CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

THE INNS AT ARMORY SQUARE, LLC PROJECT

Transcript of Proceedings

CLOSING DATE: FEBRUARY 24, 2012

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

THE INNS AT ARMORY SQUARE, LLC PROJECT

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23 Opinion of Mackenzie Hughes LLP, counsel to the Company, addressed to the Agency and the Company.

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THE INNS AT ARMORY SQUARE, LLC

AND

CITY OF SYRACUSE
INDUSTRIAL DEVELOPMENT AGENCY

COMPANY LEASE AGREEMENT

DATED AS OF FEBRUARY 1, 2012

COMPANY LEASE AGREEMENT

THIS COMPANY LEASE AGREEMENT (the "***Company Lease***"), made and entered into as of February 1, 2012, by and between **THE INNS AT ARMORY SQUARE, LLC** (the "***Company***"), a limited liability company organized under the laws of the State of New York with an office at 202 Walton Street, Suite 204, Syracuse, New York 13202, and **CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY** (the "***Agency***"), a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, duly organized and existing under the laws of the State of New York, with an office at 333 West Washington Street, Suite 130, Syracuse, New York 13202.

W I T N E S S E T H :

WHEREAS, Title 1 of Article 18-A of the New York General Municipal Law (the "***Enabling Act***") was duly enacted into law as Chapter 1030 of the New York Laws of 1969; and

WHEREAS, the Enabling Act authorizes and provides for the creation of industrial development agencies for the benefit of the several counties, cities, villages, and towns in the State of New York and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip, and dispose of land and any buildings or other improvements, and all real and personal properties, including, but not limited to, machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial, or industrial purposes, in order to advance the job opportunities, health, general prosperity, and economic welfare of the people of the State of New York and to improve their standard of living; and

WHEREAS, the Enabling Act further authorizes each such agency to lease or sell any or all of its properties, to mortgage and pledge any or all of its properties, whether then owned or thereafter acquired, and to pledge the revenues and receipts from the lease or sale thereof; and

WHEREAS, the Agency was created pursuant to and in accordance with the provisions of the Enabling Act by Chapter 641 of the Laws of 1979 of the State of New York (collectively with the Enabling Act, the "***Act***") and is empowered under the Act to undertake the Project (as hereinafter defined); and

WHEREAS, the Agency, by resolution adopted on July 26, 2011, agreed, at the request of the Company to undertake a project (the "***Project***") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-332 and 334-344 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of a grant in an amount not to exceed $500,000 from certain funds allocated to the Agency from the Empire State

Development Corporation (the "***Grant***") as well as exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement; and

WHEREAS, the Company is the current owner of the Project Facility; and

WHEREAS, the Agency proposes to assist the Company's acquisition, construction and equipping of the Project Facility, and grant the Financial Assistance to the Company and the Project by, among other things, (1) appointing the Company as its agent with respect to the Project Facility; (2) accepting a leasehold interest in the Land and Facility from the Company pursuant to this Company Lease; (3) obtaining an ownership interest in the Equipment pursuant to a Bill of Sale; and (4) subleasing the Project Facility to the Company pursuant to the Agency Lease; and

WHEREAS, the Agency now proposes to lease the Land and Facility from the Company pursuant to the terms and conditions set forth herein; and

WHEREAS, all things necessary to constitute this Company Lease a valid and binding agreement by and between the parties hereto in accordance with the terms hereof have been done and performed, and the creation, execution, and delivery of this Company Lease have, in all respects, been duly authorized;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto hereby formally covenant, agree, and bind themselves as follows, to wit:

ARTICLE I

DEFINITIONS

1.1 DEFINITIONS.

For all purposes of this Company Lease and any agreement supplemental thereto, all defined terms indicated by the capitalization of the first letter of such term shall have the meanings specified in the Table of Definitions which is attached to the Agency Lease as Exhibit "C" thereto except as otherwise expressly defined herein or the context hereof otherwise requires.

1.2 INTERPRETATION.

In this Company Lease, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "herein," "hereunder," and any similar terms as used in this Company Lease refer to this Company Lease; the term "heretofore" shall mean before and the term "hereafter" shall mean after the date of this Company Lease;

(b) Words of masculine gender shall mean and include correlative words of feminine and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa; and

(c) Any certificates, letters, or opinions required to be given pursuant to this Company Lease shall mean a signed document attesting to or acknowledging the circumstances, representations, opinions of law, or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Company Lease.

ARTICLE II

DEMISE; PREMISES; TERM

2.1 DEMISE.

The Company hereby leases to the Agency, and the Agency hereby leases from the Company, the Land and the Facility for the stated term for the rents, covenants and conditions set forth herein subject only to the Permitted Encumbrances.

2.2 DESCRIPTION OF PREMISES LEASED.

The leased premises is the Land and the Facility described in the recitals of this Company Lease and as more fully described on Exhibit "A" attached hereto.

2.3 TERM.

The Project is leased for a term which shall commence as of February 1, 2012, and shall end on the expiration or earlier termination of the Agency Lease.

2.4 MANDATORY CONVEYANCE.

At the expiration of the term hereof or any extension thereof by mutual agreement, or as otherwise provided in the Agency Lease, this Company Lease shall automatically expire without any further action by the parties hereto, and the Agency shall confirm in writing the termination of its interest in the Project Facility under this Company Lease and the Agency Lease. The Company hereby irrevocably designates the Agency as its attorney-in-fact, coupled with an interest, for the purpose of executing, delivering and recording terminations of leases and bills of sale together with any other documents therewith and to take such other and further actions reasonably necessary to confirm the termination of the Agency's interest in the Project Facility.

2.5 CONSIDERATION.

The Agency is paying to the Company concurrently with the execution hereof consideration of $1.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Company.

2.6 REPRESENTATIONS AND COVENANTS OF THE COMPANY.

The Company makes the following representations and covenants as the basis for the undertakings on its part herein contained:

(a) The Company is a limited liability company duly organized, validly existing and in good standing under the laws of New York, has the power to enter into this Company Lease and the other Company Documents and to carry out its obligations hereunder and thereunder, and has duly authorized the execution, delivery, and performance of this Company Lease and the other Company Documents.

(b) This Company Lease and the other Company Documents constitute, or upon their execution and delivery in accordance with the terms thereof will constitute, valid and legally binding obligations of the Company, enforceable in accordance with their respective terms.

(c) The Company is the present owner of the Land and upon construction, the Facility and the Equipment.

(d) Neither the execution and delivery of this Company Lease and the other Company Documents, the consummation of the transactions contemplated thereby, nor the fulfillment of or compliance with the provisions thereof will:

(1) result in a breach of, or conflict with any term or provision in, the Company's Articles of Organization and Operating Agreement;

(2) require consent under (which has not been heretofore received) or result in a breach of or default under any credit agreement, indenture, purchase agreement, mortgage, deed of trust, commitment, guaranty or other agreement or instrument to which the Company is a party or by which the Company or any of its property may be bound or affected; or

(3) conflict with or violate any existing law, rule, regulation, judgment, order, writ, injunction, or decree of any Governmental Authority or court (domestic or foreign) having jurisdiction over the Company or any of the property of the Company.

(g) So long as the Agency holds an interest in the Project Facility, the Project Facility is and will continue to be a "project" (as such quoted term is defined in the Act), and the Company will not take any action (or omit to take any action required by the Company Documents or which the Agency, together with Agency's counsel, advise the Company in writing should be taken), or allow any action to be taken, which action (or omission) would in any way cause the Project Facility not to constitute a "project" (as such quoted term is defined in the Act).

(h) The Company shall cause all notices as required by law to be given and shall comply or cause compliance with all laws, ordinances, municipal rules, and regulations and requirements of all Governmental Authorities applying to or affecting the construction, equipping and operation of the Project Facility (the applicability of such laws, ordinances, rules, and regulations to be determined both as if the Agency were the owner of the Project Facility and as if the Company, were the owner of the Project Facility), and the Company will defend and save the Agency and its officers, members, agents (other than the Company), and employees harmless from all fines and penalties due to failure to comply therewith.

(i) The Company shall perform, or cause to be performed, for and on behalf of the Agency, each and every obligation of the Agency (which is within the control of the Company) under and pursuant to the Agency Lease, this Company Lease and the other Company Documents and shall defend, indemnify, and hold harmless the Agency and its members, officers, agents (other than the Company), servants, and employees from and against every expense, liability, or claim arising out of the failure of the Company to fulfill its obligations under the provisions of this Section 2.6.

