

County of Madera
200 W. 4th Street, Suite 4200; Madera, CA 93637
Jay.Varney@maderacounty.com

Application for Economic Incentive Agreement

Sierra Sky Ranch

Part I. Company Overview

1. Company Information

Company Name: Daystar Hotels, LLC and/or affiliate, assignee

("Developer")

Project Location Address: 50552 Rd. 632, Oakhurst, CA 93644

2. Company Description & History in the Business

Since 1980 the Principals of Green Door Hospitality ("GDH") have acquired, developed, and operated over 25 hospitality projects across the US. GDH has managed and deployed over \$100M in equity capital, maximizing returns through deep industry expertise across all hotel segments from small, limited-service to 300+ room full-service hotels. Our team also has over a decade of experience in creating and operating full-service restaurants and special events business throughout California.

Part II. Economic Development Project

1. Proposed Hospitality Expansion Project

Sierra Sky Ranch ("SSR") is an existing 28-room hotel originally built in 1875 located just outside Yosemite National Park's South Gate entrance in the community of Oakhurst, Madera County. SSR will be rebranded and undergo a major redevelopment into an upscale lifestyle hotel with ~150 rooms and villas, programmed experientially with a host of full-service amenities including a restaurant + bar (including full-service kitchen), curated outdoor event space, and approximately 29 acres of natural beauty to enjoy outdoor activities year-round. The property will bring to light nearly 150 years of Americana tradition, and will also be affiliated with a nationally recognized brand. Being part of a nationally recognized brand will provide maximum marketing and notoriety to Madera County as the best entrance to Yosemite National Park, and one of the best guest experiences.

Innovation and creativity will be driving forces in respect to both design and sustainability for the new development. SSR will offer a rare opportunity to retreat to fresh air, personal wellness, endless views, and high-quality outdoor amenities including meeting and event space, and a trail around the property

The proposed major expansion will consist of twenty-two (22) new hotel structures comprising a total of 119,000 gross square feet as currently planned, and 10,000 square feet of outdoor event space. The final configuration and site plan will evolve and is subject to changing over the next year as Developer finalizes construction documents, but will result in a full-service hotel of at least 128 total rooms. The currently planned new improvements at the site, if an EDIP is approved by the County of Madera, will add at least 100 new rooms for hospitality services, and will accommodate tens of thousands of guests per year in the market.

Developer will also contribute \$1,000,000 of cash in total towards the following:

- Road improvements to the intersection of Highway 41 and Road 632
- Road improvements to Road 632 between Highway 41 and Sky Ranch Lane
- One fully equipped fire ladder truck (to be sourced by Madera County Fire Department)

Developer shall be entitled for reimbursement for any and all newly entitled projects by Madera County which impact those intersections and road segments. Madera County shall agree to collect any fair-share contributions from any new developments for the road improvements and reimburse the Developer accordingly.

- a. Please see attached exhibits which include:
 - i. Exhibit A - Assessor's Parcel Numbers and Legal Description of the Property
 - ii. Exhibit B - Preliminary Site Plan
 - iii. Exhibit C - Conceptual Building Plans

2. Project Timeline

- a. Date the applicant expects to begin construction of the project: October 2023
- b. Date the applicant expects to complete construction of the project: October 2025

3. Investment Breakdown

Developer is considering investing \$78.1MM into the redevelopment project described in this application. Developer must weigh the project's feasibility against the merits of investing in the County of Madera versus development projects in other similar markets.

To determine the feasibility of the project, the all-in cost to develop the property is compared to the projected stabilized value. The all-in cost to develop the property is approximately \$78.1MM (see Exhibit D - Development Budget). The cost of construction remains historically high due to the shortage of labor and continued rising costs of materials exacerbated by post-COVID global supply chain issues. The rising interest rate environment also presents challenges in construction lending, further increasing the cost to develop this property.

The projected stabilized value of the property upon completion is anticipated to be \$62.6MM (see Exhibit E – Valuation and Feasibility). There is a significant shortfall of \$15.5MM between the projected value (\$62.6MM) and the cost to develop it (\$78.1MM). This shortfall, exacerbated by all of the challenges noted above, render the project infeasible without economic assistance from Madera County.

