SURROGATE'S COURT OF THE STATE OF NEW YORK COUNTY OF MONROE

In the Matter of the Application of

AFFIDAVIT OF JAMES P. SCHNELL

THOMAS F. BONADIO, as Co-Executor of the Estate of

File No. 2016-787

ANTHONY J. COSTELLO,

Deceased,

for advice and direction pursuant to Surrogate's Court Procedure Act §2107 and §2102(6)

James P. Schnell, being duly sworn, deposes and states as follows:

- 1. Your Affiant is a certified public accountant (CPA) duly licensed in New York, a certified valuation analyst (CVA) and accredited in business valuation (ABV). I'm also a principal in the accounting firm of Mengel Metzger& Barr & Co. LLP, where I have chaired the tax department since December 2006. I am presently serving as tax accountant to the Estate of Anthony J. Costello, and to Elaine Costello, Anthony's surviving spouse.
- 2. I make this Affidavit in support of Petitioner, Elaine Costello's application to vacate the Consent Order entered in this Court on June 7, 2018 (the "Consent Order"). That Order appointed Richard Beers, Esq. as Special Master to, inter alia, market and sell certain real property in which the Estate holds a 60% interest, including Clinton Crossings Medical Center ("Clinton Crossings") and the Reserve on the Erie Canal (the "Reserve").
- 3. Prior to entry of the Consent Order, the parties and their respective attorneys had numerous discussions, Court conferences and telephone conferences dealing with the issues of what, if anything, to do about the Estate's ongoing and persistent cash flow issues and

the declining value of its real estate assets. (As a reminder, the Will designated most Estate assets to three testamentary trucks intended to provide income for life to Anthony Costello's wife, Elaine Costello.) In particular, the Co-Executors differed as to whether it was best for the Estate and its primary beneficiary, Elaine Costello, to operate the estate businesses and real estate interests as going concerns or to liquidate most of its holdings, including businesses and property with positive value (primarily USAirport and Clinton Crossing Medical Center), as well as under-performing assets, which were hemorrhaging cash (primarily the Reserve and a project known as CityGate).

- 4. Early in the Estate Administration, it became readily apparent that the two cofiduciaries, Brett Costello and Thomas Bonadio, CPA, had very different approaches to the
 issue. Mr. Bonadio strongly advocated selling essentially all of the Estate's holdings in order to
 pay creditors (including Mr. Bonadio and his firm), starting with its most profitable and most
 valuable asset, Clinton Crossings, and then liquidating the remaining holdings at a later time. In
 contrast, Mr. Costello's approach was to liquidate the under-performing or non-performing
 assets, stem the cash flow issues, restructure the debt and preserve the key assets (especially
 Clinton Crossings) so as to preserve the value of Anthony Costello's significant real estate
 portfolio for the benefit his beneficiaries, particularly his wife, Elaine.
- 5. Sometime during the late fall or early winter of 2017, the Court directed Mr. Bonadio to prepare, at the Estate's expense, a written analysis of the cash-flow and tax consequences to the Estate and its beneficiaries of immediately liquidating Clinton Crossings and the Reserve. He presented that analysis under cover of a letter dated February 16, 2018 (the "Bonadio Report"). See Exhibit A.

- off Clinton Crossings immediately. To that end it posited potential sale prices of \$80 million, \$90 million and \$100, million. In each case Bonadio projected substantial "Cash for Available Distribution" to the Estate, for its 60% share of the properties, and to the Costello children, who each own 10% shares. In particular, the Bonadio Report predicted that a sale, at the low side, of \$80 million would yield the Estate almost \$28.5 million after taxes and each child \$3 million after taxes; that a sale at \$90 million would provide the Estate with \$47.6 million net of taxes and each child \$3.6 \$3.9 million after taxes; and that a sale at \$100 million would net the Estate almost \$54.4 million, and each of the children over \$4.3 million. In each case the Bonadio Report identified a charge for "intercompany receivables" against the Estate's share of \$16,151,852, but no other charges against any shares were identified. The clear implication was that even a sale on the "low" side at \$80 million would yield \$24,784,590 to be shared by Elaine's trusts and her children, while a sale at \$100 million would net them \$38,234,455 to share.
- 7. However, in its rush to justify an immediate sale of Clinton Crossings, the Bonadio Report inflated Clinton Crossings' likely sale price, relied upon dated information about intercompany obligations, and overlooked substantial closing expenses and liabilities of the Estate. The result of failing to do so was a significant overstatement of the amount of money that a sale would yield for the Estate. In fact, when adjusted for the actual intercompany transactions and known liabilities, the net result of a sale at \$80 million is negative for both the Estate and the Costello children. Attached as Exhibit B is a comparison of the Bonadio Report's

financial projections and assumptions with that same analysis corrected for actual intercompany transactions and expenses as reflected in the books of related companies.

- 8. For one thing, the Bonadio Report relied heavily upon an "intercompany loan" picture that was at least seven years old. In particular, the Report added \$28.4 to the Posited sales prices for Clinton Crossings without first pursuing a full reconciliation of all related entitles as of the time of its analysis. Since the Bonadio firm had been the accountant for the Costello entities for approximately the prior twenty years, with full access to the data, it was beyond fair to expect an updated reconciliation of intercompany transactions. Had an updated reconciliation been performed the "addition" of cash to the sale prices would have shrunk from \$28.4 million to just over \$600,000.
- 9. The Bonadio Report also failed to take into account an \$18.6 million liability to M&T Bank that had been cross-collateralized by Clinton Crossings. It also failed to account for unpaid property taxes owed on the property in the amount of \$2.9 million, as well as other judgments and liens against the property exceeding \$160,000. The impact of these disregarded liabilities, coupled with the unreconciled reporting of intercompany loans, was sufficient to reduce the expected yield on an \$80 million sale to become negative, rather than \$49 million plus as Bonadio reported.
- 10. From the point of view of the Estate, the impact of a sale at the prices Bonadio projected was even more negative, due to liabilities of at least \$5 million to Northwest Bank, and claims for attorney's fees and the Bonadio firm's services in an undetermined amount, none of which were accounted for in the Bonadio Report, even though they would further

deplete whatever proceeds the Estate might hope to recoup from a sale of \$90 million or \$100 million.

- 11. Unfortunately, after close to a year on the market the Clinton Crossings property has failed to attract a buyer even at Bonadio's "low" estimate of \$80 million. Instead, Mr. Beers proposes to sell the property for only \$76,300,000.
- 12. In a recent email (Exhibit C) Mr. Beers presented an analysis indicating that this proposed sale would yield "distributable proceeds" to the Estate and the Costello siblings of \$9,840,907.48. But his analysis doesn't included attorneys' fees for the closing which Mr. Bonadio projected at \$500,000. Nor has Mr. Beers accounted for outstanding judgments, miscellaneous liens and accounts payable, which collectively exceed \$500,000. And, like the Bonadio Report, Mr. Beers' fails to consider the claims against the Estate, including claims by Northwest Bank, Mr. Bonadio and his firm, and the attorneys (including Mr. Beers) who will be looking to the Estate for payment. Most significantly, Mr. Beers' analysis takes no account of the income taxes that both the Estate and the siblings will have to pay on this proposed transaction. If these items are accounted for there would be nothing left to help fund the testamentary trusts.
- 13. In summary, the omissions and faulty process approach evident in the Bonadio Report led to a severe overstatement of funds that would be available to the beneficiaries if the properties were sold, and unfairly mislead the Decedent's inexperienced primary beneficiary (Elaine Costello) by painting a false financial picture to advance its proponent's desire to liquidate estate assets over the objections of his co-fiduciary.

- 14. Furthermore, whatever opportunity, if any, a sale of Clinton Crossings may have presented for producing significant distributions to the Estate and its trusts during the fall/winter of 2017, it is crystal clear there is no such reasonable expectation now, in July, 2019.
- 15. Any fair analysis of the Bonadio Report, especially when viewed in light of the significant changes in circumstances since its issuance, dictate that the primary beneficiary of Anthony Costello's Will, his wife Elaine Costello, should be afforded an opportunity to re-visit her prior "consent," informed by more complete, more fully reconciled and realistic data.

mes P. Schnell

Sworn to before me this 24^{11} day of July, 2019.

Notary Public

CATHERINE A. BLOOD
Notary Public, State of New York
Registration #01BL6325920
Qualified In Orleans County
commission Expires

Bonadio & Co., LLP

February 16, 2018

Mr. Brett Costello, Executor Estate of Anthony J. Costello c/o A.J. Costello Group LLC One Airport Way Rochester, NY 14624

Dear Brett.

As requested, we have prepared income tax projections for the Anthony J. Costello Estate (Estate) as well as Lynette, Alicia, Andrea and yourself that may result if the properties known as Clinton Crossings were sold in a single transaction for an alteregate gross purchase price of \$80M, \$90M or \$100M. We have also prepared income tax projections for the Estate, Lynette, Alicia, Andrea, yourself as well as certain family trusts that may that may result if the property known as the "82 acres" were sold in a transaction for an aggregate gross purchase price of \$12M, \$14M,05 \$16M. In regard to the potential sale of the "Reserve", we have prepared an analysis of the potential income tax benefits to the Estate base on a sale of the Reserve for three amounts. These amounts are for the aggregate third party amount, the third party debt amount less \$2M and the third party debt amount less \$5M.