(j) The Company restates and affirms the representations, warranties and covenants set forth in Section 2.2 of the Agency Lease.

ARTICLE III

DISPUTE RESOLUTION

3.1 GOVERNING LAW.

This Company Lease shall be governed in all respects by the laws of the State of New York.

3.2 WAIVER OF TRIAL BY JURY.

THE COMPANY AND THE AGENCY WAIVE THE RIGHT TO TRIAL BY JURY OF ANY DISPUTE ARISING UNDER THIS COMPANY LEASE, AND THIS PROVISION SHALL SURVIVE THE TERMINATION OF THIS COMPANY LEASE.

ARTICLE IV

MISCELLANEOUS CLAUSES

4.1 NOTICES.

All notices, demands or communications given under this Company Lease shall be sent to the parties at the addresses set forth below or at such other addresses as the parties may designate by written notice and shall be by prepaid registered or certified mail, return receipt request, and shall be deemed given on the date two (2) days after the date mailed:

(a) To the Agency:

City of Syracuse Industrial Development Agency
333 West Washington Street, Suite 130
Syracuse, New York 13202
Attn: Chairman

With copies to:

City of Syracuse
233 East Washington Street
Syracuse, New York 13202
Attn: Corporation Counsel

(b) To the Company:

Inns at Armory Square, LLC
202 Walton Street, Suite 204
Syracuse, New York 13202
Attn: Richard H. Sykes, Manager

With copies to:

Mackenzie Hughes, LLP
101 South Salina Street
Syracuse, New York 13202
Attn: Edward Moses, Esq.

Manufacturers and Traders Trust Company
One M&T Plaza
Buffalo, New York 14203
Attn: Office of General Counsel

4.2 NO RECOURSE UNDER THIS COMPANY LEASE.

No provision, covenant or agreement contained herein, in any other agreement entered into in connection herewith, or any obligations herein imposed, upon the Agency, or any breach thereof, shall constitute or give rise to or impose upon the Agency, a debt or other pecuniary liability or a charge upon its general credit, and all covenants, stipulations, promises, agreements and obligations of the Agency contained in this Company Lease shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency, and not of

any member, director, officer, employee or agent (other than the Company) of the Agency in his individual capacity.

4.3 ENTIRE AGREEMENT.

This Company Lease contains the entire agreement between the parties and all prior negotiations and agreements are merged in this Company Lease. This Company Lease may not be changed, modified or discharged, in whole or in part, except by a written instrument executed by the party against whom enforcement of the change, modification or discharge is sought.

4.4 AGENCY REPRESENTATIONS.

The Company expressly acknowledges that neither the Agency nor the Agency's directors, members, employees or agents (other than the Company) has made or is making, and the Company, in executing and delivering this Company Lease, is not relying upon warranties, representations, promises or statements, except to the extent that the same are expressly set forth in this Company Lease, and no rights, easements or licenses are or shall be acquired by the Company by implication or otherwise unless expressly set forth in this Company Lease.

4.5 BINDING EFFECT.

This Company Lease shall be binding upon and inure to the benefit of the parties, their respective successors and assigns.

4.6 PARAGRAPH HEADINGS.

Paragraph headings are for convenience only and shall not affect the construction or interpretation of this Company Lease.

4.7 CONSENT TO AGENCY LEASE; SUBORDINATION.

The Company hereby consents to the sublease by the Agency of the Project Facility to the Company pursuant to the Agency Lease. The Company acknowledges and agrees that this Company Lease and the Agency Lease shall be subordinate in all respects to the Mortgage and shall be automatic without the execution of any further subordination agreement by the Company or the Agency.

4.8 HOLD HARMLESS PROVISIONS.

(a) The Company hereby releases the Agency and its members, officers, agents (other than the Company), and employees from, agree that the Agency and its members, officers, agents, and employees shall not be liable for, and agree to indemnify, defend, and hold the Agency and its members, officers, agents (other than the Company), and employees harmless from and against any and all claims arising as a result of the Agency's undertaking of the Project, including, but not limited to:

(1) Liability for loss or damage to Property or bodily injury to or death of any and all persons that may be occasioned by any cause whatsoever pertaining to the Project Facility, or arising by reason of or in connection with the occupation or the use thereof, or the presence on, in, or about the Project Facility;

(2) Liability arising from or expense incurred by the Agency's acquisition of an interest in the Project Facility and the subleasing of the Project Facility, including, without limiting the generality of the foregoing, all liabilities or claims arising as a result of the Agency's obligations under the Agency Lease, the Company Lease or the Mortgage;

(3) All claims arising from the exercise by the Company of the authority conferred upon it and performance of the obligations assumed under Article II hereof;

(4) All causes of action and attorneys' fees and other expenses incurred in connection with any suits or actions which may arise as a result of any of the foregoing, provided that any such losses, damages, liabilities, or expenses of the Agency are not incurred or do not result from the intentional wrongdoing of the Agency or any of its members, officers, agents, or employees.

The foregoing indemnities shall apply notwithstanding the fault or negligence (other than gross negligence or willful misconduct) on the part of the Agency or any of its officers, members, agents, servants, or employees and irrespective of any breach of statutory obligation or any rule of comparative or apportional liability.

(b) In the event of any claim against the Agency or its members, officers, agents (other than the Company), or employees by any employee of the Company, or any contractor of the Company, or anyone directly or indirectly employed by any of them, or any one for whose acts any of them may be liable, the obligations of the Company hereunder shall not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for the Company such contractor under workers' compensation laws, disability benefit laws, or other employee benefit laws.

(c) Notwithstanding any other provisions of this Company Lease, the obligations of the Company pursuant to this Section 4.8 shall remain in full force and effect after the termination of the Agency Lease and this Company Lease until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action, or prosecution relating to the matters herein described may be brought, and the payment in full or the satisfaction of such claim, cause of action, or prosecution, and the payment of all expenses and charges incurred by the Agency, or its officers, members, agents (other than the Company), or employees, relating thereto.

(d) For purposes of this Section 4.8, the Company shall not be deemed to constitute an employee, agent or servant of the Agency or a person under the Agency's control or supervision.

4.9 NO RECOURSE; SPECIAL OBLIGATION.

The obligations and agreements of the Agency contained herein and in the other Agency Documents and in any other instrument or document executed in connection herewith or therewith, and any instrument or document supplemental hereto or thereto, shall be deemed the obligations and agreements of the Agency and not of any member, officer, agent (other than the Company), or employee of the Agency in his individual capacity; and the members, officers, agents (other than the Company), and employees of the Agency shall not be liable personally hereon or thereon or be subject to any personal liability or accountability based upon or in respect hereof or thereof or of any transaction contemplated hereby or thereby. The obligations and agreements of the Agency contained herein or therein shall not constitute or give rise to an obligation of the State New York or of the City of Syracuse, and neither the State of New York nor the City of Syracuse shall be liable hereon or thereon. Further, such obligations and agreements shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute limited obligations of the Agency, payable solely from the revenues of the Agency derived, and to be derived from, the lease, sale, or other disposition of the Project Facility, other than revenues derived from or constituting Unassigned Rights. No order or decree of specific performance with respect to any of the obligations of the Agency hereunder or thereunder shall be sought or enforced against the Agency unless:

(a) The party seeking such order or decree shall first have requested the Agency in writing to take the action sought in such order or decree of specific performance, and fifteen (15) days shall have elapsed from the date of receipt of such request, and the Agency shall have refused to comply with such request (or if compliance therewith would reasonably be expected to take longer than fifteen (15) days, shall have failed to institute and diligently pursue action to cause compliance with such request) or failed to respond within such notice period; and

(b) If the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree shall have placed in an account with the Agency an amount or undertaking sufficient to cover such reasonable fees and expenses; and

(c) If the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it or any of its members, officers, agents (other than the Company), or employees shall be subject to potential liability, the party seeking such order or decree shall (1) agree to indemnify and hold harmless the Agency and its members, officers, agents, and employees against any liability incurred as a result of its compliance with such demand; and (2) if requested by the Agency, furnish to the Agency satisfactory security to protect the Agency and its members, officers, agents, and employees against all liability expected to be incurred as a result of compliance with such request.

