	\$668,079	
Total	\$103,761			\$3,155,962	\$4,589,399	\$7,745,360	

(1) Source: Town of Brookhaven

(2) Source: Applicant

PILOT Schedule - 17 Year

Year	Property Without Project (1)	Plus: Improvements			Estimated PILOT Savings (2)	Project w/out PILOT (2)
		Projected Improvement Tax (2)	Proposed Exemption (1)	Total PILOT (1)		
Construction Year 1	\$6,000		100.00%	\$6,000	\$0	\$6,000
Construction Year 2	\$6,120		100.00%	\$6,120	\$0	\$6,120
PILOT/Tax Year 3	\$6,242	\$520,533	90.00%	\$58,296	\$468,480	\$526,776
PILOT/Tax Year 4	\$6,367	\$530,944	90.00%	\$59,462	\$477,849	\$537,311
PILOT/Tax Year 5	\$6,495	\$541,563	85.00%	\$87,729	\$460,328	\$548,057
PILOT/Tax Year 6	\$6,624	\$552,394	80.00%	\$117,103	\$441,915	\$559,018
PILOT/Tax Year 7	\$6,757	\$563,442	75.00%	\$147,617	\$422,581	\$570,199
PILOT/Tax Year 8	\$6,892	\$574,711	70.00%	\$179,305	\$402,297	\$581,603
PILOT/Tax Year 9	\$7,030	\$586,205	65.00%	\$212,202	\$381,033	\$593,235
PILOT/Tax Year 10	\$7,171	\$597,929	60.00%	\$246,342	\$358,757	\$605,100
PILOT/Tax Year 11	\$7,314	\$609,888	55.00%	\$281,763	\$335,438	\$617,202
PILOT/Tax Year 12	\$7,460	\$622,085	50.00%	\$318,503	\$311,043	\$629,546
PILOT/Tax Year 13	\$7,609	\$634,527	45.00%	\$356,599	\$285,537	\$642,137
PILOT/Tax Year 14	\$7,762	\$647,218	40.00%	\$396,092	\$258,887	\$654,979
PILOT/Tax Year 15	\$7,917	\$660,162	35.00%	\$437,022	\$231,057	\$668,079
PILOT/Tax Year 16	\$8,075	\$673,365	30.00%	\$479,431	\$202,010	\$681,440
PILOT/Tax Year 17	\$8,237	\$686,833	20.00%	\$557,703	\$137,367	\$695,069
Total	\$120,072			\$3,947,290	\$5,174,580	\$9,121,870

(1) Source: Town of Brookhaven

(2) Source: Applicant

- ◆ The 7-year PILOT agreement will abate 68.5% of the Applicant's taxes, resulting in \$1,885,486 in foregone tax revenue (benefit to the Project) to the municipality over the next 7 years. The benefit to the municipality is \$823,389, which the municipality stands to gain from the project over a no-project scenario.
- ◆ The 15-year PILOT agreement will abate 59.3% of the Applicant's taxes, resulting in \$4,589,399 in foregone tax revenue (benefit to the Project) to the municipality over the next 15 years. The benefit to the municipality is \$3,052,201, which the municipality stands to gain from the project over a no-project scenario.
- ◆ The 17-year PILOT agreement will abate 56.7% of the Applicant's taxes, resulting in \$5,174,580 in foregone tax revenue (benefit to the Project) to the municipality over the next 17 years. The benefit to the municipality is \$3,827,217, which the municipality stands to gain from the project over a no-project scenario.