It should be noted that all of these projections were based on financial information provided by the company by Michael Picard and/or his staff. The analysis used financial information as of October 2017 for the Clinton Crossing and the 82 acres. For the Reserve, we used financial information as of 12/31/17. These projections were prepared based on numerous assumptions and does not incorporate any taxable income impact of any other business that is owned directly or indirectly by the estate and/or the family of Anthony J. Costello. We have not audited or otherwise reviewed the information provided by the company. It should be noted that the projections are prepared based updaths 2018 Income tax rate.

Certain assumptions:

- In the calculation of the income tax on the Clinton Crossing properties, certain assumptions concerning that allocation of purchase price amongst the properties were made. The aggregate purchase price was allocated to each of the properties based upon the ratio of the appraised value of the individual properties prepared by Empire valuation at the time of Anthony's passing. Any change in the purchase price allocation could impact the income tax calculations.
- Again, in the calculation of the income tax on the Clinton Crossing
 properties, certain assumptions were made in the allocation of the purchase
 price within each property to categories of assets. The tax rules require that
 the purchase price be allocated according the fair market value of the
 property sold. The actual allocation of the purchase price within each

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www.bonadio.com

property will certainly differ from the assumed allocation and will result in a change in the category of gain to be allocated to each of the owners and as a result will impact the projected tax due for the properties.

- 3. The calculations reflect the tax basis adjustments recorded as of the date of death for the Estate under section 743 of the Internal Revenue Code. In the calculations, there were assumptions made concerning the costs of sale of each property. These costs could differ from the estimates.
- 4. We have not included in the income tax projections or the cash flow the impact of any other costs other than those indicated on the schedules.
- The projected capital loss indicated on the Reserve calculations assume that the entire loss is being funded by the estate. A legal interpretation regarding the creditor status of the Estate and the resulting tax loss may be required.
- 6. The projected losses from the Reserve are calculated based upon the accounting methods adopted by the Reserve in its historical tax returns.
- 7. The calculations for the Estate assumes that the Estate is considered to be a Real Estate Professional as defined in the tax law. The impact is that the income being recognized is not subject to the Net investment income Tax.
- 8. The calculations for Bredansumes that he is considered to be a Real Estate Professional as defined in the tax law. The impact is that the income being recognized is not subject to the Net Investment Income Tax.

There are other assumptions that are noted in the attached calculations.

We appreciate that these computations are compiler and may require further explanation or inquiry. If you have any questions or would like to discuss, please let me know.

BONADIO & CO., LLP

Thomas Bruckel CPA

Cc: Thomas Bonadio
Edward Hourihan
Elena F. Cariola
Mary P. Moore
Cressida Dixon
Frank B. lacovangelo

Edward A. Wurtz

Analysis for the Estate of Anthony J Costello Clinton
Crossing
Gain(Loss)
Analysis

Partner Summary		Sale Price	
Distribution of Proceeds	\$ 80,000,000	\$ 80,000,000	\$ 100,000,000
Brett C.			
Cash for Avail Distribution	4,806,713	5,731,616	6,656,518
Less Taxes to be Paid	1,555,448	1,825,922	2,092,634
Subotal	3,251,267	3.905.694	4,583,885
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Remaining	\$ 3,251,267	\$ 3,905,694	\$ 4,563,885
Lynette Alicia, Andres (ea:)			
Cash for Avail Distribution	4,806,713	5,731,616	8,656.518
Le s Taxes to be Paid	1,741,695	2.047.317	2,349,175
Subotal	3,065,018	3.684,299	4,307,343
Loan to Settle Interco (Outside Sale)	0,000,010	9,007,208	4,307,343
Remaining	\$ 3,065,018	\$ 3,684,299	\$ 4307343
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Cash for A all Distr bution	30,019,661	36,220,051	42,420,442
Less Taxes to be Paid	1,530,131	3,569,323	5,520,638
Subtotal	28,489,530	32,650,728	38,899,803
Loan to Settle Interco (Out ide Sale)	16,151,262	16,151,262	18,151,282
Remaining	\$ 12,338,268	\$ 16,499,488	\$ 20,748 541
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	Total State of the		M		-	4	1979		71.00		10.00	

Clinton Crossings Gain Analysis

Assumptions used in calculations

Calmon Sala

Calculated liased on date through October 21, 2017

Reveived tital halances as of 11/20/17 and no significant changes

Allocated 30% of 1245 property [5 & 7 year) accumulated depreciation as depreciation capture Estimated gain on 30% of 1245 property and the remaineder to self for NOS.

741(b) Allocation

He original 754 step up in basis was allocated to 10yr property and depreciation over \$/I Mo allocation was made to 15yr property for 1245 property

To be conservative, the allocation of the 743(b) has been applied in the following manue (inst to 1731 Capital gain Hest to three applied Gain (astly if necessary to Ordinary 1245/1250 recoptor)

Sales Print

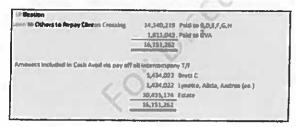
their a safes prices of \$80, \$90. \$100M for calculation purposes and assumption is that al-Chrismood Crossing property including GVA would be sold as one group.

taxor pain

Anthony and Estate are Anal's state professionals exempt from the JLBK medicare surcharge Other partners are subject as income is passive Used highest rawrates for Fed and State

Intercompany

Based on analysis of intercompany the to/froms it would be necessary for the I state to loan funds to As Contello Group and Costello Enterprises. These funds are then allocated out Clinton Crossing entitle



I have gone through the loan documents for the debt on the Clinton Crossings buildings. Listed below are the prepayment penalties:

Buildings A,B & C Wells Fargo Bank (Interest Swap with Citizens Bank)

According to the loan documents, there is no prepayment fee for the loan. However, there is an interest rate swap exit fee of 1%.

Building D Morgan Stanley (Wells Fargo as loan administrator)

There is a 3% prepayment penalty on this loan.

Buildings E & F Canandaigua National Bank

The prepayment penalty is tiered. If paid in 2018 it is 4%, 2019 is 3%, 2020 is 2% and 2021 is 1%.

Building G M & T Bank

The prepayment penalty is also tiered. If paid in 2018, it is 4%; 2019 is 3%; 2020 is 2% and 2021 is 1%.

<u>Building H</u> Canandalgua National Bank

If paid in 2018, the penalty is 1%. If paid in 2019 or 2020, it is 3%.

Regards,

Mike

Michael T. Picard Chief Financial Officer

The Costello Group











585-328-2280 ext. 110

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and - Datestie of June Bridge	638 277	C1201	41 000	723 834	(188.117)	Jan 200	DH MA	G7.712		984 1977	On Broke of :	F to 4 Property at 24 at
or for each in face frequency maps	964 310	(321 (00)	2M F10	DM 82%	1387 299	078749	1147 220	GUT. 190		17 000 124	S.C. D. bron Proposer or at	1 000 12
or hard more to a provider deputy	E 401 100	1 812 887	1.000 179	1 230 003	(5.53)	Frie !	dir mark	at the		2 731 149	A laster trace	C 201 1
on Trayll more it annually it than represent	(34 940)	(20.538)	128,064	1.107.102	1015.00	819 424	1.000.007 a	4000134		P 650 MG	Lamenta Emerge au	JB 000.30
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or CF Landon (Exercise)				120 403		- Z				129.463	Eurodean (Intervention	078.4
or EF formers transpires their Bidge	(36.630)	(9.000)	(9.850)	(0.0 (0.44)	18730	, and w	d 100	(0.000)		(130.290)	Gerry rightness and tree bring	190 20
of 1/2 feathers of 1/2	(200 (007)	(29.77))	(0.943)	122 866	F13,000)	11,000	(100)	(6.460)		25 (68)	Photograph P.S.	(2) 10
er VA Edministration bear gov	(7.722)	(20) 602)	CT2 0000g	10 110	(40 100)	Chier	(1.830)	(1.000)		(17.00%)	Managarda Mangar	31.00
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of JE Eight Support for	301 295	(34 467)	210 213	229 649	CH 2005	(10 a 17)	1 127 867	DII 811h		7 973 149	Fight Expand Day	(1.079.50)
a Fiff East Face Bidg				3= 833						24 000	Fort Farm NOC	£24 800
o I/F Sturgoing Chomor	(6.128)	A 600	(3.267)	22 000	4211	10:449	64 044	(2.80)		120.071	Steam pairts & Parrier	(133.17
e L/T trental transactor		301.007								101,007	State of the Assessment State	(361.00)
_	1750 feets	1.604.309	1 616 745	c 1991 19	3 40 75	150.00	1.659.762	HQ =		10.103		198 163 283
proc brown blocks				V					_		"I a the Stormer the Enterto St	the statement of
Teconomic .	1 531 565	2 179 828	2 524 287	5 524 587	1001394	1 700 002	3 402 948	4.000 634		22 129 307		
Poydete	(2,670,171)	(311.478)	43091,9479	CT05,2675	1797-0791	(245,464)	09.763	(387,739)		0.979.1256		
ted the Staffers	COLUMN	1,000,000	1,015,346	4,004,010	400,210	1,040,000	7,00,707	3,797,699		16 191 202		