Any failure to provide notice, indemnity, or security to the Agency pursuant to this Section 4.9 shall not alter the full force and effect of any Event of Default under the Agency Lease.

(d) For purposes of this Section 4.9, the Company shall not be deemed to constitute an employee, agent or servant of the Agency or a person under the Agency's control or supervision.

4.10 MERGER OF AGENCY.

(a) Nothing contained in this Company Lease shall prevent the consolidation of the Agency with, or merger of the Agency into, or assignment by the Agency of its rights and interests hereunder to any other body corporate and politic and public instrumentality of the State of New York, or political subdivision thereof, which has the legal authority to perform the obligations of the Agency hereunder, provided that upon any such consolidation, merger, or assignment, the due and punctual performance and observance of all the agreements and conditions of this Company Lease to be kept and performed by the Agency shall be expressly assumed in writing by the public instrumentality or political subdivision resulting from such consolidation or surviving such merger or to which the Agency's rights and interests hereunder shall be assigned.

(b) As of the date of any such consolidation, merger, or assignment, the Agency shall give notice thereof in reasonable detail to the Company. The Agency shall promptly furnish to the Company such additional information with respect to any such consolidation, merger, or assignment as the Company reasonably may request.

IN WITNESS WHEREOF, the Company and the Agency have duly executed this Company Lease, as of the day and year first above written.

THE INNS AT ARMORY SQUARE, LLC

By: _____
Richard H. Sykes, Manager

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
William M. Ryan, Chairman

IN WITNESS WHEREOF, the Company and the Agency have duly executed this Company Lease, as of the day and year first above written.

THE INNS AT ARMORY SQUARE, LLC

By: _____
Richard H. Sykes, Manager

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
William M. Ryan, Chairman

5646609.4

STATE OF NEW YORK)
) SS.:
COUNTY OF ONONDAGA)

On the _____ day of February, 2012, before me, the undersigned, personally appeared **RICHARD H. SYKES**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Edward J. Moses

Notary Public

EDWARD J. MOSES
Notary Public, State of New York
No. 34-8034924
Qualified in Onondaga County
Commission Expires Sept. 30, 20 14

STATE OF NEW YORK)
) SS.:
COUNTY OF ONONDAGA)

On the _____ day of February, 2012, before me, the undersigned, personally appeared **WILLIAM M. RYAN**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____

Notary Public

5646609.4

STATE OF NEW YORK)
) SS.:
COUNTY OF ONONDAGA)

On the _____ day of February, 2012, before me, the undersigned, personally appeared **RICHARD H. SYKES**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

STATE OF NEW YORK)
) SS.:
COUNTY OF ONONDAGA)

On the 23rd day of February, 2012, before me, the undersigned, personally appeared **WILLIAM M. RYAN**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Lori L McRobbie
Notary Public

LORI L. McROBBIE
Notary Public, State of New York
Qualified in Onondaga Co. No. 01MC5055591
Commission Expires on Feb. 12, 2014

5646609.4

EXHIBIT A

DESCRIPTION OF REAL PROPERTY

D. W. HANNIG L. S., P.C.
SURVEYORS - PLANNERS - CONSULTANTS
THE MARKET PLACE, BUILDING # 1
MANLIUS, NEW YORK 13104
PHONE: (315) 682-5225 - FAX: (315) 682-7774

LEGAL DESCRIPTION

PROPOSED DESCRIPTION OF A 1.27+- ACRE PARCEL, CITY OF SYRACUSE, ONONDAGA COUNTY, NEW YORK.

BEGINNING AT A POINT, said point being the intersection of the northerly line of West Fayette Street and the westerly line of South Franklin Street.

THENCE North 89 degrees 44 minutes 00 seconds West for a distance of 361.65 feet along the northerly line of West Fayette Street to a point;
THENCE North 00 degrees 09 minutes 30 seconds East for a distance of 120.21 feet to a point;
THENCE South 89 degrees 35 minutes 52 seconds East for a distance of 89.08 feet to a point;
THENCE North 00 degrees 16 minutes 00 seconds East for a distance of 12.00 feet to a point;
THENCE South 89 degrees 44 minutes 00 seconds East for a distance of 10.37 feet to a point;
THENCE North 00 degrees 05 minutes 00 seconds East for a distance of 20.42 feet to a point;
THENCE South 89 degrees 44 minutes 00 seconds East for a distance of 262.00 feet to a point;
THENCE South 00 degrees 05 minutes 00 seconds West for a distance of 152.42 feet **TO THE POINT AND PLACE OF BEGINNING**.

Together with and subject to covenants, easements, and restrictions of record.

Said property contains 1.27 Acres (55,406 Sq. Ft.) more or less.

J058873 – ARC 5-29-08 Rev'd 2/13/2012

ONONDAGA COUNTY CLERK'S OFFICE
M. ANN CIARPELLI - COUNTY CLERK
401 Montgomery St - Room 200
Syracuse, NY 13202

Phone: 315-435-2226
Fax: 315-435-3455

Doc Type: LEASE
Grantor: INNS AT ARMORY SQUARE LLC
CITY OF SYRACUSE INDUSTRIAL
Grantee: CITY OF SYRACUSE INDUSTRIAL
INNS AT ARMORY SQUARE LLC
Legal Desc: SYR B104 S W

Prop Address: 300-332&334-344 W FAYETTE ST

Receipt: 982180 RS
Book/Page: 05191/0222 Inst: 7465
Date Filed: 02/27/2012 at 3:22PM
Updated: 02/28/2012 MO
Record and Return To:

HANCOCK & ESTABROOK
ATTORNEYS PICK UP BOX
COURTHOUSE

Submitted by: STEWART

Recording Fees			Miscellaneous Fees	
Addl pages:	6 x 5.00 =	$ 30.00	RMI:	$ 20.00
Addl Names:	0 x 0.50 =	$ 0.00	TP 584:	$ 5.00
Addl Refs:	1 x 0.50 =	$ 0.50	RP5217:	$ 0.00
Misc:		0.00	AFFTS:	$ 0.00
Basic		$25.50		
		==========		==========
TOTAL:		$56.00	TOTAL:	$ 25.00

MORTGAGE TAX		DEED TRANSFER TAX	
Mortgage:		Consideration	$0.00
Basic:	$0.00	Transfer Tax:	$0.00
Ins Fund:	$0.00	SWIS:	3115
Net Add:	$0.00	Map #:	104-29-03.0/04.1
Misc:	$0.00		==========
	==========	Total Paid	$ 81.00
TOTAL	$0.00	Control no	6047

WARNING - This sheet constitutes the Clerk's endorsement, required by Section 319 of the Real Property Law of the State of New York. Do not detach. Taxes imposed on this instrument at time of recording were paid. Certain information contained in this document is not verified by this office.

M. ANN CIARPELLI
Onondaga County Clerk

Book/Page 05191 / 0222 Instrument no.: 7465

D051910222

CITY OF SYRACUSE
3115

MEMORANDUM OF COMPANY LEASE AGREEMENT

NAME AND ADDRESS OF LESSOR: The Inns at Armory Square, LLC
202 Walton Street, Suite 204
Syracuse, New York 13202

NAME AND ADDRESS OF LESSEE: City of Syracuse Industrial Development Agency
333 West Washington Street, Suite 130
Syracuse, New York 13202

DESCRIPTION OF LEASED PREMISES:

All that tract or parcel of land situate in the City of Syracuse, County of Onondaga and State of New York, being more particularly described in Exhibit "A" annexed hereto, together with the improvements thereon.

DATE OF EXECUTION OF COMPANY LEASE AGREEMENT:

As of February 1, 2012

TERM OF COMPANY LEASE AGREEMENT:

The Company Lease Agreement shall be in effect for a term commencing as of February 1, 2012, and shall end on the expiration or earlier termination of the Agency Lease Agreement.

15:22 02/27/12 746512 RS DB-5181P-222

RAR: 08/20
ATT: Joseph Mancuso, Esq.

IN WITNESS WHEREOF, the parties hereto have respectively executed this memorandum as of the 1st day of February, 2012.

THE INNS AT ARMORY SQUARE, LLC

By: _____
Richard H. Sykes, Manager

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
William M. Ryan, Chairman

IN WITNESS WHEREOF, the parties hereto have respectively executed this memorandum as of the 1st day of February, 2012.