Real Property Tax Comparison

	7-Year PILOT	15-Year PILOT	17-Year PILOT
<i><u>Comparison of Taxes on Full Value of Project and with PILOT</u></i>			
Taxes without PILOT	\$2,753,481	\$7,745,360	\$9,121,870
Less: PILOT/Tax Payments	<u>(\$867,995)</u>	<u>(\$3,155,962)</u>	<u>(\$3,947,290)</u>
Foregone Revenue (Benefits to Project)	\$1,885,486	\$4,589,399	\$5,174,580
Abatement Percent	68.5%	59.3%	56.7%
<i><u>Net New Taxes Compared with No Project</u></i>			
PILOT/Tax Payments	\$867,995	\$3,155,962	\$3,947,290
Less: Estimated Taxes without Project	<u>(\$44,606)</u>	<u>(\$103,761)</u>	<u>(\$120,072)</u>
Estimated New Tax Revenue (Benefits to Municipalities)	\$823,389	\$3,052,201	\$3,827,217

3. OPERATING PERFORMANCE

The project's year 7 operating performance is measured to provide a consistent point of comparison. The Applicant assumes that gross revenue and expenses will escalate at 2% per year and that there will be a 5% vacancy rate once stabilized, more efficient than the 7.5% benchmark for Suffolk County, NY. Operating expenses are lower than the benchmarks for all scenarios, but seem reasonable.

Without a PILOT, real property taxes absorb 19% of project income, while debt service absorbs 56%, resulting in a negative cash flow of (\$349,119). With a 7-year PILOT, property taxes absorb 10% of gross operating income but still result in a negative cash flow of (\$67,398). With a 15-year PILOT, property taxes absorb 6% of gross operating income and produce a positive cash flow of \$45,290. With a 17-year PILOT, property taxes absorb 5% of gross operating income and produce a positive cash flow of \$73,462.

Operations Snapshot

	7-Year PILOT (Year 7)		15-Year No PILOT (Year 7)		17-Year No PILOT (Year 7)		No PILOT (Year 7)		Industry Benchmarks	
	Project Performance (1)	Share of Gross Operating Income	Project Performance (1)	Share of Gross Operating Income	Project Performance (1)	Share of Gross Operating Income	Project Performance (1)	Share of Gross Operating Income	Benchmark Performance (2)	Evaluation
<u>Calculation of Net Operating Income Residential</u>										
Gross Operating Income	\$3,030,810	100%	\$3,030,810	100%	\$3,030,810	100%	\$3,030,810	100%	n/a	n/a
Vacancy Rate and Concessions (3)	5%	n/a	5%	n/a	5%	n/a	5%	n/a	7.5%	More efficient
Effective Gross Income (EGI), All Uses (4)	\$2,879,270	95%	\$2,879,270	95%	\$2,879,270	95%	\$2,879,270	95%	94%	Within range
Less: Operating Expenses and Reserve	(\$953,190)	31%	(\$953,190)	31%	(\$953,190)	31%	(\$953,190)	31%	56%	More efficient
Less: Real Property Taxes	(\$288,478)	10%	(\$175,790)	6%	(\$147,617)	5%	(\$570,199)	19%	n/a	n/a
Net Operating Income	\$1,637,602	54%	\$1,750,290	58%	\$1,778,462	59%	\$1,355,881	45%	42%	More efficient
Less: Debt Service	(\$1,705,000)	56%	(\$1,705,000)	56%	(\$1,705,000)	56%	(\$1,705,000)	56%	n/a	n/a
Cashflow after Operating Costs, Taxes, Debt	(\$67,398)	-2%	\$45,290	1%	\$73,462	2%	(\$349,119)	-12%	n/a	n/a

(1) Source: Applicant

(2) Source: RealtyRates Q4 2025 for Northeast Region

(3) Average vacancy rate for 2024 Q4 in Suffolk County, NY is 7.5%, Source: CoStar

(4) Net of vacancy and concessions

4. FINANCING PLAN

- ◆ The Sources and Uses of Funds show the total project costs and debt and equity capital structure.
- ◆ The Senior (Long Term) Debt Terms are positive, with bank financing making up 70% of the source of funds, within the industry benchmarks of 55-90%. The annual interest rate for long-term debt is within range, and the maturity term is within acceptable limits.
- ◆ Note, amount of equity financing may be closer to \$10.2 million, but is left at \$10,45,000 as that is what was provided in the workbook.