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žlurė.					,				
Souther Summer	(6.90)	(CR)	DA .	(30r	EWI	4575	CPI	Dist.	
SP Billion	17 100 040	234 PTS	1797.000	3,711 740	288,810	[F40 B42]	100 005	3 520 110	
the section	\$200.0700	(30.240)		846 462	99,309	(91,134)	62,110	677 630	
Esh tamma	£394 475s	20 749		240.004	10 204	E1,124	83.310	121 162	
SSR - Arteus	(304.47))	(10.340)		746,807	10 (2)	(87,524)	83 316	101,343	
Elit - birdrox	[364 470]	(m bir)		729 (04	32 824	197, 1278	83.115	121,313	
Early Claring									
Cit - Arthury	HILIDAN.	\$ bed this	448.297	00.374,907,	(9.343,410)	4947.738	D.413.13%	\$4.036.043g	
Can - Drett.	(364 + 71)	Mak actio	Chlen	A294.2 %	316,730	20-242	500,010	1.530,910	
Ci-A - Lynnin	DAA STO	(m.jetp		3,00,407	46,375	dillo	19,858	1475.600	
Cro - Adma	D64 (7))	30.71%		723364	13,154	103,3340	19,000	130,000	
Dis - fuspres	attent of the	201,7464		776327	11,33%	malife.	_05,760	LHLIST	
Total Davids at 2010	Philips II	TANK	7201	252-960	12.100	81,03	95,213	100	
For Codynamy PY Report	(5,000,000)	1 779,302	210,011	POSTERIO	140.00	F-11244	- Erreitani	300375	
	Service Committee	1776,000	200,000	PAPER, NAME	(BM(103))	HOLAGI	LP in 4 in	THAT I	(may)?
2017 Activity (Minage 10/21	7527 1904	101 (50	C+1 3391	411 Hz	411 65%	magnet	HATEL	20124	-
Jan tony Proop 1021	(0.30),130)	2.003,010	2,500,004	14,007,000	(1375,73%	1 40,700	Криции	.\$10,7612	
							44.55	1	
2218 County Med serverare	0.162	25 167	2 (62 30)	2753 462	(1979)	11.00	0		
			(Al	market of their	- (- e			7.7	
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A. V.					
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		-				