THE INNS AT ARMORY SQUARE, LLC

By: _____
Richard H. Sykes, Manager

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
William M. Ryan, Chairman

STATE OF NEW YORK)
) SS.:
COUNTY OF ONONDAGA)

On the 24th day of February, 2012, before me, the undersigned, personally appeared **RICHARD H. SYKES**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Edward J. Moses

Notary Public
EDWARD J. MOSES
Notary Public, State of New York
No. 34-8034924
Qualified in Onondaga County
Commission Expires Sept. 30, 20 14

STATE OF NEW YORK)
) ss.:
COUNTY OF ONONDAGA)

On this _____ day of February, 2012, before me, the undersigned, personally appeared **WILLIAM M. RYAN**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

STATE OF NEW YORK)
) SS.:
COUNTY OF ONONDAGA)

On the ___ day of February, 2012, before me, the undersigned, personally appeared **RICHARD H. SYKES**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF ONONDAGA)

On this 23rd day of February, 2012, before me, the undersigned, personally appeared **WILLIAM M. RYAN**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Lori L. McRobbie
Notary Public

LORI L. McROBBIE
Notary Public, State of New York
Qualified in Onondaga Co. No. 01MC5055591
Commission Expires on Feb. 12, 20 14

SCHEDULE A

ALL THAT TRACT OR PARCEL OF LAND, situate within the City of Syracuse, County of Onondaga and State of New York, being part of Block 104, and more particularly described as follows:

SW BEGINNING at a point, said point being the intersection of the northerly line of West Fayette Street and the westerly line of South Franklin Street; thence North 89 deg. 44' 00" West for a distance of 361.65 feet along the northerly line of West Fayette Street to a point; thence North 00 deg. 09' 30" East for a distance of 120.21 feet to a point; thence South 89 deg. 35' 52" East for a distance of 89.08 feet to a point; thence North 00 deg. 16' 00" East for a distance of 12.00 feet to a point; thence South 89 deg. 44' 00" East for a distance of 10.37 feet to a point; thence North 00 deg. 05' 00" East for a distance of 20.42 feet to a point; thence South 89 deg. 44' 00" East for a distance of 262.00 feet to a point; thence South 00 deg. 05' 00" West for a distance of 152.42 feet to the point and place of beginning.

TP-584 (7/03)

Recording office time stamp

New York State Department of Taxation and Finance

Combined Real Estate Transfer Tax Return Credit Line Mortgage Certificate, and Certification of Exemption from the Payment of Estimated Personal Income Tax

Effective September 1, 2003, use this 7/03 version of Form TP-584; previous versions may no longer be used.

See instructions (TP-584-I) before completing this form. Please print or type.

Schedule A — Information relating to conveyance

Grantor/Transferor ☐ Individual ☐ Corporation ☐ Partnership ☐ Estate/Trust ☒ Other	Name *(if individual; last, first, middle initial)* The Inns at Armory Square, LLC			Social security number
	Mailing address 202 Walton Street, Suite 204			Social security number
	City Syracuse	State NY	ZIP code 13202	Federal employer ident. number 26 3024938
Grantee/Transferee ☐ Individual ☐ Corporation ☐ Partnership ☐ Estate/Trust ☒ Other	Name *(if individual; last, first, middle initial)* City Of Syracuse Industrial Development Agency			Social security number
	Mailing address 333 West Washington Street, Suite 130			Social security number
	City Syracuse	State New York	ZIP code 13202	Federal employer ident. number 52 1380308

Location and description of property conveyed

Tax map designation			Address	City/village	Town	County
Section	Block	Lot				
104 104	29 29	03.0 04.1	300-332 West Fayette Street 334-344 West Fayette Street	Syracuse		Onondaga

Type of property conveyed *(check applicable box)*

1 ☐ one- to three-family house
2 ☐ Residential cooperative
3 ☐ Residential condominium
4 ☐ Vacant land
5 ☒ Commercial/Industrial
6 ☐ Apartment building
7 ☐ Office building
8 ☐ Other

Date of conveyance: 02 (month) 24 (day) 2012 (year)

Percentage of real property conveyed which is residential real property _____ % *(see instructions)*

Condition of conveyance *(check all that apply)*

a. _ Conveyance of fee interest

b. _ Acquisition of a controlling interest (state percentage acquired _____%)

c. _ Transfer of a controlling interest (state percentage transferred) _____%)

d. _ Conveyance to cooperative housing corporation

e. _ Conveyance pursuant to or in lieu of foreclosure or enforcement of security interest *(attach Form TP-584.1, Schedule E)*

f. _ Conveyance which consists of a mere change of identity or form of ownership or organization *(attach Form TP-584.1, Schedule F)*

g. _ Conveyance for which credit for tax previously paid will be claimed *(attach Form TP-584.1, Schedule G)*

h. _ Conveyance of cooperative apartment(s)

i. _ Syndication

j. _ Conveyance of air rights or development rights

k. _ Contract assignment

l. _ Option assignment or surrender

m. _ Leasehold assignment or surrender

n. X Leasehold grant

o. _ Conveyance of an easement

p. _ Conveyance for which exemption from transfer tax is claimed (*complete Schedule B, Part III*)

q. _ Conveyance of property partly within and partly outside the state

r. _ Other *(describe)* _____

For recording officer's use	Amount Received	Date received	Transaction number
	Schedule B., Part I $ _____ Schedule B., Part II $ _____		

Schedule B – Real estate transfer tax return (Article 31 of the Tax Law)

Part I – Computation of tax due

1	Enter amount of consideration for the conveyance *(if you are claiming a total exemption from tax, check the exemption claimed box, enter consideration and proceed to Part III)* ☐ **Exemption claimed**	1.	$ 00
2	Continuing lien deduction *(see instructions if property is taken subject to mortgage or lien)*	2.	
3	Taxable consideration *(subtract line 2 from line 1)*	3.	
4	Tax: $2 for each $500, or fractional part thereof, of consideration on line 3	4.	$ 00
5	Amount of credit claimed *(see instructions and attach Form TP-584.1, Schedule G)*	5.	
6	Total tax due* *(subtract line 5 from line 4)*	6.	$ 00

Part II – Computation of additional tax due on the conveyance of residential real property for $1 million or more

1	Enter amount of consideration for conveyance *(from Part I, line 1)*	1.	
2	Taxable consideration *(multiply line 1 by the percentage of the premises which is residential real property, as shown in Schedule A)*	2.	
3	Total additional transfer tax due* *(multiply line 2 by 1% (0.1))*	3.	

Part III – Explanation of exemption claimed on Part I, line 1 *(check any boxes that apply)*
The conveyance of real property is exempt from the real estate transfer tax for the following reason:

a. Conveyance is to the United Nations, the United States of America, the state of New York, or any of their instrumentalities, agencies, or political subdivisions (or any public corporation, including a public corporation created pursuant to agreement or compact with another state or Canada) ..... a ☒

b. Conveyance is to secure a debt or other obligation ..... b ☐

c. Conveyance is without additional consideration to confirm, correct, modify, or supplement a prior conveyance ..... c ☐

d. Conveyance of real property is without consideration and not in connection with a sale, including conveyances conveying realty as bona fide gifts ..... d ☐

e. Conveyance is given in connection with a tax sale ..... e ☐

f. Conveyance is a mere change of identity or form of ownership or organization where there is no change in beneficial ownership. (This exemption cannot be claimed for a conveyance to a cooperative housing corporation of real property comprising the cooperative dwelling or dwellings.) Attach Form TP-584.1, Schedule F ..... f ☐

g. Conveyance consists of deed of partition ..... g ☐

h. Conveyance is given pursuant to the federal Bankruptcy Act ..... h ☐

i. Conveyance consists of the execution of a contract to sell real property, without the use or occupancy of such property, or the granting of an option to purchase real property, without the use or occupancy of such property ..... i ☐

j. Conveyance of an option or contract to purchase real property with the use or occupancy of such property where the consideration is less than $200,000 and such property was used solely by the grantor as the grantor's personal residence and consists of a one-, two-, or three-family house, an individual residential condominium unit, or the sale of stock in a cooperative housing corporation in connection with the grant or transfer of a proprietary leasehold covering an individual residential cooperative apartment ..... j ☐

k. Conveyance is not a conveyance within the meaning of section 1401(e) of Article 31 of the Tax Law *(attach documents supporting such claim)* ..... k ☐

l. Other *(attach explanation)* Leasehold grant with term of less than 49 years ..... l ☐

*Please make check(s) payable to the county clerk where the recording is to take place. If the recording is to take place in New York City, make check(s) payable to the ***NYC Department of Finance***. If a recording is not required, send this return and your check(s) made payable to the ***Department of Taxation and Finance***, directly to the NYS Tax Department, RETT Return Processing, PO Box 5045, Albany NY 12205-5045.