Sources and Uses of Funds

<u>Sources of Funds</u>	<u>Amount (1)</u>	<u>Share</u>
Bank Financing	\$24,385,000	70%
Equity and Working Capital	\$10,450,000	30%
Total Sources	\$34,835,000	100%
<u>Uses of Funds</u>		
Acquisition and Transaction Costs	\$5,475,000	16%
Construction Costs	\$29,360,000	84%
Total Uses	\$34,835,000	100%

(1) Source: Applicant

Terms of the Senior (Long Term) Debt

	<u>Terms (1)</u>	<u>Benchmark (2)</u>	<u>Evaluation</u>
Amount Borrowed	\$24,385,000	n/a	n/a
Loan to Total Project Cost	70%	55% - 90%	Within Range
Annual Interest Rate	6.00%	4.54% - 8.81%	Within Range
Maturity in Years	30	15 - 40	Within Range

(1) Source: Applicant

(2) Source: RealtyRates Q4 2025

5. RATE OF RETURN

An estimated return on investment is calculated using the Applicant's operating pro forma and capital structure. This analysis measures whether the financial assistance is necessary and reasonable.

Three metrics are used to evaluate outcomes:

- ◆ The Equity Dividend Rate is net cash flow for each year, divided by the initial equity investment. Equity Dividend Rates are benchmarked using current market information from RealtyRates.com for similar projects in the region. Equity Dividend Rates close to the benchmarks indicate a Project outcome in line with the current market, which means the Applicant is earning a reasonable return. Very low or negative rates indicate the Project is unlikely to be undertaken if compared to other possible investments. Equity Dividend Rates are based on an initial equity investment of \$10,450,000. **The average equity dividend rate does not meet the benchmark in any scenario. In the No PILOT scenarios, average rates range from -3.84% to -2.50%. Even in the PILOT scenarios, average rates of -0.23% (7-year), 0.60% (15-year), and 0.80% (17-year) fall well below the benchmark average of 9.56%, with zero benchmark years met across all scenarios.**

Comparison of Return on Investment

- ◆ Cash Flow shows the applicant's net cash flow over time. There are currently no cash flow benchmarks available. Cumulative Cash Flow is positive only in the PILOT scenarios but insufficient to recoup the initial investment in all cases. All No PILOT scenarios result in deeply negative cumulative cash flow.
- ◆ Debt Service Coverage estimates how well the Project's net income, after taxes, supports debt repayment. The benchmark range is 1.00 to 1.85. **In the 15 and 17 year PILOT scenarios, the average Debt Service Coverage meets the benchmark across all three terms.**

	<u>7 Year</u> <u>PILOT</u>	<u>7 Year No</u> <u>PILOT</u>	<u>15 Year</u> <u>PILOT</u>	<u>15 Year No</u> <u>PILOT</u>	<u>17 Year</u> <u>PILOT</u>	<u>17 Year No</u> <u>PILOT</u>	<u>Benchmarks</u> <u>(1)</u>
<u>Equity Dividend Rates</u>							
Average	-0.23%	-3.84%	0.60%	-2.78%	0.80%	-2.50%	4.67%
Minimum	-0.64%	-4.33%	0.15%	-4.33%	0.15%	-4.33%	to
Maximum	0.15%	-3.34%	1.07%	-1.11%	1.12%	-0.50%	13.57%
Year Benchmarks Met	n/a	n/a	n/a	n/a	n/a	n/a	Ave: 9.56%
<u>Cash Flow</u>							
Average	(\$24,161)	(\$401,258)	\$62,565	(\$290,466)	\$84,113	(\$260,856)	
Minimum	(\$67,398)	(\$452,376)	\$15,663	(\$452,376)	\$16,064	(\$452,376)	
Maximum	\$16,104	(\$349,119)	\$111,368	(\$116,369)	\$117,413	(\$52,189)	n/a
Cumulative	\$138,795	(\$2,328,294)	\$813,340	(\$3,776,059)	\$1,261,696	(\$3,912,844)	
Year Investment Recouped	n/a	n/a	n/a	n/a	n/a	n/a	
<u>Debt Service Coverage</u>							
Average	0.99	0.76	1.04	0.83	1.05	0.85	1.00
Minimum	0.96	0.73	1.01	0.73	1.01	0.73	to
Maximum	1.01	0.80	1.07	0.93	1.07	0.97	1.85
Years Benchmarks Met	1	n/a	1	n/a	1	n/a	