Arrests for the Estate of Arrivans (Consults

the Remarks Commit

recined Especialists

82 acres Gain(Loss) Analysis

82 Aures of Land : Adjorant to Cintan Crossing

Sale				
	Selling Price	12,000,000	14,000,000	15 000
	tess: benkesage free	120,000	140.00g	16,000,0
	Less Estimated Chaing Costs	40,000	411,000	140.0
	Lets (Ither (Prepayment)	40,1400	-11,000	40,0
	Net Pinceeds	11,840,000	11 (20,000)	14
		12,0-O,000	11131(113)	15,600,0
Bods				
	Lea1	5,717,600	5,212,000	5,112,6
Gein	Tetal Campions	1.404.400		
		6,607,400	8,587,400	10,567,4
2001				
ash Res				
	Fash on Hand (18)			
	Sale Proceeds Net	11,740,700	1.2.020,000	15,800,00
	Interest Rec. (Assumed Caller CC sale)			
tee of Pr	nemads.			
	Mestgage Payoff	1 487 0		
	Att must Cavable	1,157,560	1,157,540	1,157,50
	Settle Interior Payable	2,510,201	3,520,301	2,5 20,21
	Cosh fur Avail Distribution	8,162,219	10,142,239	321222
		40.4440.4	70,142,333	-12,122,23
1				
20%	1231 (Capital)	1,321,480	1,717,480	2,113,41
3.8%	Middle Suncharge	251,061	326,321	401,54
0.8%	HVS Income Yair	381,451	755,691	929,93
	Total Tax on Gard	2,154,012	2,799.492	3,444,91
İş iylü neti	Cash for Avail Distribution Less Torgs, to be Paid	8,152,219 2,154,012	10,142,237 2,799,492	
fstyfiauci	Cash for Avail Distribution		10,142,239 2,799,492 7,592,242	3,444,97
	Cash for Avail Distribution. Unsa Taires, to the Paid Total	2,154,012	2,799,492	\$7,572,28 3,444,97 8,677,26
	Cash for Avail Distribution. Unss Targe, to the Paid Fote: a of Proceeds per Partner	2,154,012 4 6,000,227	7,512,743	3,444,97 8,677,26
	Cash for Avail Distribution Lines Europe to the Paid Total m of Proceeds per Partner Street 5%	2,154,002 46,000,227	2,799,492 7,502,742	3,444,97 8,677,26 413,86
	Cash for Avail Distribution Less Targs to be Paid Total on of Proceeds per Partner firett 5% Trust (Bress) 7.5%	2,154,012 -2,000,227 300,411 450,617	2,799,492 7,542,743 147,117 550,706	3,444,97 8,677,26 413,86 650,79
	Cash for Avail Distribution Less Torges to be Paid Total on of Proceeds per Partner threst: 5% Trust (Bress) 7.5%	2,154,002 46,000,227	2,799,492 7,342,749 147,117 550,706 367,117	3,444,97 8,677,26 413,86 650,79 433,863
	Cash for Avail Distribution Less Targes to be Paid Total Total Trans (Bress) 7 9% Bress Cramby Trust 55%	3,154,012 - 4,000,227 300,411 450,617 300,411	2,799,492 7,542,743 147,117 550,706	3,444,97 8,677,26 413,86 650,79 433,863 413,863
	Cash for Avail Distribution Less Targes to be Paid Total m of Proceeds per Partner first: 5% Trush (Brest) 7 5% Beets Cramily Trust 5% Lynette 5% Lynette 5% Lynette 5% Lynette 17.3% Lynette 17.3% Lynette 16 Family Tills 5%	2,154,002 -6,000,227 300,411 450,617 300,411 300,491	2,799,482 7,342,742 147,117 550,706 367,137 367,137	3,444,97 8,677,26 413,86 650,79 433,86
	Cash for Avail Distribution Less Europe to be Paid Total Total (Brest) 7 5% Trust (Brest) 75% Trust (Brest) 5% Trust (Brest) 75% Lynotta 5% Lynotta 5% Lynotta 5% Adda 5%	2,154,002 	2,799,482 7,362,742 367,137 550,706 367,137 387,137 550,706	3,444,97 8,677,26 413,86 650,79 433,86 413,063 650,79
	Cash for Avail Distribution Less Eures to Se Paid Total Bretz 5% Trush (Bretz) 7 5% Trush (Bretz) 7 5% Bretz Crampy Trust Lynette Crampy Trust Syc. Lynette iC Family Trust Syc. Anda 5% Trust (Alica) 7.5%	2,154,002 -6,000,227 -100,411 -450,617 -300,411 -100,491 -450,617 -300,411 -100,411 -100,411 -100,411 -100,411 -100,411 -100,411 -100,411	2,799,482 7,342,742 147,117 550,706 367,137 351,706 367,187 85,187 85,187 550,706	3,444,97 8,677,26 413,86 650,79 433,86 433,86 433,86 433,86
	Cash for Avail Distribution Less Tores to the Paid Total m of Proceeds per Partner Street: 536 Trust (Brest) 7 596 Beets Cramby Trust 546 Lyneste #C Family Trust 596 Alda 596 Teurst (Alda) 596 Alda 596 Alda Family Trust 596	3,154,092 3,006,229 3,006,229 3,006,17 300,411 800,491 450,617 3,000,411 800,412 450,617 200,411	2,799,482 7,382,249 347,117 550,706 367,137 367,137 351,706 367,187 362,137 550,706 367,187	3,444,97 8,677,26 413,86 650,79 433,86 433,86 433,86 433,86 433,86 433,86 433,86
	Cash for Avail Distribution Less Farres to the Paid Total m of Proceeds per Partner first Sy6 Trush (Brest) 7-5% Beets CFamily Trust 5%	2,154,002 300,227 300,411 430,617 300,411 100,491 450,617 300,411 100,412 450,617 200,411 200,411	2,799,482 7,382,249 347,137 550,706 367,137 387,237 550,706 367,137 867,237 550,706 167,127	3,444,97 8,677,26 413,86 650,79 433,86 650,79 433,86 433,86 640,79 422,863 422,863
	Cash for Avail Distribution Less Eures to Se Paid Total Bretz 5% Trust (Bretz) 7 5% Brett Cramby Trust 5% Lynette IC Family Trust 5% Lynette IC Family Trust 5% Andrea 5% Trust (Andrea) 7.5%	2,154,002 300,411 450,617 300,411 800,621 450,617 300,411 180,412 450,617 200,411 200,411 200,411 200,411	2,799,482 7,382,343 147,117 550,706 367,137 367,137 367,137 362,337 550,706 367,137 367,137 367,137	3,444,97 8,677,26 433,86 650,79 433,86 433,86 433,86 433,86 433,86 432,86 432,86 650,79 432,86 650,79
	Cash for Avail Distribution Less Farres to the Paid Total m of Proceeds per Partner first Sy6 Trush (Brest) 7-5% Beets CFamily Trust 5%	3,154,092 300,411 430,617 300,411 300,411 300,411 300,411 300,411 300,411 300,411 300,411	2,799,482 7,382,249 347,117 550,706 367,137 357,137 351,706 367,137 362,337 550,706 367,137 367,137 367,137	3,444,97 8,677,26 413,86 650,78 433,86 433,86 433,86 433,85 640,79 432,85 432,85 432,85 432,85 432,85
	Cash for Avail Distribution Urss Targs to Se Paid Total Trus) (Brest 5% Trus) (Brest 5% Trus) (Brest 5% Rynette 1C Family Trust 5% Ands 5% Trust (Andes) 7.5% Andrea Family Trust 5% Andrea 5% Trust (Andrea) 7.5% Andrea 5% Trust (Andrea) 7.5% Andrea family Trust 5% Andrea family Trust 5% Andrea family Trust 5%	2,154,002 300,411 450,617 300,411 800,621 450,617 300,411 180,412 450,617 200,411 200,411 200,411 200,411	2,799,482 7,382,249 347,137 550,706 367,137 387,137 550,706 367,137 362,137 550,706 187,137 550,706 187,137 287,137 287,137	3,444,97 8,677,26 413,86 650,79 433,86 650,79 433,86 640,79 422,863 650,79 433,863 422,863 650,79 433,863
	Cash for Avail Distribution Uns Tores to 60 Paid Total Total Trush (Bress - 5% Trush (Bress - 5% Trush (Bress - 5% Trush (Bress - 5% Trush (Innes) - 7.5% Lyneste - 7.5% Anda - 5% Trust (Andrea - 5% Andrea Family Trust - 5% Andrea Family Trust - 5% Trust (Andrea) - 7.5% Andrea Family Trust - 5% Estate AAC - 30% Total	2,154,002 300,227 300,421 430,617 300,411 800,428 450,617 300,411 800,422 450,617 200,411 200,412 450,617 300,418 1,602,468	2,799,482 7,382,249 347,117 550,706 367,137 357,137 351,706 367,137 362,337 550,706 367,137 367,137 367,137	3,444,97 8,677,26 413,86 650,79 433,86 413,063 650,79 433,85
	Cash for Avail Distribution Uns Tores to Sepad Total Total Trust (Brest) 7 5% Trust (Brest) 5% Trust (Ignest) 7 5% Invest 5% Trust (Ignest) 5% Andrea 7.5% Andrea 5% Trust (Andrea) 7.5% Andrea family Trust 5% Andrea family Trust 5% Andrea family Trust 5% Estate AIC 30% Total Gain Allocation	2,154,002 300,227 300,421 430,617 300,411 800,428 450,617 300,411 800,422 450,617 200,411 200,412 450,617 300,418 1,602,468	2,799,482 7,382,249 347,137 550,706 367,137 387,137 550,706 367,137 362,137 550,706 187,137 550,706 187,137 287,137 287,137	3,444,97 8,677,26 413,86 650,79 433,86 650,79 433,86 640,79 422,863 650,79 433,863 422,863 650,79 433,863
	Cash for Avail Distribution Less Europe to be Paid Total Total (Brest) 7:5% Trust (Brest) 7:5% Trust (Brest) 7:5% Repti C Family Trust 5% Lynestic 5% Lynestic 5% Trust (Brest) 7:5% Adda 5% Tent (Alicle) 7:5% Adda 5% Tent (Alicle) 7:5% Andrea Generally Trust 5% Frost (Andrea) 7:5% Andrea family Trust 5% Estate ANC 30% Total Geta Allocation	2,154,002 300,227 300,411 430,617 300,411 300,411 300,411 300,411 300,411 300,411 300,411 300,412 450,617 300,411 300,412 450,617 300,413 450,617 300,418 3	2,799,482 7,382,249 347,137 550,706 367,137 387,137 383,137 550,706 367,137 380,706 367,137 2,13	3,444,97 8,677,26 413,86 650,79 433,86 650,79 433,86 640,79 422,863 650,79 433,863 422,863 650,79 433,863
	Cash for Avail Distribution Less Europe to Septed Total Total (Brest) 7 9% Brest Cramby Firsts 5% Lynests 5% Lynests 5% Lynests 6% Lynests 5% Lynests 5% Lynests 5% Lynests 5% Lynests 5% Andrea 5% Tent (Alcia) 7.5% Andrea 67% Tent (Andrea) 7.5% Andrea Family Trust 5% Lynests 6% Lynest	2,154,002 	2,799,482 7,382,249 347,137 550,706 367,137 347,137 350,706 367,137 550,706 367,137 550,706 367,137 2,362,244 7,342,749	3,444,97 8,677,26 413,86 650,79 433,85 650,79 433,85 640,79 432,85 650,79 432,85 650,79 433,85 650,79 650,7
	Cash for Avail Distribution Uns Tores to Se Paid Total Total (Ires) 7 5% Trush (Ires) 7 5% Rest 5% Trush (Ires) 7 5% Rest 5% Trush (Ires) 7 5% Rest 6% Rest 67 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	2,154,092 3,006,227 300,411 400,617 300,411 800,491 450,617 300,411 200,411 300,413 450,617 300,411 1,002,466 6,000,227	2,799,482 7,382,242 7,382,242 367,137 367,137 367,137 367,137 362,137 367,137	\$,444,97 8,677,26 413,86 650,79 433,86 433,86 433,86 433,86 650,79 433,86 433,86 650,79 52,06 433,86 550,79 57,26 77,26 79,55 528,370