Schedule C – Credit Line Mortgage Certificate (Article 11 of the Tax Law)

Complete the following only if the interest being transferred is a fee simple interest.
I (we) certify that: *(check the appropriate box)*

1. ☐ The real property being sold or transferred is not subject to an outstanding credit line mortgage.

2. ☐ The real property being sold or transferred is subject to an outstanding credit line mortgage. However, an exemption from the tax is claimed for the following reason:

   ☐ The transfer of real property is a transfer of a fee simple interest to a person or persons who held a fee simple interest in the real property (whether as a joint tenant, a tenant in common or otherwise) immediately before the transfer.

   ☐ The transfer of real property is (A) to a person or persons related by blood, marriage or adoption to the original obligor or to one or more of the original obligors or (B) to a person or entity where 50% or more of the beneficial interest in such real property after the transfer is held by the transferor or such related person or persons (as in the case of a transfer to a trustee for the benefit of a minor or the transfer to a trust for the benefit of the transferor).

   ☐ The transfer of real property is a transfer to a trustee in bankruptcy, a receiver, assignee or other officer of a court.

   ☐ The maximum principal amount secured by the credit line mortgage is $3,000,000 or more and the real property being sold or transferred is **not** principally improved nor will it be improved by a one- to six-family owner-occupied residence or dwelling.

   Please note: for purposes of determining whether the maximum principal amount secured is $3,000,000 or more as described above, the amounts secured by two or more credit line mortgages may be aggregated under certain circumstances. See TSB-M-96(6)-R for more information regarding these aggregation requirements.

   ☐ Other *(attach detailed explanation)*.

3. ☐ The real property being transferred is presently subject to an outstanding credit line mortgage. However, no tax is due for the following reason:

   ☐ A certificate of discharge of the credit line mortgage is being offered at the time of recording the deed.

   ☐ A check has been drawn payable for transmission to the credit line mortgagee or his agent for the balance due, and a satisfaction of such mortgage will be recorded as soon as it is available.

4. ☐ The real property being transferred is subject to an outstanding credit line mortgage recorded in _____ (insert liber and page or reel or other identification of the mortgage). The maximum principal amount of debt or obligation secured by the mortgage is _____. No exemption from tax is claimed and the tax of _____ is being paid herewith. *(Make check payable to county clerk where deed will be recorded or, if the recording is to take place in New York City, make check payable to the **NYC Department of Finance**.)*

Signature (both the grantor(s) and grantee(s) must sign)

The undersigned certify that the above information contained in schedules A, B, and C, including any return, certification, schedule, or attachment, is to the best of his/her knowledge, true and complete.

The Inns at Armory Square, LLC

Grantee signature

Richard H. Sykes

Manager
Title

Title

City of Syracuse Industrial Development Agency

Grantee signature

William M. Ryan

Chairman
Title

Reminder: Did you complete all of the required information in Schedules A, B, and C? Are you required to complete Schedule D? If you checked e, f, or g in Schedule A, did you complete TP-584.1? Have you attached your check(s) made payable to the county clerk where recording will take place or, if the recording is in New York City, to the *NYC Department of Finance*? If no recording is required, send your check(s), made payable to the *Department of Taxation and Finance*, directly to the NYS Tax Department, RETT Return Processing, PO Box 5045, Albany NY 12205-5045.

Schedule C – Credit Line Mortgage Certificate (Article 11 of the Tax Law)

Complete the following only if the interest being transferred is a fee simple interest.
I (we) certify that: *(check the appropriate box)*

1. ☐ The real property being sold or transferred is not subject to an outstanding credit line mortgage.

2. ☐ The real property being sold or transferred is subject to an outstanding credit line mortgage. However, an exemption from the tax is claimed for the following reason:

   ☐ The transfer of real property is a transfer of a fee simple interest to a person or persons who held a fee simple interest in the real property (whether as a joint tenant, a tenant in common or otherwise) immediately before the transfer.

   ☐ The transfer of real property is (A) to a person or persons related by blood, marriage or adoption to the original obligor or to one or more of the original obligors or (B) to a person or entity where 50% or more of the beneficial interest in such real property after the transfer is held by the transferor or such related person or persons (as in the case of a transfer to a trustee for the benefit of a minor or the transfer to a trust for the benefit of the transferor).

   ☐ The transfer of real property is a transfer to a trustee in bankruptcy, a receiver, assignee or other officer of a court.

   ☐ The maximum principal amount secured by the credit line mortgage is $3,000,000 or more and the real property being sold or transferred is **not** principally improved nor will it be improved by a one- to six-family owner-occupied residence or dwelling.

   Please note: for purposes of determining whether the maximum principal amount secured is $3,000,000 or more as described above, the amounts secured by two or more credit line mortgages may be aggregated under certain circumstances. See TSB-M-96(6)-R for more information regarding these aggregation requirements.

   ☐ Other *(attach detailed explanation)*.

3. ☐ The real property being transferred is presently subject to an outstanding credit line mortgage. However, no tax is due for the following reason:

   ☐ A certificate of discharge of the credit line mortgage is being offered at the time of recording the deed.

   ☐ A check has been drawn payable for transmission to the credit line mortgagee or his agent for the balance due, and a satisfaction of such mortgage will be recorded as soon as it is available.

4. ☐ The real property being transferred is subject to an outstanding credit line mortgage recorded in _____ (insert liber and page or reel or other identification of the mortgage). The maximum principal amount of debt or obligation secured by the mortgage is _____. No exemption from tax is claimed and the tax of _____ is being paid herewith. *(Make check payable to county clerk where deed will be recorded or, if the recording is to take place in New York City, make check payable to the **NYC Department of Finance**.)*

Signature (both the grantor(s) and grantee(s) must sign)

The undersigned certify that the above information contained in schedules A, B, and C, including any return, certification, schedule, or attachment, is to the best of his/her knowledge, true and complete.

The Inns at Armory Square, LLC		City of Syracuse Industrial Development Agency
	Manager Title	Chairman Title
Grantee signature Richard H. Sykes	Title	Grantee signature William M. Ryan

Reminder: Did you complete all of the required information in Schedules A, B, and C? Are you required to complete Schedule D? If you checked e, f, or g in Schedule A, did you complete TP-584.1? Have you attached your check(s) made payable to the county clerk where recording will take place or, if the recording is in New York City, to the *NYC Department of Finance*? If no recording is required, send your check(s), made payable to the *Department of Taxation and Finance*, directly to the NYS Tax Department, RETT Return Processing, PO Box 5045, Albany NY 12205-5045.

5934501.1

Schedule D – Certification of exemption from the payment of estimated personal income tax (Article 22, Tax Law section 663)

Complete the following only if a fee simple interest is being transferred by an individual or estate or trust.

Part I – New York State residents

If you are a New York State resident transferor(s)/seller(s) listed in Schedule A of Form TP-584 (or an attachment to Form TP-584), you must sign the certification below. If one or more transferors/sellers of the property is a resident of New York State, **each** resident transferor/seller must sign in the space provided. If more space is needed, please photocopy this Schedule D and submit as many schedules as necessary to accommodate all resident transferors/sellers.

Certification of resident transferor(s)/seller(s)

This is to certify that at the time of the sale or transfer of the real property, the transferor(s)/seller(s) as signed below was a resident of New York State, and therefore is not required to pay estimated personal income tax under Tax Law section 663(a) upon the sale or transfer of this property.

Signature	Print full name	Date
Signature	Print full name	Date
Signature	Print full name	Date
Signature	Print full name	Date

Note: A resident of New York State may still be required to pay estimated tax under section 685(c), but not as a condition of recording a deed.