4. Incentive Amount

- a. Developer is requesting (i) incentive payments in the amount of 75% of the Transient Occupancy Taxes ("TOT") generated at the property for the first 15 years of operation, then stepping down to 50% for the following 10-year period; and (ii) a reduction of 75% of the attributable County posted Development/Impact fees due at the issuance of the permits for construction. Additionally, Developer is requesting a 75% reduction of permit fees related to processing and approving the plans.

The sum of the present value of the TOT incentive payments (see Exhibit F) is estimated to be \$10.9MM. With the reduction in Development/Impact fees, the total incentive amount is estimated to be \$11.1MM. While this doesn't quite mitigate the entire shortfall noted in section 3, Developer believes it is the minimum needed to warrant continuation of the project.

Part III. Quantifiable Direct Public and Economic Benefits for the County of Madera and the communities around the Oakhurst Area.

- a. See attached Exhibit G - 5-year Financial Projections
- b. **Growth of Private Sector Employment:** By the end of 2025, the property's first full year of operation, total full-time equivalent (FTE) employees are estimated to be 72. These individuals will be paid at/above the median wages of both the Fresno-Madera MSA and State of California relative to their specific occupation. Hiring preferences will be given to local Madera County residents. To accomplish this effort, engagement opportunities will be pursued via local publications and networking with the County Workforce departments, and other local employment agencies. This will ultimately lead to a better quality of life and financial health for locally employed residents. Further, the infusion of new dollars into the economy will ultimately recirculate and create multiplier jobs and subsequent investments into the community.

Developer will be utilizing local suppliers and vendors whenever possible in perpetuity, which will further stimulate the local economy.

- c. **Increased Tax Revenues:** The property is projected to generate approximately \$76.7MM in total direct tax revenues for the 25-year period beginning in 2025. This is comprised of \$39MM of TOT, \$23.5MM of Ad Valorem Tax, and \$14.2MM of Sales Tax that is directly related to the property. See Exhibit H.

With the proposed TOT incentive, the total direct tax revenue for the same period is projected to be \$52.2MM. See Exhibit I.

- d. **Infrastructure Improvement:** Developer's contribution of \$1,000,000 in total to the following will enhance public safety through this corridor:
 - Road improvements to the intersection of Highway 41 and Road 632
 - Road improvements to Road 632 between Highway 41 and Sky Ranch Lane
 - One fully equipped fire ladder truck for the Madera County Fire Department

Furthermore, Developer will be providing a new, high-quality lodging offering which will attract visitors with higher discretionary income. Developer will also be providing event space for corporate and social

events, which will cause overflow and additional spend within the county that have not been accounted for in our projections.

Please kindly contact me directly with questions or clarifications that you may have on the foregoing data and information.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Ace Patel', with a stylized, cursive script.

Ace Patel
Chief Visionary Officer
Green Door Hospitality

Exhibit A

Assessor's Parcel Numbers and Legal Descriptions

APN: 057-180-043

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF MADERA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 3 OF PARCEL MAP 3838, IN THE UNINCORPORATED AREA, COUNTY OF MADERA, STATE OF CALIFORNIA, ACCORDING TO THE MAP THEREOF RECORDED OCTOBER 24, 2002 IN BOOK 50, PAGES 104 AND 105 OF MAPS, MADERA COUNTY RECORDS.

APN: 057-200-074-000

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA IN COUNTY OF MADERA, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