	Cash for Avail Distribution Less Torps to be Paid Total Total Total (Brest) 7 5% Trust (Brest) 7 5% Trust (Brest) 7 5% Reports 5% Trust (Brest) 7 5% Lyneste 5% Trust (Brest) 7 5% Adda 5% Trust (Arche) 7 104 Andrea Family Trust 5% First (Arche) 7 104 Andrea Family Trust 5% First (Arche) 7 104 Gain Allocation Trust (Brest) 7 5% First (Arche) 7 104 Gain Allocation Trust (Brest) 7 105 First (Brest) 7 105 Great C Family Trust 5% Cyneste 5% Orest C Family Trust 5% Lyneste 5%	2,154,092 -1,000,3227 300,411 400,617 300,411 100,493 450,617 300,411 100,412 450,617 200,411 300,413 450,617 300,411 3,002,468 6,000,227 310,370 495,555 330,370 330,370	2,799,482 7,382,242 367,137 550,706 367,137 387,137 350,706 367,137 367,137 367,137 367,137 367,137 429,370 644,055 429,370 429,370 429,370	3,444,97 8,677,26 413,86 650,79 433,85 650,79 433,85 640,792 432,853 650,795 433,853 550,795 528,370 792,555 528,370 528,370 528,370 528,370 528,370
	Cash for Avail Distribution Less Eures to the Paid Total Total (Bress) 7 29% Brest Camby Trast 5% Lynette (Camby Trast 5% Andrea Family Trust 5% Andrea Family Trust 5% Andrea Family Trust 5% Andrea Family Trust 5% Lynette 15% Andrea Family Trust 5% Andrea Family Trust 5% Lynette 15% Trust (Andrea) 7.5% Andrea Family Trust 5% Lynette 15% Trust (Brest) 7.5% Andrea Family Trust 5% Trust (Brest) 7.5% Andrea Family Trust 5% Trust (Brest) 7.5% Drett CFamily Trust 5% Lynette 5% Trust (Brest) 7.5%	2,154,002 	2,799,482 7,382,249 347,137 550,706 367,137 387,237 550,706 367,137 550,706 367,137 550,706 367,137 550,706 367,137 550,706 367,137 2,302,834 2,342,749 429,370 644,055 429,370 644,055	3,444,97 8,677,26 413,86 650,79 433,86 433,86 433,86 433,86 433,86 433,86 433,86 433,86 550,79 433,65 79,70 792,555 528,370 792,555 528,370 792,555
	Cash for Avail Distribution Urss Tores to Se Paid Total Brett 5% Trust (Brett) 7 5% Brett Crampy Trust 5% Lynette IC Family Trust 5% Andrea 5% Trust (Andrea) 7.5% Andrea Family Trust 5% Andrea Family Trust 5% Andrea Family Trust 5% First (Andrea) 7.5% Andrea Family Trust 5% First Acc 30% Total Geta Allocation Urst 5% Trust (Brett) 7.5% Orest Cramity Trust 5% Lynette IC Family Trust 5% Trust (Brett) 7.5% Lynette IC Family Trust 5% Lynette 5% Trust (Brett) 7.5% Lynette IC Family Trust 5%	3,154,092 3,006,227 300,411 400,617 300,411 800,421 450,617 300,411 800,412 450,617 300,411 200,411 200,411 2,602,468 6,000,227 330,370 495,555 330,370 495,555 330,370 495,555 330,370	2,799,482 7,382,242 7,382,242 367,137 367,137 367,137 367,137 362,137 367,137 367,137 367,137 367,137 2,302,824 7,342,742 429,370 449,370 444,055 429,370 440,655 429,370	\$,444,97 8,677,26 413,86 650,79 433,85 433,85 650,79 433,85 640,79 433,85 2,663,360 3,667,267 528,370 528,370 528,370 528,370 528,370 528,370 528,370
	Cash for Avail Distribution Unit Stares to Se Paid Total Total Trust (Brest 5% Trus) (Brest 5% Trust (Ignett) 7.5% Unette IC Family Trust 5% Alida 5% Trust (Alida) 7.5% Andrea family Trust 5% Andrea family Trust 5% Trust (Andrea) 7.5% Andrea family Trust 5% Trust (Andrea) 7.5% Trust (Andrea) 7.5% Trust (Andrea) 7.5% Trust (Andrea) 7.5% Trust (Andrea) 5% Trust (Andrea) 5% Trust (Andrea) 5% Trust (Andrea) 5% Trust (Andrea) 7.5% Trust (An	2,154,092 -1,000,3227 300,411 300,411 300,411 300,411 300,411 300,411 300,411 300,411 300,411 300,411 300,411 300,411 300,412 450,617 300,411 3,602,468 6,000,227 310,370 495,555 330,370 495,555 330,370 303,370 303,370 303,370 303,370 303,370 303,370 303,370 303,370 303,370	2,799.482 7,382,249 7,382,249 367,137 367,137 367,137 367,137 367,137 367,137 367,137 367,137 367,137 2,302,824 7,342,747 429,370 644,055 429,370 640,055 429,370 429,370	3,444,97 8,677,267 413,865 650,79 433,865 650,79 433,863 650,793 433,863 550,793 528,370 797,553 528,370 528,370 528,370 528,370 528,370 528,370 528,370 528,370 528,370
	Cash for Avail Distribution Urss Tores to Se Paid Total Brett 5% Trust (Brett) 7 5% Brett Crampy Trust 5% Lynette IC Family Trust 5% Andrea 5% Trust (Andrea) 7.5% Andrea Family Trust 5% Andrea Family Trust 5% Andrea Family Trust 5% First (Andrea) 7.5% Andrea Family Trust 5% First Acc 30% Total Geta Allocation Urst 5% Trust (Brett) 7.5% Orest Cramity Trust 5% Lynette IC Family Trust 5% Trust (Brett) 7.5% Lynette IC Family Trust 5% Lynette 5% Trust (Brett) 7.5% Lynette IC Family Trust 5%	2,154,092 3,000,3227 300,411 430,617 300,411 100,491 450,617 300,411 100,412 450,617 200,411 200,411 200,411 200,411 1,002,468 6,000,227 310,370 495,555 310,370 495,555 310,370 495,555 310,370 495,555	2,799,482 7,382,249 367,137 550,706 367,137 367,137 367,137 550,706 367,137 550,706 367,137 550,706 367,137 2,302,834 7,342,702 429,370 440,055 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370	3,444,97 8,677,26 413,86 650,79 433,86 650,79 433,86 640,78 432,863 640,78 432,863 650,79 528,370 792,555 528,370 792,555 528,370 792,555 528,370 792,555
	Cash for Avail Distribution Less Europe to the Paid Total Total (Bress) 7 5% Trust (Bress) 7 5% Trust (Bress) 7 5% Hynette CFamily Trust 5% Allois 5% Andrea 5% Trust (Anthrea) 7.5% Andrea family Trust 5% Andrea family Trust 5% Trust (Anthrea) 7.5% Andrea family Trust 5% Trust (Bress) 7.5% Uportic Cramby Trust 5% Trust (Bress) 7.5% Lynette IC Tamby Trust 5% Trust (Anthrea) 7.5% Lynette IC Tamby Trust 5% Trust (Anthrea) 7.5% Lynette IC Tamby Trust 5% Trust (Anthrea) 7.5%	3,154,092 300,4229 300,411 430,617 300,411 300,411 300,411 300,411 300,411 300,411 300,411 300,411 300,411 3,802,448 6,000,227 310,370 495,555 330,370 495,555 330,370 495,555 330,370 495,555 330,370 495,555 330,370	2,799,482 7,382,249 367,137 550,706 367,137 367,137 351,270 367,137 350,706 367,137 350,706 367,137 2,307,834 7,342,702 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370	\$,444,97 8,677,26 413,86 650,78 433,86 433,86 433,86 433,85 640,79 433,85 433,85 550,79 523,85 528,370 522,370 522,370 522,370 572,355 578,370 578,370 578,370 578,370 578,370 578,370 578,370
	Cash for Avail Distribution Urss Europe to the Paid Total Brett 5% Trust (Brett) 7 5% Brett 67 Family Trust 5% Lynette IC Family Trust 5% Andrea 5% Trust (Andrea) 7.5% Andrea Family Trust 5% Andrea Family Trust 5% First (Andrea) 7.5% Andrea Family Trust 5% Lynette IC Family Trust 5% Andrea 5% Trust (Andrea) 7.5% Andrea Family Trust 5% Estate AIC 30% Total Gain Allocation Urst 5% Trust (Brett) 7.5% Drett C Family Trust 5% Lynette IC Family Trust 5% Alicia Family Trust 5%	2,154,092 3,006,227 300,411 400,617 300,411 800,421 450,617 300,411 180,412 450,617 300,411 300,411 300,411 3,002,468 4,000,227 316,370 495,555 330,370 330,370 330,370 330,370 330,370 330,370 330,370 330,370 330,370 330,370 330,370 330,370 330,370 330,370 330,370 330,370 330,370	2,799,482 7,382,249 7,382,249 367,137 550,706 367,137 387,137 387,137 550,706 367,137 367,137 367,137 2,802,834 7,342,747 429,370 449,370 449,370 449,370 449,370 449,370 449,370 449,370 449,370 449,370 449,370 449,370	\$,444,97 8,677,26 413,86 650,79 433,85 650,79 433,85 650,79 432,853 650,79 432,863 433,853 550,795 528,370 792,555 528,370 528,370 528,370 528,370 528,370 528,370 528,370 528,370 528,370 528,370 528,370 528,370 528,370
	Cash for Avail Distribution Uns Tores to Se Paid Total Trust (Bress) 7 9% Brest 5% Trust (Bress) 7 9% Brest 5% Trust (Bress) 7 9% Brest 5% Anda 5% Trust (Anda) 7.5% Alcia Family Trust 5% Andrea Family Trust 5% First (Andrea) 7.5% Andrea Family Trust 5% First (Andrea) 7.5% Andrea Family Trust 5% First (Brest) 7.5% Lynette K Tamily Trust 5% Alcia 5% Tust (Alcia) 7.5% Alcia 5% Tust (Alcia) 7.5%	3,154,092 300,4229 300,411 430,617 300,411 300,411 300,411 300,411 300,411 300,411 300,411 300,411 300,411 3,802,448 6,000,227 310,370 495,555 330,370 495,555 330,370 495,555 330,370 495,555 330,370 495,555 330,370	2,799,482 7,382,249 367,137 550,706 367,137 367,137 351,270 367,137 350,706 367,137 350,706 367,137 2,307,834 7,342,702 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370 429,370	3,444,97 8,677,26 413,86 650,79 433,86 650,79 433,86 650,79 432,863 432,863 432,863 432,863 432,863 2,663,180 8,677,267 792,555 528,370 792,555 528,370 792,555 528,370 792,555 528,370 792,555 528,370 792,555 528,370 792,555
	Cash for Avail Distribution Less Europe to the Peace Total (Bress) 7 5% Trust (Bress) 7 5% Trust (Bress) 7 5% Repti C Family Trust 5% Lynestin 5% Lynestin 5% Andrea 5% Trust (Anstrea) 7.5% Andrea family Trust 5% First (Anstrea) 7.5% Andrea family Trust 5% First (Anstrea) 7.5% Andrea family Trust 5% Trust (Anstrea) 7.5% Andrea family Trust 5% Trust (Anstrea) 7.5% Lyneste EC family Trust 5% Trust (Anstrea) 7.5% Lyneste EC family Trust 5% Alcia family Trust 5% Alcia 5% Trust (Alcia) 7 5% Alcia family Trust 5% Andrea 5% Andrea 5% Lyneste EC family Trust 5% Alcia family Trust 5% Alcia 5% Andrea 5% Andrea 5% Andrea 5% Andrea 5% Andrea 5% Andrea 5% Erust (Alcia) 7.5%	2,154,092 3,000,3227 300,411 300,411 300,411 300,411 300,411 300,411 300,411 300,411 300,411 300,411 3,002,408 4,000,227 310,370 495,555 330,370 495,555 330,370 495,555 330,370 495,555 330,370 495,555 330,370 495,555 330,370 495,555 330,370 495,555	2,799,482 7,382,242 7,382,242 367,137 550,706 367,137 367,137 367,137 550,706 367,137 550,706 367,137 2,002,634 7,342,747 429,370 644,055 429,370 429,370 429,370 440,655 429,370 429,370 440,655 429,370 440,655 429,370 440,655	\$,444,97 8,677,26 413,86 650,79 433,85 650,79 433,85 650,79 432,853 650,79 432,863 433,853 550,795 528,370 792,555 528,370 528,370 528,370 528,370 528,370 528,370 528,370 528,370 528,370 528,370 528,370 528,370 528,370