Part II – Nonresidents of New York State

If you are a nonresident of New York State listed as a transferor/seller in Schedule A of Form TP-584 (or an attachment to Form TP-584) but are not required to pay estimated tax because one of the exemptions below applies under section 663(d) of the Tax Law, check the box of the appropriate exemption below. If any one of the exemptions below applies to the transferor(s)/seller(s), that transferor(s)/seller(s) is not required to pay estimated personal income tax to New York State under section 663 of the Tax Law. **Each** nonresident transferor/seller who qualifies under one of the exemptions below must sign in the space provided. If more space is needed, please photocopy this Schedule D and submit as many schedules as necessary to accommodate all nonresident transferors/sellers.

If none of these exemption statements apply, you must use Form IT-2663, *Application for Certification for Recording of Deed and Nonresident Estimated Income Tax Payment Voucher.*

Exemption for nonresident transferor(s)/seller(s)

This is to certify that at the time of the sale or transfer of the real property, the transferor(s)/seller(s) (grantor) of this property was a nonresident of New York State, but is not required to pay estimated tax under Tax Law section 663 due to one of the following exemptions:

☐ The property being sold or transferred was used exclusively as the transferor's/seller's principal residence (within the meaning of section 121 of the Internal Revenue Code) from _____ (Date) to _____ (Date) (see instructions).

☐ The transferor/seller is a mortgagor conveying the mortgaged property to a mortgagee in foreclosure, or in lieu of foreclosure with no additional consideration.

☐ The transferor or transferee is an agency or authority of the United States of America, an agency or authority of the state of New York, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or a private mortgage insurance company.

Signature	Print full name	Date
Signature	Print full name	Date
Signature	Print full name	Date
Signature	Print full name	Date

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

AND

THE INNS AT ARMORY SQUARE, LLC

AGENCY LEASE AGREEMENT

DATED AS OF FEBRUARY 1, 2012

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EXHIBIT "A" **REAL PROPERTY DESCRIPTION**

EXHIBIT "B" **DESCRIPTION OF EQUIPMENT**

EXHIBIT "C" **TABLE OF DEFINITIONS**

EXHIBIT "D" **FORM OF ANNUAL REPORTING REQUIREMENTS**

AGENCY LEASE AGREEMENT

THIS AGENCY LEASE AGREEMENT, dated as of February 1, 2012 (the "***Agency Lease***"), by and between the **CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**, a body corporate and politic and a public instrumentality of the State of New York, having its office at 333 West Washington Street, Suite 130 Syracuse, New York (the "***Agency***"), and **THE INNS AT ARMORY SQUARE, LLC,** a New York limited liability company having its office at 202 Walton Street, Suite 204, Syracuse, New York 13202 (the "***Company***").

W I T N E S S E T H :

WHEREAS, the Agency is authorized and empowered by Title I of Article 18-A of the General Municipal Law of the State of New York (the "***State***"), as amended, together with Chapter 641 of the Laws of 1979 of the State of New York, as amended from time to time (collectively, the "***Act***"), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research and recreation facilities, including industrial pollution control facilities, railroad facilities and certain horse racing facilities, for the purpose of promoting, attracting, encouraging and developing recreation and economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State, to improve their recreation opportunities, prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act, among other things, to: (i) make contracts and leases, and to execute such documents as necessary or convenient, with a public or private person, firm, partnership, or corporation; (ii) to acquire, construct, reconstruct, lease, improve, maintain, equip or furnish one or more projects (as defined in the Act); and (iii) to sell, lease and otherwise dispose of any such property; and

WHEREAS, the Agency, by resolution adopted on July 26, 2011, agreed, at the request of the Company to undertake a project (the "***Project***") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-332 and 334-344 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of a grant in an amount not to exceed $500,000 from certain funds allocated to the Agency from the Empire State Development Corporation (the "***Grant***") as well as exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of

the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement; and

WHEREAS, the Agency proposes to assist the Company's acquisition, construction and equipping of the Project Facility and grant the Financial Assistance to the Company and the Project by, among other things, (1) accepting a leasehold interest in the Land and Facility from the Company and an ownership interest in the Equipment, and (2) subleasing the Project Facility back to the Company pursuant to this Agency Lease; and

WHEREAS, the Company has leased the Land and the Facility to the Agency pursuant to the Company Lease Agreement dated as of February 1, 2012 (the "***Company Lease***"); and

WHEREAS, the Company has conveyed title to the Equipment to the Agency pursuant to the Bill of Sale; and

WHEREAS, the Agency now proposes to sublease the Project Facility back to the Company pursuant to the terms and conditions herein set forth; and

WHEREAS, all things necessary to constitute this Agency Lease a valid and binding agreement by and between the parties hereto in accordance with the terms hereof have been done and performed, and the creation, execution, and delivery of this Agency Lease have, in all respects, been duly authorized.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto hereby formally covenant, agree, and bind themselves as follows, to wit:

ARTICLE I

DEFINITIONS

1.1 DEFINITIONS.

For all purposes of this Agency Lease and any agreement supplemental thereto, all defined terms indicated by the capitalization of the first letter of such term shall have the meanings specified in the Table of Definitions attached hereto as **Exhibit "C"** except as otherwise expressly defined herein or the context hereof otherwise requires.

1.2 INTERPRETATION.

In this Agency Lease, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "herein," "hereunder," and any similar terms as used in this Agency Lease refer to this Agency Lease; the term "heretofore" shall mean before and the term "hereafter" shall mean after the date of this Agency Lease;

(b) Words of masculine gender shall mean and include correlative words of feminine and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa; and

(c) Any certificates, letters, or opinions required to be given pursuant to this Agency Lease shall mean a signed document attesting to or acknowledging the circumstances, representations, opinions of law, or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Agency Lease.

ARTICLE II

REPRESENTATIONS AND COVENANTS

2.1 REPRESENTATIONS OF THE AGENCY.

The Agency makes the following representations to the Company as the basis for the undertakings on its part herein contained:

(a) The Agency is duly established under the provisions of the Act and has the power to enter into this Agency Lease and to carry out its obligations hereunder. Based upon the representations of the Company as to the utilization of the Project Facility, the Project Facility will constitute a "project," as such quoted term is defined in the Act. By proper official action, the Agency has been duly authorized to execute, deliver and perform this Agency Lease and the other Agency Documents.

(b) Neither the execution and delivery of this Agency Lease, the consummation of the transactions contemplated thereby, nor the fulfillment of or compliance with the provisions of this Agency Lease and the other Agency Documents by the Agency will conflict with or result in a breach by the Agency of any of the terms, conditions, or provisions of the Act, the By-Laws of the Agency, or any order, judgment, restriction, agreement, or instrument to which the Agency is a party or by which it is bound or will constitute a default by the Agency under any of the foregoing.

(c) By resolution adopted on July 26, 2011, the Agency determined that the Project constitutes a "Type 1 Action" under SEQRA, will not result in any significant adverse environmental impacts and issued a negative declaration for the Project dated July 26, 2011 and by resolutions adopted on December 20, 2011, the Agency clarified the owner/operator of the Project and approved a grant to the Company in an amount not to exceed $500,000.

(d) The acquisition of a leasehold interest in the Project Facility by the Agency and the designation of the Company as the Agency's agent will be an inducement to the Company to acquire, construct and equip the Project Facility in the City of Syracuse, thereby promoting and preserving the job opportunities, general prosperity and economic welfare of the inhabitants of the City of Syracuse in furtherance of the purposes of the Act.

(e) The Project will not result in the removal of a commercial, industrial or manufacturing plant or facility of the Company or any other proposed occupant of the Project Facility from one area of the State to another area of the State or result in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project Facility located in the State, except as may be permitted by the Act.

(f) The Agency, to the extent of its interest therein, shall not sell, assign, transfer, encumber or pledge as security the Project Facility or any part thereof except as contemplated or allowed by the terms of this Agency Lease and the Pledge and Assignment.

(g) Undertaking the Project will serve the public purposes of the Act by advancing the job opportunities, health, general prosperity and economic welfare of the people of the City of Syracuse and improving their standard of living.

2.2 REPRESENTATIONS AND COVENANTS OF THE COMPANY.

The Company represents, warrants and covenants to the Agency as follows:

(a) The Company is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of New York, has the power to enter into this Agency Lease and the other Company Documents and to carry out its obligations hereunder and thereunder, and has duly authorized the execution, delivery, and performance of this Agency Lease and the other Company Documents.