(1) Source: RealtyRates for Q4 2025

ATTACHMENT 1: PRO FORMAS

Project Name - Kelly East Patchogue	Date		5/22/2026									
Annual Cashflows (Pro Forma) - No PILOT												
	Construction	Year 1	Year 3	Year 4	Year 5	Year 6	Year 7	Year 14	Year 15	Year 16	Year 17	
Operating Cash Flow												
<u>Residential Income</u>												
Gross Operating Income	\$	-	\$ 2,800,000	\$ 2,856,000	\$ 2,913,120	\$ 2,971,382	\$ 3,030,810	\$ 3,481,448	\$ 3,551,077	\$ 3,622,099	\$ 3,694,541	
Less: Vacancy Allowance (enter as a negative number)	\$	-	\$ (140,000)	\$ (142,800)	\$ (145,656)	\$ (148,569)	\$ (151,541)	\$ (174,072)	\$ (177,554)	\$ (181,105)	\$ (184,727)	
Net Rental Income, Residential	\$	-	\$ 2,660,000	\$ 2,713,200	\$ 2,767,464	\$ 2,822,813	\$ 2,879,270	\$ 3,307,376	\$ 3,373,523	\$ 3,440,994	\$ 3,509,814	
<u>Commercial/Industrial Income</u>												
Gross Operating Income	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Less: Vacancy Allowance (enter as a negative number)	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Rental Income, Commercial/Industrial	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<u>Other Income</u>												
Parking Income	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Income	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Income	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Income, Other	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Effective Gross Income (EGI)	\$	-	\$ 2,660,000	\$ 2,713,200	\$ 2,767,464	\$ 2,822,813	\$ 2,879,270	\$ 3,307,376	\$ 3,373,523	\$ 3,440,994	\$ 3,509,814	
<u>Operating Expenses (enter positive numbers)</u>												
Salaries and Wages	\$	-	\$ 180,000	\$ 183,600	\$ 187,272	\$ 191,017	\$ 194,838	\$ 223,807	\$ 228,284	\$ 232,849	\$ 237,506	
Maintenance	\$	-	\$ 276,000	\$ 281,520	\$ 287,150	\$ 292,893	\$ 298,751	\$ 343,171	\$ 350,035	\$ 357,035	\$ 364,176	
Deposit to replacement reserve	\$	50,000	\$ 96,000	\$ 97,920	\$ 99,878	\$ 101,876	\$ 103,913	\$ 119,364	\$ 121,751	\$ 124,186	\$ 126,670	
Insurance	\$	83,200	\$ 83,200	\$ 84,864	\$ 86,561	\$ 88,293	\$ 90,058	\$ 103,449	\$ 105,518	\$ 107,628	\$ 109,781	
Other	\$	-	\$ 245,400	\$ 250,308	\$ 255,314	\$ 260,420	\$ 265,629	\$ 305,124	\$ 311,227	\$ 317,451	\$ 323,800	
Operating Expenses	\$	133,200	\$ 880,600	\$ 898,212	\$ 916,176	\$ 934,500	\$ 953,190	\$ 1,094,915	\$ 1,116,814	\$ 1,139,150	\$ 1,161,933	
Pre-Tax Operating Income (Revenue less Operating Expenses)	\$	(133,200)	\$ 1,779,400	\$ 1,814,988	\$ 1,851,288	\$ 1,888,314	\$ 1,926,080	\$ 2,212,460	\$ 2,256,709	\$ 2,301,844	\$ 2,347,881	
Real Property Taxes (assuming no PILOT)			\$ 526,776	\$ 537,311	\$ 548,057	\$ 559,018	\$ 570,199	\$ 654,979	\$ 668,079	\$ 681,440	\$ 695,069	
Net Operating Income (NOI) after Taxes	\$	(645,200)	\$ 1,252,624	\$ 1,277,677	\$ 1,303,230	\$ 1,329,295	\$ 1,355,881	\$ 1,557,481	\$ 1,588,631	\$ 1,620,403	\$ 1,652,811	
<u>Loan or Mortgage (Debt Service)</u>												
Interest Payment	\$	1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	
Principal Payment	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Debt Service	\$	1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	
Cash Flow After Financing and Reserve	\$	(2,350,200)	\$ (452,376)	\$ (427,323)	\$ (401,770)	\$ (375,705)	\$ (349,119)	\$ (147,519)	\$ (116,369)	\$ (84,597)	\$ (52,189)	
Debt Service Coverage Ratio (DSCR)			0.73	0.75	0.76	0.78	0.80	0.91	0.93	0.95	0.97	
Equity Dividend Rate			-4.33%	-4.09%	-3.84%	-3.60%	-3.34%	-1.41%	-1.11%	-0.81%	-0.50%	