AJC & Son (Anthony) Development

Assumptions used in calculations

Land presumed held for Investment not for Development Capital gain treatment

Accounts payable on balance sheet of \$3,454,583 has been reduced by the \$934,382 due to Clinton Crossing entities expected to be paid prior to land sale

Per Mike Picard - The Estate has a loan of \$2.275M which is secured by this property. PRAFFIN PURPOSEI

The Reserve Gain(Loss) Analysis

		Sales Price	Sales Price =	Sales Patre
		Mortgage Balance	Motigage Halance	Morigage Balance
Saler			Less: 2M	Less SM
	Selling Police (Murtipage (Lat)	14,845,000	17,825,000	9,423,000
	Less, Bipherago Fee	148,250	128,250	18.250
	Less, Estimated Closing Costs			
	Tess, Other (Prepayment)			
	Pert Princepils	14,676,750	17,696,750	9,726,750
Daih				
	Intangible Assets-Start Up & Ag	1,795,575	1,795,575	1,795,575
	Construction in Progress	4,094,884	6,094,284	6,094,884
	Soft Cost	10,469,665	10,469,665	10,469,665
	Blvd & Canal	2,785,708	2,785,708	2,785,708
	Breweiten SF Homes	597,834	599,834	599,834
	Brownstone	639,497	1/71,497	1/99,417
	Clubhouse LD and Construction	7,854,711	7,854,719	7,854,719
	Ft Plain SF Homes	476,576	496,526	496,526
	Gienville Townhomes	827,215	427,215	#27,215
	Lofts West	359,850	350,850	359,850
	LD - Waterford Estatos CIP	6494,280	1214,280	104,280
	Land	1,7401,620	1,093,620	1,693,620
	Less: Contra Accounts	(4,169,345)	(4,169,245)	{4,169,365}
	Club House	76,489	26,489	26,429
	Lest Atrum Depre	(2,478)	(2,478)	(2,478)
	Furniture:	42,783	42,783	42,783
	Intalluss	30,178,927	30,3/8,922	
m . t .			30,370,003	30,1/8,922
Gain.	Intal Gain (Loss)	(15,502,172)	(17.492,172)	(20.452,173)
Cash Re	ceised			
	Cash on Hand (III)	123,750	123,750	123,750
	Sale Proceeds - Net	14,676,250	12,696,750	9,726,750
	Acces Recessable	317,709	317,709	317,709
	Due From HDA	13,000	13,000	13,000
	Interso Rec			
Use of P	ruceeds			
	Mortgage Payoff	14,673,671	14,671,671	14,671,671
	Accounts Payable	3,049,171	1,049,171	2,049,171
	Customer Hental Security Deposit	7,750	7,750	7,750
	Centamer Deposits	176,386	176,386	176,386
	Cash for Avail Distribution - Before Interes Settle	(773,769)	(2.753,76%)	(5.723,769)
	Settle Interco Payable	4370.031		
	Dur to Anthony / Costello	4,259,971 **	4,259,971 **	4,259,971 **
	Due to Latare of AiCFund	8,500,254	8,500,254	8,500,254
	THE R. P. LEWIS CO. L. P. LEWI	1,339,413	1,339,413	1,339,413
	Total interco	14.099,638	14,099,638	14,099,528
	Intufficient Funds - Patential COD Income	(14,873,407)	(16,851,407)	{19,823,407]
				The American State of Marrier & B.
u on Gi	the control of the co			
20%				
3 8N	1231 (Capital)	16		
E.8%	Medicare Surcharge			
D. STA	NYS Income Tax			-
	Telst Tax on Gein			-
	** Analysis of Interco Payable			
	2520 - AIC & Son (ANDR: A)			
	2440 - Enterprise		unt may be cleared if Chr	ton Crossing transaction oc
	«—— rusiabunc	98,910.32		
	1502 - C004B			
	2502 - GROUP	2,603,913.91		
	2430 - Due Ta/Fr AJC & Son (SPENCER)	2,412,956.40		

AJG A Ben, Joseph LLC - The Reserve							
Income Tex Basis Cithochies							
	AJC	DOTELL	LYHL	ALICIA	ANDREA	AJC	101AL
	ES ATE			The state of the s	MINITA	~~	TOTAL
12/31/2015 Capital Accounts							
1271 112013 Cathuli Accileatif		232317	231,218	233217	233,217	1 399,297	2 332 100
2016 LOSS ALLOCATED TO AJC						[704,111]	[294,111]
TAX BASIS IN LLC INTEREST DODGES MANDALORY ADJUSTMENT	1						
LOSS ALLOCATED TO OTHER PARTNERS		(170,559)	(170,158)				
1043 ALLOCATED TO [ISTAT	(819 240)		[110/328]	1100 2291	(170,550)		(682,235)
SECTION 743 ADJUST MENT IN DUCTION IN LOSS							(0.19.240)
TOTAL LOSSES	35 034						
TOTAL LOSSES							(1.705.586)
TAX BAURI AT 12/31/2016	(784 205)	02.058	023,500	62,658	62,658		
	(104204)	02,038	12,000	112,530	64,638	IVE	(533 571)
EBRIMATED LODG ALLOCATED AT 2/25/17 OH 1D							4145,2231
ADRIBIMENT							
TOTAL LOSS ESTIMATED 20117	(57 D50)	111,370					231,930
	for easi	History	(11.320)	111,3391	(11,326)		(113,294)
ESTIMATED LOSS ALLOCATED AT 20 MIT ON TO							
ADJUSTMENT							(547,335)
							510,601
TOTAL INCOME ESTIMATED 2/28/17	(23 193)	(3,805)	(3,865)	(3.861)	(3.065)		(29,654)
SECTION 743 ADJUSTMENT REDUCTION IN LOSS	36 034						133.004)
BASIS AT 12/31/2017	(840 322)	47,466	47 468	47 46G	47,466		(650,450)
	1	N / 12	3		11,100		(0.50(4)=)
LOSS ON SALE OF ASSETS	(9,301,303)	(1,550,21)	(1 550,217)	(1.550.217)	(1,550,217)		(15502.172)
REMAINING 743 ADJUSTMENT	1 125,117	NE ST			,,		(**************************************
DCBT FOR GIVENESS	8,894 044	1,487,341	1,407,341	1,487,341	1,487,341		14,873 407
HET TAX Capital Account	(92,464)	(15.41D)	(15 468)	(15,410)	(15,410)		(154,104) From Curbon providences
Reported Tarable Income in 2017/2018 from poemitors		W		737			
Reported Taxable Income in 2017/2018 from SALE	(55,117)	115,192)	(15,192)	(15,192)	115,192)		
reported to also income at an 1772018 stom SALE.	747,858	(02,877)	(62,877)	(02,077)	(02,077)		
atal 2017/2010 Incometase	* 691 741	(78 DGB)	(78,068)	(78,008)	(78,068)		
Planno note estate has NOL carrytoward							
Industrial COD Deduction at Capital Lose	(14 (123 A(I7)						

Combined Sale Gain(Loss) Analysis

AJC & SON JOSEPH LLC - THE RESERVE

We have prepared calimates of the injunct of the sale of the assets of this LLC in various scenarios. Each of these scenarios that we have considered would result in insulindent lunds to extension that we have considered would result in LLC at the time of tiquidation. Analysis is based on the 12/31/17 balance sheet provided by the Company.

It is our understanding that the entitlanding included-as owed to thirt party flauncial institutions is guaranteed by the AJC estate.

It should be noted that as indicated in the offsched calculations, the loans and advances made by AJC and subsequently the detailed of AJC would be treated as debt and as a result of the Insolvency of the LLC result in forgiveness of indehladness for income (as purposes. The estate and any other group creditor should have a short term capital loss for their basis in the indebtedness.