(b) This Agency Lease and the other Company Documents constitute, or upon their execution and delivery in accordance with the terms thereof will constitute, valid and legally binding obligations of the Company, enforceable in accordance with their respective terms.

(c) The Company is the present owner of the Land and upon construction will be of the Facility and the Equipment.

(d) Neither the execution and delivery of this Agency Lease and the other Company Documents, the consummation of the transactions contemplated thereby, nor the fulfillment of or compliance with the provisions thereof will:

(1) result in a breach of, or conflict with any term or provision in, the Company's Articles of Organization and Operating Agreement;

(2) require consent under (which has not been heretofore received) or result in a breach of or default under any credit agreement, indenture, purchase agreement, mortgage, deed of trust, commitment, guaranty or other agreement or instrument to which the Company is a party or by which the Company or any of its property may be bound or affected; or

(3) conflict with or violate any existing law, rule, regulation, judgment, order, writ, injunction, or decree of any Governmental Authority or court (domestic or foreign) having jurisdiction over the Company or any of the property of the Company.

(e) The providing of Financial Assistance to the Company and the Project by the Agency:

(1) has been an important consideration in the Company's decision to acquire, construct and equip the Project Facility in the City of Syracuse;

(2) will not result in the removal of an industrial or manufacturing plant or commercial activity of any Project Facility occupant from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of any user, occupant, or proposed user or occupant of the Project Facility located within the State, except as permitted by the Act; and

(3) will preserve or increase the overall number of permanent, private sector jobs in the State.

(f) So long as the Agency holds a leasehold interest in the Project Facility, the Project Facility is and will continue to be a "project" (as such quoted term is defined in the Act), and the Company will not take any action (or omit to take any action required by the Company Documents or which the Agency, together with Agency's counsel, advise the Company in writing should be taken), or allow any action to be taken, which action (or omission) would in any way cause the Project Facility not to constitute a "project" (as such quoted term is defined in the Act).

(g) The Company shall cause all notices as required by law to be given and shall comply or cause compliance with all laws, ordinances, municipal rules, and regulations and requirements of all Governmental Authorities applying to or affecting the acquisition, construction, equipping and operation of the Project Facility (the applicability of such laws, ordinances, rules, and regulations to be determined both as if the Agency were the owner of the Project Facility and as if the Company, were the owner of the Project Facility), and the Company will defend and save the Agency and its officers, members, agents (other than the Company), and employees harmless from all fines and penalties due to failure to comply therewith.

(h) The Agency's undertaking of the Project and the provision of Financial Assistance for the Project will not have a significant impact on the environment within the meaning of SEQRA. The Company hereby covenants to comply with all mitigating measures, requirements, and conditions, if any, enumerated with respect to the Project Facility in any other approvals issued by any other Governmental Authority.

(i) The Company has, or will have as of the first date of construction and equipping, all permits, licenses, and governmental approvals and consents for the construction and equipping of the Project Facility.

(j) The Company will not sublease the whole or any portion of the Project Facility for an unlawful purpose.

(k) No part of the Project Facility will be located outside of the City.

(l) The Company shall perform, or cause to be performed, for and on behalf of the Agency, each and every obligation of the Agency (which is within the control of the Company) under and pursuant to this Agency Lease, the Company Lease, the Mortgage and the other Company Documents and shall defend, indemnify, and hold harmless the Agency and its members, officers, agents (other than the Company), servants, and employees from and against every expense, liability, or claim arising out of the failure of the Company to fulfill its obligations under the provisions of this Section 2.2.

(m) The Company agrees that except as is otherwise provided by collective bargaining contracts or agreements applicable to the Project, new employment opportunities created as a result of the Project shall be listed with the New York State Department of Labor Community Services Division, and with the administrative entity of the service delivery area created by the Federal Job Training Partnership Act (P.L. No. 97-300) in which the Project is located. The Company further agrees that except as is otherwise provided by collective bargaining contracts or agreements applicable to the Project, it will first consider persons eligible to participate in the Federal Job Training Partnership (P.L. No. 97-300) programs who shall be referred by administrative entities of service delivery areas created pursuant to such act or by the Community Services Division of the Department of Labor for such new employment opportunities.

(n) The Company agrees to provide all necessary information and reports required by Section 8.5 hereof.

ARTICLE III

CONVEYANCE OF LEASEHOLD INTEREST IN PROJECT FACILITY

3.1 AGREEMENT TO CONVEY LEASEHOLD INTEREST TO COMPANY.

The Company has conveyed to the Agency, pursuant to the Company Lease, a leasehold interest in the Land and the Facility, as more fully described in **Exhibit "A"** attached hereto, and an ownership interest in the Equipment via a Bill of Sale, as more fully described in **Exhibit "B"** attached hereto. Under this Agency Lease, the Agency will convey, or will cause to be conveyed, to the Company, a leasehold interest in the Project Facility subject to Permitted Encumbrances.

3.2 USE OF PROJECT FACILITY.

Subsequent to the Closing Date, the Company shall be entitled to use the Project Facility in any manner not otherwise prohibited by this Agency Lease, the Company Lease and other Company Documents, provided that such use causes the Project Facility to qualify or continue to qualify as a "project" under the Act.

ARTICLE IV

CONSTRUCTION AND EQUIPPING OF THE PROJECT

4.1 CONSTRUCTION AND EQUIPPING OF THE PROJECT FACILITY.

(a) The Company shall promptly construct and equip the Project Facility, all in accordance with the Plans and Specifications; and to the extent practicable, utilize local contractors and suppliers for the construction and equipping of the Project Facility. For purposes of this Agency Lease, the term "***Local***" shall mean Onondaga, Oswego, Madison, Cayuga and Oneida Counties. The Company agrees that such Local contractors shall be provided the opportunity to bid on contracts placed for bid on and after the date of this Agency Lease related to the Project Facility.

(b) The Agency hereby confirms the appointment of the Company as its true and lawful agent to perform under the following authority in compliance with the terms, purposes, and intent of this Agency Lease and the other Company Documents, and the Company hereby accepts such appointment:

(1) to construct and equip the Project Facility, in one or more phases, and to acquire the Equipment;

(2) to make, execute, acknowledge, and deliver any contracts, orders, receipts, writings, and instructions with any other Persons and, in general, to do all things which may be requisite or proper, all for the construction and equipping of the Project Facility with the same powers and with the same validity as the Agency could do if acting in its own behalf, provided that the Agency shall have no liability for the payment of any sums due thereunder;

(3) to pay all fees, costs, and expenses incurred in the construction and equipping of the Project Facility from funds made available therefor from the funds of the Company; and

(4) to ask, demand, sue for, levy, recover, and receive all such sums of money, debts, dues, and other demands whatsoever which may be due, owing, and payable to the Agency under the terms of any contract, order, receipt, or writing in connection with the construction and equipping of the Project Facility and to enforce the provisions of any contract, agreement, obligation, bond, or other performance security.

(c) The Agency shall enter into, and accept the assignment of, such contracts as the Company may request in order to effectuate the purposes of this Section 4.1, provided, however, that the Agency shall have no liability for the payment of any sums due thereunder.

(d) The Company has given, or will give or cause to be given, all notices and have complied, or will comply or cause compliance with, all laws, ordinances, rules, regulations,

and requirements of all Governmental Authorities applying to or affecting the conduct of work on the Project Facility (the applicability of such laws, ordinances, rules, and regulations to be determined both as if the Agency were the owner of the Project Facility and as if the Company were the owner of the Project Facility), and the Company will defend, indemnify, and save the Agency and its officers, members, agents (other than the Company), servants, and employees harmless from all fines and penalties due to failure to comply therewith. All permits and licenses necessary for the prosecution of work on the Project Facility shall be procured promptly by the Company.

4.2 COMPLETION OF PROJECT FACILITY.

(a) The Company will proceed with due diligence to acquire, construct and equip the Project Facility. Completion of the acquisition, construction and equipping of the Project Facility shall be evidenced by a certificate signed by an Authorized Representative of the Company and approved by the Agency, stating:

(1) the date of such completion;

(2) that all labor, services, materials, and supplies used therefor and all costs and expenses in connection therewith have been paid;

(3) that the Company has good and valid title to all Property constituting the Land and Facility subject to the interest of the Agency therein and to this Agency Lease and the Company Lease; and

(4) that the Project Facility is ready for occupancy, use and operation for its intended purposes.