ALL THAT REAL PROPERTY LOCATED IN THE COUNTY OF MADERA, STATE OF CALIFORNIA DESCRIBED AS PARCEL NO. 2 OF PARCEL MAP NO. 2368 RECORDED IN BOOK 32 OF MAPS AT PAGE 7, MADERA COUNTY RECORDS. TOGETHER WITH ALL THAT PORTION OF PARCEL NO. 3 OF PARCEL MAP NO. 2368 RECORDED IN BOOK 32 OF MAPS AT PAGE 7, MADERA COUNTY RECORDS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE COMMON BOUNDARY LINE OF SAID PARCEL NO. 2 AND SAID PARCEL NO. 3, SAID POINT BEING THE SOUTHEAST CORNER OF SAID PARCEL NO. 2; THENCE ALONG SAID COMMON BOUNDARY THE FOLLOWING FOUR COURSES, NORTH 87° 34' 30" WEST 240.00 FEET; THENCE ALONG A 170.00 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 25° 22' 22" AN ARC DISTANCE OF 75.28 FEET; THENCE SOUTH 67° 03' 08" WEST 182.14 FEET; THENCE ALONG A 192.03 FOOT RADIUS CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 32° 08' 39" AN ARC DISTANCE OF 107.73 FEET; THENCE LEAVING SAID COMMON BOUNDARY AND ALONG THE BOUNDARY OF SAID PARCEL NO. 3 THE FOLLOWING SEVEN COURSES, SOUTH 27° 30' 00" EAST 356.50 FEET; THENCE SOUTH 27° 