If the loss were able to be claimed by the estate in the same income tax period as the sale of Chalon Crossings and/or the 62 acres. The capital loss should be able to be offset some of the capital loss should be able to be offset some of the capital loss should be able to be offset some of the capital loss should be able to be offset some of the capital loss should be able to be offset some of the capital loss should be able to be offset some of the capital loss should be capital loss should be able to be offset some of the capital loss should be capital loss should be able to be offset some of the capital loss should be capital loss

Below and the various matring sof the Tex Benefit assuming the suite the Reserve takes place in the same tax period as the sale of Clinton Crossing another the 82 acres

SALE OF REDERVE AND CLINTON CROSSING DURING SAME TAX PERIOD

II S	old within same (ax period		HEATHER STOWN	7	
				esserie		
		Capital Gein	Assumes Sala Paca	- Proceeds equal	to,	
		Clinton Crossing	Sank Debt	Loss: 2M	Luss: 6M	
Potential Capital (Loss) on Reserve			(14,873,407)	(16,853,407)	(19,823,407)	
Potential Usable Capital Loss			1.7			
Clinton Grossing (ESTATE)	MOS	3 022,160	3,022,160	3,022,160	3,022,180	
Assumes Sale Price	904	8 768,775	8 768,775	8,738,775	8,788,775	
	100M	14,787,008		14,787,008	14,787,008	
			100			Tax on non capital
otential Tax Benefit of Capital Loss		Tax w/o Reserve Loss				gain
Clinien Crossing (ESTATE)	50M	1.530,131	1,155,322	1,155,322	1,155 322	374,809
Assumes Sala Price	MOR	3,569,323	3,026 618	3 026,618	3.026.618	542.705
	100M	5.520.638	4,910,534	4,910,534	4.910.534	610,104

DALE OF REDERVE AND CLINTON CROBBING AND BZ ACRES DURING DAME TAX PERIOD

epital Gain by Property 2'Aeres (USTATU)*	12M	1,982 220	
Assume Sale Price	14M	2,570,220	
	16M	3,170,220	
Clinton Crossing (SDTATE)*	BOM	3,022 100	
Assume Sale Price	BOM	0.768 775	
	100M	14,787 008	

Potential Usable Capital (Loss) on Reserve		<u>_</u>	(14 873 407)	(16853,407)	[19.623,407]	
Potential Usable Capital Loas						
	82 Agree					
	Sale Amount					
Total Capitel Gain CC at 80M	12M	5,004 380	5 004,380	5,004,380	5,004 380	
	1436	5,598 380	5,595 350	5,598,360	5,598,380	
	16M	0,192,380	6,192,380	6,192,380	6,192,380	
Total Capital Gain CC at 30M	1268	10,750,995	10,750 995	10,750,995	10,750,995	
	148	11,344,995	11,344,995	11,344,995	11,344,995	
	1614	11,038 995	11,938,995	11,035 995	11,938,995	
Fotal Capital Gain CC at 100M	12M	16,769,228	14,873 407	16,789,228	16,709,228	
	14M	17,363,228	14,673,407	16,853,407	17,363,228	
	16M	17,957,221	14.873.407	18,853,407	17,957,228	
		as tela Roddeya Lana		0		Tax on non capital
otential Tex Benefit of Capital Loss 80M	12M					pain
and the contract of capital Cass both	14M	2,101,010	1,720,201	1,726,201	1,728,201	374,809
	1634	2,272,082	1,697,273	1,697.273	1,897.273	374,809
	16.81	2,443 154	2,088,345	2,065 345	2.068,345	374,809
otential Tax Benefit of Capital Loss 90M	1216	4,140,202	3,597,497	3,597,497	3,597,497	542,705
	1484	4,311,274	3,768,569	3,768.569	3,768,569	542,705
	1656	4,482,346	3 939,641	3,939,641	3,939,641	542,705
otential Tax Benefit of Capital Loss 100M	12M	5,091,517	4,840,825	5,481,413	5,481,413	610,104
	14M	6.262.589	4,610,926	6,480,165	5,652,485	610,104
	1668	6,433.661	4,781,226	6,450,486	5.823.557	510,104

At 100M sales price - Capital Caim up to \$10,135,405 will be taxed at: 25 Int Unreceptured 1250 8.8% NYS Income Yex Plus Ordinary Goin

^{*}Used Estate only due to had debt assumed to be allocated to Estate. Item to be discussed with client and attorneys Amount in table is excess loss.

Palack Object - Oc. 1 11 mg			
Sale of Circlen Crossing and/or Reserve	between 3/1/18 - 2/28/19		
Will be included in the return of			
	The Estate	2/28/20 19	
	Individuals	12/31/2019	
Bale of 82 Acres 3/1/18 - 12/31/18			
	The Estate	2/28/2019	
	Individuals	12/31/2018	
Sale of 62 Acres 1/1/19 - 2/28/19			
	The Ellate	2/28/2019	
	Individuals	12/31/2019	

Cross Collateral Analysis

Costallo Entitles Cross Collateralization of Loans

Re-creation of email from Mike Picard with updated information received later the same day (2/8/17).

Clinton Crossings Cross - Collateralization

Collateralized Buildings	Los	n Amount	Bank Terms	Loan on Books of:
AJC & Son (Andres) Development (Building D) AJC & Son (Tyler) Development (Building E)			- 55	
AJC & Son (Alicia) Development (Building G) AJC & Son (Lynette) Development (Building H)			0	
All of these entities and their assets are			11.2	
collateral for the loans listed (all are variable rate loans):		D.		
	S	3,600,000,00	M&T Bank/Interest Only	Spencer (Costco)
	5	7,000,000,00	M&T Bank/Interest Only	Spencer (Costco)
	5	3,000,000.00	M&T Benk/Interest Only	Spencer (Costco)
	\$	3,000,000.00	M&T Bank/Interest Only	Spencer (Costco)
	\$	16,600,000.00		
	\$	1,494,239.00	M&T Bank/Interest Only	Flight Support
	-50	3,500,000.00	M&T Bank/Interest Only	AJC/Estate
AJC & Son Development (Building F)	O,	14 875 000 00	A Continue of the Continue of	
		14,825,000.00	Northwest/Construction Loans *Belance as at 12/01/17	Joseph (Reserve)
z.0°			Note: Original Loan amount \$19 445 005	

Estimated Clinton Crossings Sale Results (Proceeds)

		(per 5/2019 analysis) Reviewed Financials	(per 2/2018 analysis) Bonadio			
Sale Proceeds	\$	80,000,000	\$ 80,000,000			
Closing Costs		(2,939,577)	(2,372,577)			
Property Taxes Owed		(2,954,612)				
Net Proceeds		74,105,811	77,627,423			
1st Mortgages		(43,259,778)	(44,539,102)			
M&T Guar/Cross Mortgages		(18,094,239)	•			
AJC Personal Mortgage		(3,000,000)	-			
Northwest Mortgage Deficit		(5,000,000)	-			
Judgements		(82,036)	•			
Liens		(81,927)	•			
CCMC (Cash & AP-Net)		(2,394,095)	6,931			
Settle Intercompany Loans		609,822	28,431,861			
Settle Intercompany Loans	_	<u> </u>	(12,280,598)			
Proceeds before Taxes	\$	2,803,558	\$ 49,246,515			

Projected Cash avaiable for Distribution - Bonadio Estimate											
		Brett	Lynette		Alicia		Andrea		Estate		Total
Proceeds From Sale	\$	4,806,713	4,806,	713 \$	4,806,713	\$	4,806,713	\$	30,019,663	\$	49,246,515
Less: Taxes		(1,555,446)	(1,741,	695)	(1,741,695)		(1,741,695)		(1,530,132)		(8,310,663)
Less: Loans		<u> </u>					-		(16,151,262)		(16,151,262)
Net Proceeds	\$	3,251,267	3,065,	018 \$	3,065,018	\$	3,065,018	\$	12,338,269	\$	24,784,590

Projected Cash available (shortfall) for Distribution - Costello Estimate										
	-	Brett	Lynette	Alicia		Andrea		Estate		Total
Proceeds From Sale	\$	280,356 \$	280,356 \$	280,356	\$	280,356	\$	1,682,135	\$	2,803,558
Less: Taxes		(1,839,812)	(2,059,961)	(2,059,961)		(2,059,961)		(1,808,362)		(9,828,057)
Less: Loans		<u> </u>	-	-		-		609,822		609,822
Net (Shortfall)	\$	(1,559,456) \$	(1,779,605) \$	(1,779,605)	\$	(1,779,605)	\$	(126,228)	\$	(7,024,499)

Estimated Clinton Crossings Sale Results (Taxes)

		5/2019 analysis) ewed Financials	(per 2/2018 analysi Bonadio			
Purchase Price	\$	80,000,000	\$	80,000,000		
Less Attorney Fees		(275,000)		=1		
Less Commissions		(1,125,000)		(800,000)		
Less Closing Costs		(467,000)		(500,000)		
Prepayment Penalty		(1,072,577)		(1,072,577)		
Net Proceeds	\$ 77,060,423		\$	77,627,423		
Cost Basis	\$	57,506,033	\$	59,938,665		
A/D (Tax)		(35,950,385)		(30,982,314)		
Net Tax Basis		21,555,649		28,956,351		
Total Gain	\$	55,504,774	\$	48,671,072		
743b Adj	\$	27,334,240	\$	25,030,759		
Estimated Taxes on Gain						
37% Ordinary	\$	941,206	\$	789,928		
25% Recaptured 1250	*	3,245,950	Ψ	2,724,074		
20% 1231 (Capital)		2,528,587		2,157,566		
3.8 Medicare Surcharge		633,307		558,747		
8.8% NYS Income Tax		2,479,007		2,080,348		
Total Taxes (Estimated)	\$	9,828,057	\$	8,310,663		
,	*		<u> </u>	0,010,000		