Reasonableness Assessment for Sosunrise LLC, Town of Brookhaven Industrial Development Agency

Project Name - Kelly East Patchogue	Date		5/22/2026				
Annual Cashflows (Pro Forma) - 7 Year PILOT							
	Construction	Year 1	Year 3	Year 4	Year 5	Year 6	Year 7
Operating Cash Flow							
<u>Residential Income</u>							
Gross Operating Income	\$	-	\$ 2,800,000	\$ 2,856,000	\$ 2,913,120	\$ 2,971,382	\$ 3,030,810
Less: Vacancy Allowance (enter as a negative number)	\$	-	\$ (140,000)	\$ (142,800)	\$ (145,656)	\$ (148,569)	\$ (151,541)
Net Rental Income, Residential	\$	-	\$ 2,660,000	\$ 2,713,200	\$ 2,767,464	\$ 2,822,813	\$ 2,879,270
<u>Commercial/Industrial Income</u>							
Gross Operating Income	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Vacancy Allowance (enter as a negative number)	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
Net Rental Income, Commercial/Industrial	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Other Income</u>							
Parking Income	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
Other Income	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
Other Income	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income, Other	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
Effective Gross Income (EGI)	\$	-	\$ 2,660,000	\$ 2,713,200	\$ 2,767,464	\$ 2,822,813	\$ 2,879,270
<u>Operating Expenses (enter positive numbers)</u>							
Salaries and Wages	\$	-	\$ 180,000	\$ 183,600	\$ 187,272	\$ 191,017	\$ 194,838
Maintenance	\$	-	\$ 276,000	\$ 281,520	\$ 287,150	\$ 292,893	\$ 298,751
Deposit to replacement reserve	\$	50,000	\$ 96,000	\$ 97,920	\$ 99,878	\$ 101,876	\$ 103,913
Insurance	\$	83,200	\$ 83,200	\$ 84,864	\$ 86,561	\$ 88,293	\$ 90,058
Other	\$	-	\$ 245,400	\$ 250,308	\$ 255,314	\$ 260,420	\$ 265,629
Operating Expenses	\$	133,200	\$ 880,600	\$ 898,212	\$ 916,176	\$ 934,500	\$ 953,190
Pre-Tax Operating Income (Revenue less Operating Expenses)	\$	(133,200)	\$ 1,779,400	\$ 1,814,988	\$ 1,851,288	\$ 1,888,314	\$ 1,926,080
Real Property Taxes (assuming no PILOT)			\$ 58,296	\$ 112,556	\$ 168,963	\$ 227,582	\$ 288,478
Net Operating Income (NOI) after Taxes	\$	(645,200)	\$ 1,721,104	\$ 1,702,432	\$ 1,682,324	\$ 1,660,731	\$ 1,637,602
<u>Loan or Mortgage (Debt Service)</u>							
Interest Payment	\$	1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000
Principal Payment	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	\$	1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000
Cash Flow After Financing and Reserve	\$	(2,350,200)	\$ 16,104	\$ (2,568)	\$ (22,676)	\$ (44,269)	\$ (67,398)
Debt Service Coverage Ratio (DSCR)			1.01	1.00	0.99	0.97	0.96
Equity Dividend Rate			0.15%	-0.02%	-0.22%	-0.42%	-0.64%

Reasonableness Assessment for Sosunrise LLC, Town of Brookhaven Industrial Development Agency