30' 00" EAST 60.00 FEET; THENCE SOUTH 30° 05' 11" EAST 151.80 FEET; THENCE SOUTH 69° 33' 06" EAST 217.63 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY OF "SCENIC DRIVE" THENCE IN A NORTHEASTERLY DIRECTION ALONG SAID RIGHT-OF-WAY BEING A 260.00 FOOT RADIUS NON-TANGENT CURVE CONCAVE TO THE SOUTHEAST, A RADIAL LINE TO WHICH POINT BEARS NORTH 38° 56' 00" WEST, THROUGH A CENTRAL ANGLE OF 14° 07' 00" AN ARC DISTANCE OF 64.06 FEET; THENCE NORTH 65° 11' 00" EAST 125.48 FEET; THENCE ALONG A 230.00 FOOT RADIUS CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 17° 36' 49" AN ARC DISTANCE OF 70.70 FEET; THENCE LEAVING SAID RIGHT-OF-WAY AND SAID BOUNDARY OF SAID PARCEL NO. 3, NORTH 07° 12' 12" WEST 90.26 FEET TO A POINT IN THE CENTERLINE OF "LEWIS CREEK"; THENCE NORTH 14° 18' 29" WEST 539.27 FEET TO THE POINT OF BEGINNING.

ALSO TOGETHER WITH ALL THAT PORTION OF PARCEL NO. 3 OF PARCEL MAP NO. 2368 RECORDED IN BOOK 32 OF MAPS AT PAGE 7, MADERA

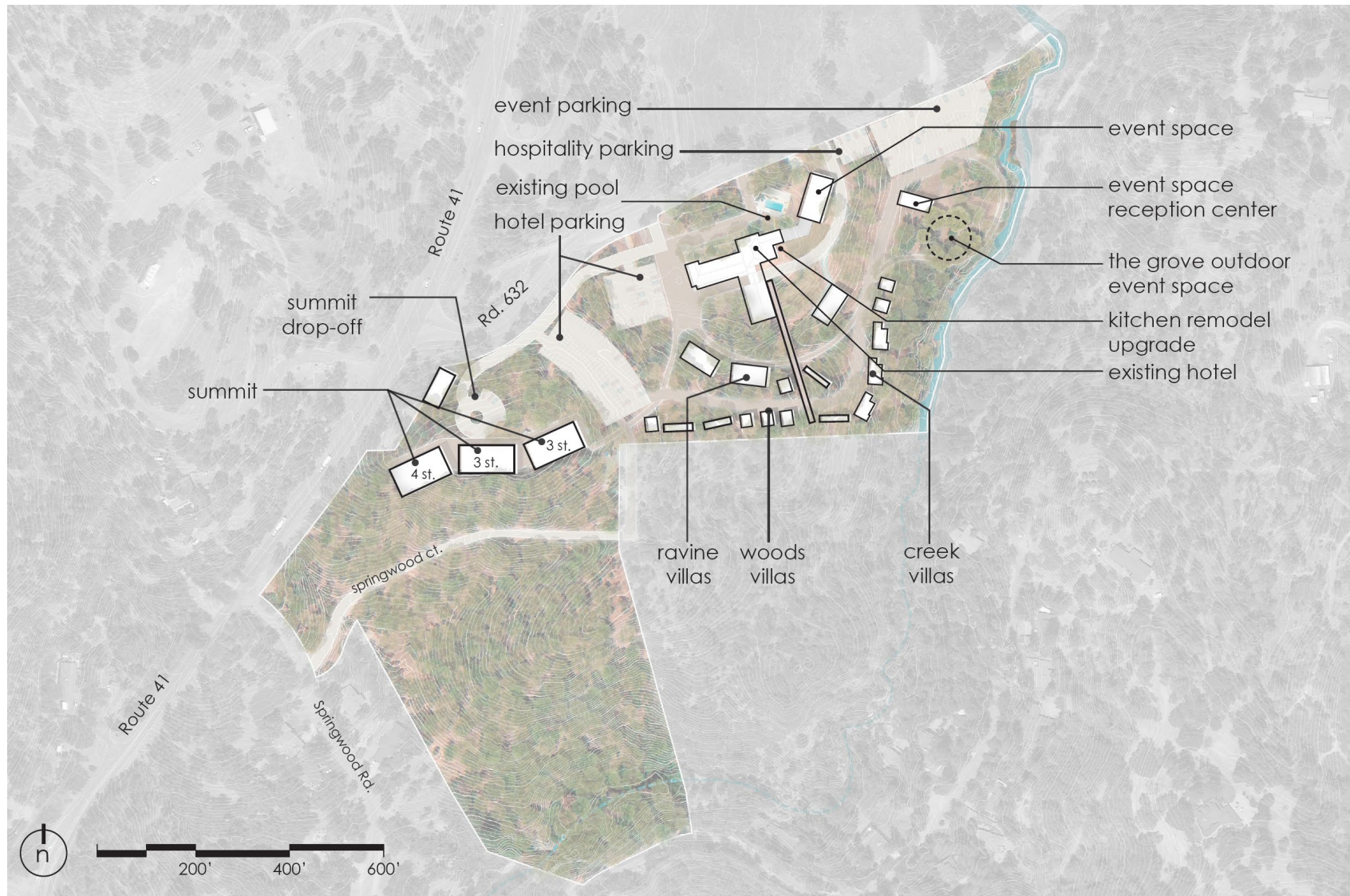
APN(s): 057-180-042, 057-180-041 and 057-180-044