Clinton Crossing Estimated Basis

	Totals	GVA	Andrea	Tyler	Dev	Alicia	Lynette	Janing	Maria	Cameron
Cost Basis Intangible Asset (Net Basis) Accumulated Depreciation	56,831,283 674,750 (35,950,385)	4,649,588 65,971 (3,807,095)	14,288,523 79,320 (7,560,610)	10,190,628 (6,102,725)	3,322,541 (2,349,397)	4,359,082 (2,354,211)	7,099,394 17,234 (4,536,221)	4,760,924 170,553 (3,330,642)	8,046,107 341,672 (5,909,483)	114,497
	\$ 21,555,649	\$ 908,464	\$ 6,807,233	\$ 4,087,903	\$ 973,144	\$ 2,004,871	\$ 2,580,407	\$ 1,600,835	\$ 2,478,296	\$ 114,497
Remaining 743b AdJ	\$ 27,334,240		12,809,001	4,000,645	983,000	2,590,001	3,984,000	1,674,162	1,293,432	i.
Basis w/o debt 2/28/2018 ESTATE OF AIC BRETT COSTELLO ANDREA DILIBERTO LYNETTE WARD ALICIA COSTELLO-SMITH	\$ 24,359,860 \$ (1,069,960) \$ (1,026,149) \$ (1,037,369) \$ (1,057,037)		16,468,532 885,889 920,882 909,690 904,010	946,905 (1,621) (1,619) (1,621) (15,622)	101,988 (183,280) (183,280) (183,279) (183,281)	3,292,093 {807,088} {807,079} {807,085} {807,084}	1,685,256 (501,098) (492,303) (492,304) (492,302)	1,938,108 (238,359) (238,361) (238,363) (238,360)	(141,720) (235,853) (235,839) (235,856) (235,848)	68,698 11,450 11,450 11,449 11,450

Clinton Crossing Estimated Basis

Сатегол	114,497	ı	\$ 114,497		68.698	11,450	11,450	11,449	11,450		
Maria	8,046,107	341,572 (5,909,483)	\$ 2,478,296	1.293.432	(141.720)	(235,853)	(235,839)	(235,856)	(235,848)		
Janine	4,760,924 170,553 (3,330,642)		4,760,924 170,553 (3,330,642)		\$ 1,600,835	1,674,162	1,938,108	(238,359)	(238,361)	(238,363)	(238,360)
Lynette	7,099,394	(4,536,221)	\$ 2,580,407	3,984,000	1,685,256	(501,098)	(492,303)	(492,304)	(492,302)		
Alicia	4,359,082	(2,354,211)	\$ 2,004,871	2,590,001	3,292,093	(802,088)	(807,079)	(802,085)	(807,084)		
Dev	3,322,541	(2,349,397)	\$ 973,144	983,000	101,988	(183,280)	(183,280)	(183,279)	(183,281)		
Tyler	10,190,628	(6,102,725)	\$ 4,087,903	4,000,645	946,905	(1,621)	(1,619)	(1,621)	(15,622)		
Andrea	14,288,523	(7,560,610)	\$ 6,807,233	12,809,001	16,468,532	885,889	920,882	069'606	904,010		
GVA	4,649,588	(3,807,095)	\$ 908,464								
Totals	56,831,283 674,750	(38'056'382)	\$ 21,555,649	\$ 27,334,240	\$ 24,359,860	\$ (1,069,960)	\$ (1,026,149)	\$ (1,037,369)	\$ (1,057,037)		
	Cost Basis intangible Asset (Net Basis)	Accumulated Depreciation		Remaining 743b Adj	Basis w/o debt 2/28/2018 ESTATE OF AJC	BRETT COSTELLO	ANDREA DILIBERTO	ATTOCK COCTATION COLUMNIA	ACICIA COSTELLO-SMITH		

Kim Hale

From:

Mike Townsend

Sent:

Friday, June 21, 2019 11:00 AM

To: Cc: Brett Costello

Kim Hale

Subject:

FW: Sale of Clinton Crossings

Attachments:

CLINTON CROSSINGS EQUITY ANALYSIS(1006361.1)-C1.xlsx

From: Richard M. Beers <RBeers@phillipslytle.com>

Sent: Thursday, June 20, 2019 5:41 PM

To: Mike Townsend <mtownsend@thecostellogrouplic.com>

Subject: FW: Sale of Clinton Crossings

Mike: FYI.

From: Richard M. Beers

Sent: Thursday, June 20, 2019 1:57 PM

To: 'ehourihan@bsk.com' < ehourihan@bsk.com'>; 'Frank B. lacovangelo' (Franklacovangelo@GalloLaw.com)

<Franklacovangelo@GalloLaw.com>

Cc: 'sdonato@bsk.com' <sdonato@bsk.com>

Subject: Sale of Clinton Crossings

Ed and Frank: I have attached an analysis of the potential net proceeds arising from the sale of Clinton Crossings. This analysis assumes that M&T will be paid in full for the debts owed by the owners of Clinton Crossings (which debt is secured by a mortgage on much of City Gate). I am making that assumption based on the likelihood that M&T will obtain a money judgment in the amount of \$18,618,059,58 prior to closing. Even if M&T were not able to obtain a money judgment, the companies would not be able to distribute the sale proceeds to the members before paying such debt.

For purposes of the analysis, I initially allocated the M&T debt evenly among the five borrower companies. As there will not be sufficient proceeds from the sale of Buildings F and G to pay the fully allocated share, I allocated all of the net proceeds for such buildings to M&T and reallocated the balance among the remaining three companies.

Under this analysis, there are not sufficient proceeds from the sale of Building F to pay that company's obligations to both M&T and Northwest (The Reserve debt). As long as Northwest does not obtain a money judgment against the owner of Building F, the Northwest debt does not present an obstacle to closing on Clinton Crossings. Your clients should be reminded to advise you in the event they receive any pleadings relating to an action by Northwest. Northwest will continue to have a claim against the estate under Anthony's personal guarantee.

This analysis does not include the payment of any attorneys fees or my fee. It also does not reflect any other debt owed by the various companies. The tax and mortgage amounts are reasonably accurate but subject to adjustment.

One of the obvious conclusions from this is that not only will the four siblings likely receive substantial cash from this transaction, but the retirement of the M&T debt makes the City Gate project a viable source of future cash.

I am happy to discuss.

(1) M&T debt = \$18,618,059.58

TOTAL LIENS	CAMERON 136.19					ANDREA 136.19	A+B+C	GVC 136.19	JANINE 136.19		BUILDING	Į.S.
\$ 583,566.94 \$ 1,012,619.83 \$	136.19-1-64.1 \$ 16,131.43 \$ 12,225.45	149.07-1-6.311 \$ - \$	149.07-1-6.2 \$ \$	149.07-1-6.1 \$ 168,020.16 \$ 121,229.16	149.07-1-3.62 \$ 399,415.35 \$ 326,724.94	136.19-1-61.1 \$ - \$	\$ \$ 276,220.14	136.19-1-60.4 \$ 44,991.78	136.19-1-60.6 \$ 162,551.63	136.19-1-60.1 \$ 68,676.73	DELINQUENT CURRENT	SBL REAL PROPERTY TAXES DUE
45,452,866.30 \$ 4	25.45 \$	\$ 7,097,889.00 \$ 7,097,889.00	\$ 3,742,813.00 \$ 3,742,813.00	29.16 \$ 2,693,648.00 \$ 2,982,897.32	24.94 \$ 7,179,869.00 \$ 7,906,009.29	\$ 11,387,190.00 \$ 11,387,190.00	20.14 \$ 13,351,457.30 \$ 13,627,677.44	11.78	51.63	76.73	FIV	UE BALANCE TOTAL LIENS
6,772,832.93 \$ 76,300,000.00 \$ 29,527,167.07	.88 \$ 200,000.00 \$ 171,643.12	. 00 \$ 14,620,000.00 \$ 7,522,111.00	.00 \$ 6,800,000.00 \$ 3,057,187.00	.32 \$ 4,800,000.00 \$ 1,817,102.68	.29 \$ 16,400,000.00 \$ 8,493,990.71	.00 \$ 18,280,000.00 \$ 6,892,810.00	. 44 \$ 15,200,000 .00 \$ 1,572,322.56	\$ 5,300,000.00	\$ 4,100,000.00	\$ 5,800,000.00		S ALLOCATION EQUITY
)7 \$ 763,000.00 \$	12 \$ 2,000.00 \$	00 \$ 146,200.00 \$	00 \$ 68,000.00 \$	58 \$ 48,000.00 \$	\$ 1	00 \$ 182,800.00 \$	56 \$ 152,000.00 \$	\$ 53,000.00 \$	\$ 41,000.00 \$	\$ 58,000.00 \$		COMMISSIONS
305,200.00	800.00	58,480.00	27,200.00	19,200.00	65,600.00	73,120.00	60,800.00	21,200.00	16,400.00	23,200.00		TRANSFER TAX
	5 168,843.12	5 7,317,431.00	2,961,987.00	1,749,902.68	8,264,390.71	6,636,890.00	1,359,522.56					NET PROCEEDS
\$18,618,059.59	N/A	\$4,635,389.97	\$2,961,987.00	\$1,749,902.68	\$4,635,389.97	\$4,635,389.97	N/A					M&T (1)
	N/A	N/A	N/A	\$0.00	N/A	N/A	N/A					NORTHWEST
\$	₩	45			ŧ,	ś	₩					
9,840,907.48	168,843.12	2,682,041.03	\$0.00	\$0.00	3,629,000.74	2,001,500.03	1,359,522.56					PROCEEDS