Project Name - Kelly East Patchogue	Date	5/22/2026									
Annual Cashflows (Pro Forma) - 15 Year PILOT											
	Construction	Year 1	Year 3	Year 4	Year 5	Year 6	Year 7	Year 12	Year 13	Year 14	Year 15
Operating Cash Flow											
<u>Residential Income</u>											
Gross Operating Income	\$	-	\$ 2,800,000	\$ 2,856,000	\$ 2,913,120	\$ 2,971,382	\$ 3,030,810	\$ 3,346,259	\$ 3,413,184	\$ 3,481,448	\$ 3,551,077
Less: Vacancy Allowance (enter as a negative number)	\$	-	\$ (140,000)	\$ (142,800)	\$ (145,656)	\$ (148,569)	\$ (151,541)	\$ (167,313)	\$ (170,659)	\$ (174,072)	\$ (177,554)
Net Rental Income, Residential	\$	-	\$ 2,660,000	\$ 2,713,200	\$ 2,767,464	\$ 2,822,813	\$ 2,879,270	\$ 3,178,946	\$ 3,242,525	\$ 3,307,376	\$ 3,373,523
<u>Commercial/Industrial Income</u>											
Gross Operating Income	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Vacancy Allowance (enter as a negative number)	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Rental Income, Commercial/Industrial	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Other Income</u>											
Parking Income	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Income	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Income	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income, Other	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Effective Gross Income (EGI)	\$	-	\$ 2,660,000	\$ 2,713,200	\$ 2,767,464	\$ 2,822,813	\$ 2,879,270	\$ 3,178,946	\$ 3,242,525	\$ 3,307,376	\$ 3,373,523
<u>Operating Expenses (enter positive numbers)</u>											
Salaries and Wages	\$	-	\$ 180,000	\$ 183,600	\$ 187,272	\$ 191,017	\$ 194,838	\$ 215,117	\$ 219,419	\$ 223,807	\$ 228,284
Maintenance	\$	-	\$ 276,000	\$ 281,520	\$ 287,150	\$ 292,893	\$ 298,751	\$ 329,846	\$ 336,442	\$ 343,171	\$ 350,035
Deposit to replacement reserve	\$	50,000	\$ 96,000	\$ 97,920	\$ 99,878	\$ 101,876	\$ 103,913	\$ 114,729	\$ 117,023	\$ 119,364	\$ 121,751
Insurance	\$	83,200	\$ 83,200	\$ 84,864	\$ 86,561	\$ 88,293	\$ 90,058	\$ 99,432	\$ 101,420	\$ 103,449	\$ 105,518
Other	\$	-	\$ 245,400	\$ 250,308	\$ 255,314	\$ 260,420	\$ 265,629	\$ 293,276	\$ 299,141	\$ 305,124	\$ 311,227
Operating Expenses	\$	133,200	\$ 880,600	\$ 898,212	\$ 916,176	\$ 934,500	\$ 953,190	\$ 1,052,399	\$ 1,073,446	\$ 1,094,915	\$ 1,116,814
Pre-Tax Operating Income (Revenue less Operating Expenses)	\$	(133,200)	\$ 1,779,400	\$ 1,814,988	\$ 1,851,288	\$ 1,888,314	\$ 1,926,080	\$ 2,126,548	\$ 2,169,079	\$ 2,212,460	\$ 2,256,709
Real Property Taxes (assuming no PILOT)			\$ 58,296	\$ 59,462	\$ 114,807	\$ 117,103	\$ 175,790	\$ 318,503	\$ 388,326	\$ 396,092	\$ 536,046
Net Operating Income (NOI) after Taxes	\$	(645,200)	\$ 1,721,104	\$ 1,755,526	\$ 1,736,481	\$ 1,771,210	\$ 1,750,290	\$ 1,808,045	\$ 1,780,753	\$ 1,816,368	\$ 1,720,663
<u>Loan or Mortgage (Debt Service)</u>											
Interest Payment	\$	1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000
Principal Payment	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	\$	1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000
Cash Flow After Financing and Reserve	\$	(2,350,200)	\$ 16,104	\$ 50,526	\$ 31,481	\$ 66,210	\$ 45,290	\$ 103,045	\$ 75,753	\$ 111,368	\$ 15,663
Debt Service Coverage Ratio (DSCR)			1.01	1.03	1.02	1.04	1.03	1.06	1.04	1.07	1.01
Equity Dividend Rate			0.15%	0.48%	0.30%	0.63%	0.43%	0.99%	0.72%	1.07%	0.15%