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA IN COUNTY OF
MADERA, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Parcels 1, 2 and 4 of Parcel Map No. 3838, in the County of Madera, State of California, according to that
certain Parcel Map recorded October 24, 2002 in Book 50 at Pages 104 and 105, Madera County
Records.

Exhibit B

Preliminary Site Plan



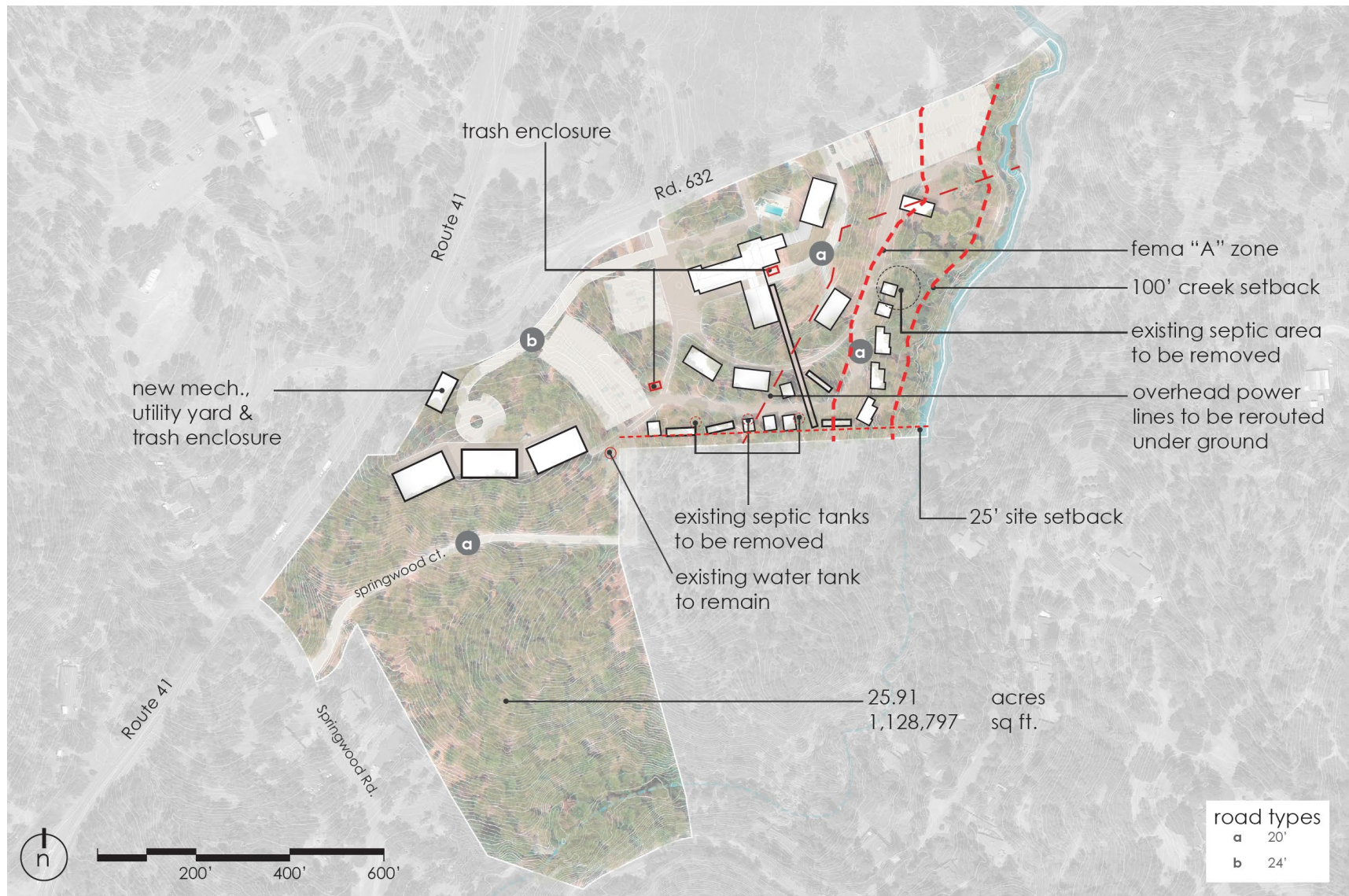


Exhibit C

Conceptual Building Plans

Creek Units







Wood Units







Ravine Units





Summit Units





Exhibit D
Development Budget

SIERRA SKY RANCH DEVELOPMENT BUDGET

	Total Budget	Per Sq. Ft.	Per Key
Hard Costs:	\$62,936,314	\$ 529.29	\$ 419,575
Soft Costs:	\$10,825,913	\$ 91.04	\$ 72,173
Financing Costs:	\$4,334,076	\$ 36.45	\$ 28,894
Total All-in Cost:	\$78,100,000	\$ 656.81	\$ 520,667

Exhibit E

Valuation and Feasibility

Stabilized Post-Development Valuation

Year 3 Net Operating Income	\$4,763,210
Capitalization Rate	7.5%
	<hr/> \$63,509,464
less 1.5% sales cost	(\$952,642)
Value (rounded)	<hr/>\$62,600,000

Feasibility

Stabilized Post-Development Valuation	\$62,600,000
less: All-in Cost	<hr/> (\$78,100,000)
Shortfall	<hr/>(\$15,500,000)