Reasonableness Assessment for Sosunrise LLC, Town of Brookhaven Industrial Development Agency

Project Name - Kelly East Patchogue	Date	5/22/2026									
Annual Cashflows (Pro Forma) - 17 Year PILOT											
	Construction Year	Year 3	Year 4	Year 5	Year 6	Year 7	Year 14	Year 15	Year 16	Year 17	
Operating Cash Flow											
<u>Residential Income</u>											
Gross Operating Income	\$ -	\$ 2,800,000	\$ 2,856,000	\$ 2,913,120	\$ 2,971,382	\$ 3,030,810	\$ 3,481,448	\$ 3,551,077	\$ 3,622,099	\$ 3,694,541	
Less: Vacancy Allowance (enter as a negative number)	\$ -	\$ (140,040)	\$ (142,800)	\$ (145,656)	\$ (148,569)	\$ (151,541)	\$ (174,072)	\$ (177,554)	\$ (181,105)	\$ (184,727)	
Net Rental Income, Residential	\$ -	\$ 2,659,960	\$ 2,713,200	\$ 2,767,464	\$ 2,822,813	\$ 2,879,270	\$ 3,307,376	\$ 3,373,523	\$ 3,440,994	\$ 3,509,814	
<u>Commercial/Industrial Income</u>											
Gross Operating Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Less: Vacancy Allowance (enter as a negative number)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Rental Income, Commercial/Industrial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<u>Other Income</u>											
Parking Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Income, Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Effective Gross Income (EGI)	\$ -	\$ 2,659,960	\$ 2,713,200	\$ 2,767,464	\$ 2,822,813	\$ 2,879,270	\$ 3,307,376	\$ 3,373,523	\$ 3,440,994	\$ 3,509,814	
<u>Operating Expenses (enter positive numbers)</u>											
Salaries and Wages	\$ -	\$ 180,000	\$ 183,600	\$ 187,272	\$ 191,017	\$ 194,838	\$ 223,807	\$ 228,284	\$ 232,849	\$ 237,506	
Maintenance	\$ -	\$ 276,000	\$ 281,520	\$ 287,150	\$ 292,893	\$ 298,751	\$ 343,171	\$ 350,035	\$ 357,035	\$ 364,176	
Deposit to replacement reserve	\$ 50,000	\$ 96,000	\$ 97,920	\$ 99,878	\$ 101,876	\$ 103,913	\$ 119,364	\$ 121,751	\$ 124,186	\$ 126,670	
Insurance	\$ 83,200	\$ 83,200	\$ 84,864	\$ 86,561	\$ 88,293	\$ 90,058	\$ 103,449	\$ 105,518	\$ 107,628	\$ 109,781	
Other	\$ -	\$ 245,400	\$ 250,308	\$ 255,314	\$ 260,420	\$ 265,629	\$ 305,124	\$ 311,227	\$ 317,451	\$ 323,800	
Operating Expenses	\$ 133,200	\$ 880,600	\$ 898,212	\$ 916,176	\$ 934,500	\$ 953,190	\$ 1,094,915	\$ 1,116,814	\$ 1,139,150	\$ 1,161,933	
Pre-Tax Operating Income (Revenue less Operating Expenses)	\$ (133,200)	\$ 1,779,360	\$ 1,814,988	\$ 1,851,288	\$ 1,888,314	\$ 1,926,080	\$ 2,212,460	\$ 2,256,709	\$ 2,301,844	\$ 2,347,881	
Real Property Taxes (assuming no PILOT)		\$ 58,296	\$ 59,462	\$ 87,729	\$ 117,103	\$ 147,617	\$ 396,092	\$ 437,022	\$ 479,431	\$ 557,703	
Net Operating Income (NOI) after Taxes	\$ (645,200)	\$ 1,721,064	\$ 1,755,526	\$ 1,763,559	\$ 1,771,210	\$ 1,778,462	\$ 1,816,368	\$ 1,819,687	\$ 1,822,413	\$ 1,790,178	
<u>Loan or Mortgage (Debt Service)</u>											
Interest Payment	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Debt Service	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	\$ 1,705,000	
Cash Flow After Financing and Reserve	#####	\$ 16,064	\$ 50,526	\$ 58,559	\$ 66,210	\$ 73,462	\$ 111,368	\$ 114,687	\$ 117,413	\$ 85,178	
Debt Service Coverage Ratio (DSCR)		1.01	1.03	1.03	1.04	1.04	1.07	1.07	1.07	1.05	
Equity Dividend Rate		0.15%	0.48%	0.56%	0.63%	0.70%	1.07%	1.10%	1.12%	0.82%	

APPENDIX A: SCOPE OF SERVICES

To assist with its evaluation of the Applicant's request for financial assistance, Camoin was commissioned by the Town of Brookhaven Industrial Development Agency to conduct the above analyses. The analysis is comprised of four tasks:

- ◆ *Test Assumptions* by comparing rents, operating costs, and vacancy rates to real estate benchmarks for similar projects and noting any significant differences. Operating performance and net income are also evaluated.
- ◆ *Review the Financing Plan* and perform an objective third-party evaluation of the estimated return on investment (ROI) to the Applicant with and without a PILOT agreement. We also analyze whether the capital structure and terms of the long-term debt are within market benchmarks for obtaining bank financing.
- ◆ *Evaluate the effects of one or more PILOTs* recommended by the Agency and determine whether the PILOT would result in a return that is within what would normally be anticipated in the current market for a similar project.
- ◆ *Provide an objective, third-party opinion* about the need for and reasonableness of the financial assistance.

Sources Consulted

- ◆ Application for Financial Assistance dated 10/31/2024.
- ◆ Project financing and annual cashflow workbook submitted by the Applicant on 4/26/2026 and updated on 5/18/2026.
- ◆ Assessed value estimates provided by the applicant in the cashflow workbook.
- ◆ Real estate tax information and estimates received from the Agency, including anticipated future assessed value of the Project.
- ◆ CoStar
- ◆ RealtyRates.com



CoStar is the leading source of commercial real estate intelligence in the U.S. It provides a full market inventory of properties and spaces—available as well as fully leased—by market and submarket. Details on vacancy, absorption, lease rates, inventory, and other real estate market data are provided, as well as property-specific information including photos and floor plans. More at www.costar.com.



RealtyRates.com™ is a comprehensive resource of real estate investment and development news, trends, analytics, and market research that support real estate professionals involved with more than 50 income producing and sell-out property types throughout the U.S. RealtyRates.com™ is the publisher of the award-winning Investor, Developer and Market Surveys, providing data essential to the appraisal, evaluation, disposition and marketing of investment and development real estate nationwide.

APPENDIX B: DEFINITIONS

Equity Dividend Rate: This is calculated as the rate of return on the equity component of a project. It is calculated as follows: (Source: RealtyRates.com)

Equity Dividend / Equity Investment = Equity Dividend Rate, where Equity Dividend = Net Operating Income – Debt Service.

Debt Service Coverage Ratio (DSCR): The ratio of annual debt repayment, including principal and interest, to total Net Operating Income (NOI). (Source: RealtyRates.com)

Net Operating Income (NOI): Income net of all operating costs including vacancy and collection loss but not including debt service. Appraisers also typically expense reserves for repairs and replacements. However, because reserves are not usually reported along with other transaction data, RealtyRates.com tracks lender requirements but does not include them in calculations. (Source: RealtyRates.com)

ABOUT CAMOIN ASSOCIATES

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 32 states and garnered attention from national media outlets including Marketplace (NPR), Crain's New York Business, Forbes magazine, The New York Times, and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com.