Exhibit F

Projected Transient Occupancy Tax Incentive Payments

Discount Rate 8.0%

Year	Projected Room Revenue	Transient Occupancy Tax (9%)	TOT Incentive Payment %	TOT Incentive Payment	Present Value of TOT Incentive Payment	PV Factor at 8% Discount Rate
2025	\$10,676,250	\$960,863	75%	\$720,646.88	\$720,646.88	1.0000
2026	\$11,727,450	\$1,055,471	75%	\$791,602.88	\$732,965.63	0.9259
2027	\$12,647,250	\$1,138,253	75%	\$853,689.38	\$731,901.04	0.8573
2028	\$13,062,357	\$1,175,612	75%	\$881,709.10	\$699,929.11	0.7938
2029	\$13,417,468	\$1,207,572	75%	\$905,679.06	\$665,701.14	0.7350
2030	\$13,819,992	\$1,243,799	75%	\$932,849.43	\$634,881.65	0.6806
2031	\$14,234,591	\$1,281,113	75%	\$960,834.91	\$605,488.98	0.6302
2032	\$14,661,629	\$1,319,547	75%	\$989,659.96	\$577,457.08	0.5835
2033	\$15,101,478	\$1,359,133	75%	\$1,019,349.76	\$550,722.96	0.5403
2034	\$15,554,522	\$1,399,907	75%	\$1,049,930.25	\$525,226.52	0.5002
2035	\$16,021,158	\$1,441,904	75%	\$1,081,428.16	\$500,910.48	0.4632
2036	\$16,501,793	\$1,485,161	75%	\$1,113,871.00	\$477,720.18	0.4289
2037	\$16,996,846	\$1,529,716	75%	\$1,147,287.13	\$455,603.51	0.3971
2038	\$17,506,752	\$1,575,608	75%	\$1,181,705.75	\$434,510.75	0.3677
2039	\$18,031,954	\$1,622,876	75%	\$1,217,156.92	\$414,394.51	0.3405
2040	\$18,572,913	\$1,671,562	50%	\$835,781.09	\$263,473.05	0.3152
2041	\$19,130,100	\$1,721,709	50%	\$860,854.52	\$251,275.23	0.2919
2042	\$19,704,003	\$1,773,360	50%	\$886,680.15	\$239,642.12	0.2703
2043	\$20,295,124	\$1,826,561	50%	\$913,280.56	\$228,547.57	0.2502
2044	\$20,903,977	\$1,881,358	50%	\$940,678.97	\$217,966.67	0.2317
2045	\$21,531,097	\$1,937,799	50%	\$968,899.34	\$207,875.62	0.2145
2046	\$22,177,029	\$1,995,933	50%	\$997,966.32	\$198,251.75	0.1987
2047	\$22,842,340	\$2,055,811	50%	\$1,027,905.31	\$189,073.42	0.1839
2048	\$23,527,611	\$2,117,485	50%	\$1,058,742.47	\$180,320.03	0.1703
2049	\$24,233,439	\$2,181,009	50%	\$1,090,504.75	\$171,971.88	0.1577
Total	\$432,879,123	\$38,959,121		\$24,428,694.05	\$10,876,458	

Exhibit G

5-Year Financial Projections

	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast	2029 Forecast
<u>REVENUE</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Rooms	\$10,676,250	\$11,727,450	\$12,647,250	\$13,062,357	\$13,417,468
F&B	4,705,203	4,924,359	5,391,590	5,464,958	5,540,526
Other	1,708,656	1,785,033	1,839,988	1,868,179	1,891,237
Total Revenue	\$17,090,109	\$18,436,842	\$19,878,828	\$20,395,493	\$20,849,231
<u>EXPENSES</u>	\$13,210,830	\$14,097,865	\$15,115,157	\$15,430,339	\$15,724,494
NET OPERATING INCOME	\$3,879,279	\$4,338,977	\$4,763,671	\$4,965,154	\$5,124,736

Exhibit H**Projected Direct Tax Revenues to Madera County****Excludes Proposed TOT Incentive Payments**

Year	Room Revenue	Transient Occupancy Tax (9%)	Property Tax (1%)	F&B Revenue	Sales Tax (7.75%)	Total Tax Revenues
2025	\$10,676,250	\$960,863	\$734,399	\$4,705,203	\$364,653	\$2,059,915
2026	\$11,727,450	\$1,055,471	\$749,087	\$4,924,359	\$381,638	\$2,186,195
2027	\$12,647,250	\$1,138,253	\$764,069	\$5,391,590	\$417,848	\$2,320,169
2028	\$13,062,357	\$1,175,612	\$779,350	\$5,464,958	\$423,534	\$2,378,496
2029	\$13,417,468	\$1,207,572	\$794,937	\$5,540,526	\$429,391	\$2,431,900
2030	\$13,819,992	\$1,243,799	\$810,836	\$5,618,362	\$435,423	\$2,490,058
2031	\$14,234,591	\$1,281,113	\$827,053	\$5,698,533	\$441,636	\$2,549,802
2032	\$14,661,629	\$1,319,547	\$843,594	\$6,406,109	\$496,473	\$2,659,614
2033	\$15,101,478	\$1,359,133	\$860,465	\$6,491,162	\$503,065	\$2,722,664
2034	\$15,554,522	\$1,399,907	\$877,675	\$6,578,767	\$509,854	\$2,787,436
2035	\$16,021,158	\$1,441,904	\$895,228	\$6,776,130	\$525,150	\$2,862,283
2036	\$16,501,793	\$1,485,161	\$913,133	\$6,979,414	\$540,905	\$2,939,199
2037	\$16,996,846	\$1,529,716	\$931,395	\$7,188,797	\$557,132	\$3,018,243
2038	\$17,506,752	\$1,575,608	\$950,023	\$7,404,460	\$573,846	\$3,099,477
2039	\$18,031,954	\$1,622,876	\$969,024	\$7,626,594	\$591,061	\$3,182,961
2040	\$18,572,913	\$1,671,562	\$988,404	\$7,855,392	\$608,793	\$3,268,759
2041	\$19,130,100	\$1,721,709	\$1,008,172	\$8,091,054	\$627,057	\$3,356,938
2042	\$19,704,003	\$1,773,360	\$1,028,336	\$8,333,785	\$645,868	\$3,447,565
2043	\$20,295,124	\$1,826,561	\$1,048,903	\$8,583,799	\$665,244	\$3,540,708
2044	\$20,903,977	\$1,881,358	\$1,069,881	\$8,841,313	\$685,202	\$3,636,440
2045	\$21,531,097	\$1,937,799	\$1,091,278	\$9,106,552	\$705,758	\$3,734,835
2046	\$22,177,029	\$1,995,933	\$1,113,104	\$9,379,749	\$726,931	\$3,835,967
2047	\$22,842,340	\$2,055,811	\$1,135,366	\$9,661,141	\$748,738	\$3,939,915
2048	\$23,527,611	\$2,117,485	\$1,158,073	\$9,950,976	\$771,201	\$4,046,759
2049	\$24,233,439	\$2,181,009	\$1,181,235	\$10,249,505	\$794,337	\$4,156,581
Total	\$432,879,123	\$38,959,121	\$23,523,020	\$182,848,233	\$14,170,738	\$76,652,879

Exhibit I

Projected Direct Tax Revenues to Madera County

Includes Proposed TOT Incentive Payments

Year	Transient Occupancy Tax (9%)		Property Tax (1%)		Sales Tax (7.75%)	Total Tax Revenues
2025	\$240,216		\$734,399		\$364,653	\$1,339,268
2026	\$263,868		\$749,087		\$381,638	\$1,394,592
2027	\$284,563		\$764,069		\$417,848	\$1,466,480
2028	\$293,903		\$779,350		\$423,534	\$1,496,787
2029	\$301,893		\$794,937		\$429,391	\$1,526,221
2030	\$310,950		\$810,836		\$435,423	\$1,557,209
2031	\$320,278		\$827,053		\$441,636	\$1,588,967
2032	\$329,887		\$843,594		\$496,473	\$1,669,954
2033	\$339,783		\$860,465		\$503,065	\$1,703,314
2034	\$349,977		\$877,675		\$509,854	\$1,737,506
2035	\$360,476		\$895,228		\$525,150	\$1,780,854
2036	\$371,290		\$913,133		\$540,905	\$1,825,328
2037	\$382,429		\$931,395		\$557,132	\$1,870,956
2038	\$393,902		\$950,023		\$573,846	\$1,917,771
2039	\$405,719		\$969,024		\$591,061	\$1,965,804
2040	\$835,781		\$988,404		\$608,793	\$2,432,978
2041	\$860,855		\$1,008,172		\$627,057	\$2,496,084
2042	\$886,680		\$1,028,336		\$645,868	\$2,560,884
2043	\$913,281		\$1,048,903		\$665,244	\$2,627,428
2044	\$940,679		\$1,069,881		\$685,202	\$2,695,761
2045	\$968,899		\$1,091,278		\$705,758	\$2,765,935
2046	\$997,966		\$1,113,104		\$726,931	\$2,838,001
2047	\$1,027,905		\$1,135,366		\$748,738	\$2,912,010
2048	\$1,058,742		\$1,158,073		\$771,201	\$2,988,016
2049	\$1,090,505		\$1,181,235		\$794,337	\$3,066,076
	\$14,530,427		\$23,523,020		\$14,170,738	\$52,224,185