(b) Notwithstanding the foregoing, such certificate may state that (1) it is given without prejudice to any rights of the Company against third parties which exist at the date of such certificate or which may subsequently come into being; (2) it is given only for the purposes of this Section 4.2; and (3) no Person other than the Agency and the Mortgagee may benefit therefrom.

(c) Such certificate shall be accompanied by (1) copy of a certificate of occupancy, if required, and any and all permissions, licenses, or consents required of Governmental Authorities for the occupancy, operation, and use of the Project Facility for its intended purposes; and (2) Lien releases from the Company's contractor and any subcontractors under a contract with a price in excess of $100,000.

4.3 COSTS OF COMPLETION PAID BY COMPANY.

(a) The Company agrees to complete the Project and to pay in full all costs of the construction and equipping of the Project Facility.

(b) No payment by the Company pursuant to this Section 4.3 shall entitle the Company to any diminution or abatement of any amounts payable by the Company under this Agency Lease.

4.4 REMEDIES TO BE PURSUED AGAINST CONTRACTORS, SUBCONTRACTORS, MATERIALMEN, AND THEIR SURETIES.

In the event of a default by any contractor, subcontractor, or materialman under any contract made by them in connection with construction and equipping of the Project Facility or in the event of a breach of warranty or other liability with respect to any materials, workmanship, or performance guaranty, the Company shall proceed, either separately or in conjunction with others, to exhaust the remedies of the Company against the contractor, subcontractor, or materialman so in default and against each surety for the performance of such contract. The Company may prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor, materialman, or surety which the Company deems reasonably necessary. The Company shall advise the Agency of any actions or proceedings taken hereunder. No such suit shall relieve the Company of any of its obligations under this Agency Lease and the other Company Documents.

4.5 COOPERATION IN EXECUTION OF ADDITIONAL MORTGAGES AND MODIFICATIONS OF MORTGAGES.

The Agency agrees, upon written request of an Authorized Representative of the Company and subject to the provisions of the Act, to use its commercially reasonable efforts to execute and deliver such instruments and documents as shall be approved by counsel to the Agency and as may be required in connection with the Company's financing or refinancing of the costs of construction and equipping of the Project Facility, provided that:

(a) No Event of Default under this Agency Lease, the Company Lease, the PILOT Agreement, or the Mortgage shall have occurred and be continuing;

(b) The execution and delivery of such documents by the Agency (i) is permitted by law in effect at the time; and (ii) will serve the public purposes of the Act;

(c) The Company will be responsible for and shall pay, from the proceeds thereof or otherwise, the Agency's fee and the costs and expenses of the Agency incidental to such additional financing, refinancing or modification thereof, including without limitation the reasonable attorneys' fees of the Agency; and

(d) The documents to be signed by the Agency shall contain provisions similar to those set forth in Sections 8.2 and 11.11 hereof, and shall not impose any duties or obligations upon the Agency except as may be acceptable to the Agency.

ARTICLE V

AGREEMENT TO LEASE PROJECT FACILITY; RENTAL PAYMENTS

5.1 AGREEMENT TO LEASE PROJECT FACILITY.

In consideration of the Company's covenant herein to make rental payments, and the other covenants of the Company contained herein, including the covenant to make additional rent and other payments required hereby, the Agency hereby agrees to lease to the Company, and the Company hereby agrees to lease from the Agency, the Project Facility for and during the term provided herein and upon and subject to the terms and conditions herein set forth and subject to Permitted Encumbrances.

The Agency's acceptance of the leasehold interest in and to the Property pursuant to the Company Lease, and its acquisition and holding of said leasehold interest were effected and performed solely at the request of the Company pursuant to the requirements of the Act. The Agency hereby transfers and conveys all of its beneficial and equitable interests, if any, in the Property to the Company, except for its Unassigned Rights. As a result, the parties hereby acknowledge and agree that subject to the terms and conditions of this Agency Lease, the Company has all of the equitable and beneficial ownership and other interest in the Property (except for the Unassigned Rights), and will have all the equitable and beneficial ownership and other interest in the Project Facility (except for the Unassigned Rights), such that the Company, and not the Agency, shall have an:

(i) unconditional obligation to bear the economic risk of depreciation and diminution in value of the Project Facility due to obsolescence or exhaustion, and shall bear the risk of loss if the Project Facility is destroyed or damaged;

(ii) unconditional obligation to keep the Project Facility in good condition and repair;

(iii) unconditional and exclusive right to the possession of the Project Facility, and shall have sole control of and responsibility for the Project Facility;

(iv) unconditional obligation to maintain insurance coverage on, and such reserves with respect to, the Project Facility as may be required by the Company, the Agency and the Mortgagee with respect to the Project;

(v) unconditional obligation to pay all taxes levied on, or payments in lieu thereof, and assessments made with respect to, the Project Facility;

(vi) subject to the Unassigned Rights, unconditional and exclusive right to receive rental and any other income and other benefits of the Project Facility and from the operation of the Project;

(vii) unconditional obligation to pay for all of the capital investment in the Project Facility;

(viii) unconditional obligation to bear all expenses and burdens of the Project Facility and to pay for all maintenance and operating costs in connection with the Project Facility; and

(ix) unconditional and exclusive right to include all income earned from the operation of the Project Facility and claim all deductions and credits generated with respect to the Project Facility on its annual federal, state and local tax returns.

5.2 TERM OF LEASE; EARLY TERMINATION; SURVIVAL.

(a) The term of this Agency Lease shall commence on the date hereof and continue in full force and effect until June 30, 2031, unless earlier terminated as provided herein.

(b) The Company shall have the option, at any time during the term of this Agency Lease, to terminate this Agency Lease. In the event that the Company shall exercise its option to terminate this Agency Lease pursuant to this Section 5.2(b), the Company shall file with the Agency and the Mortgagee a certificate stating the Company's intention to do so pursuant to this Section 5.2(b) and to comply with the requirements set forth in Section 5.2(c) hereof.

(c) As a condition to the effectiveness of the Company's exercise of its right to early termination, the following payments shall be made:

(1) **To the Agency**: an amount certified by the Agency as sufficient to pay all unpaid fees and expenses of the Agency incurred under this Agency Lease and the PILOT Agreement (including, but not limited to those in connection with the early termination of this Agency Lease); and

(2) **To the Appropriate Person:** an amount sufficient to pay all other fees, expenses or charges, if any, then due and payable under this Agency Lease and the other Agency Documents.

(d) The certificate required to be filed pursuant to Section 5.2(b), setting forth the provision thereof permitting early termination of this Agency Lease shall also specify the date upon which the payments pursuant to subdivision (c) of this Section 5.2 shall be made, which date shall not be less than thirty (30) nor more than sixty (60) days from the date such certificate is filed with the Agency and the Mortgagee.

(e) Contemporaneously with the termination of this Agency Lease in accordance with Sections 5.1 or 5.2 hereof, the Company Lease and the PILOT Agreement shall terminate. The Agency shall, upon payment by the Company of the amounts pursuant to Section 5.2(c) above, deliver to the Company all documents furnished to the Agency by the Company and reasonably necessary to evidence termination of the Company Lease and Agency Lease, without representation or warranty, subject to the following: (1) any Liens to which such Project Facility was subject when conveyed to the Agency, (2) any Liens created at the request

of the Company or to the creation of which the Company consented or in the creation of which the Company acquiesced, (3) any Permitted Encumbrances, and (4) any Liens resulting from the failure of the Company to perform or observe any of the agreements on its part contained in this Agency Lease.

5.3 RENTAL PAYMENTS AND OTHER AMOUNTS PAYABLE.

(a) The Company shall pay basic rental payments for the Project Facility consisting of (i) to the Commissioner of Finance of the City on behalf of the Agency in an amount sufficient to pay the sums due under the PILOT Agreement at the times and in the manner provided under the PILOT Agreement, and (ii) to the Mortgagee an amount equal to the debt service and other amounts becoming due and payable under the Mortgage, if any, and the indebtedness secured thereby on the due date thereof.

(b) The Company shall pay to the Agency, as additional rent, within ten (10) days after the receipt of a demand therefor from the Agency, the sum of the reasonable expenses of the Agency and the officers, members, agents, and employees thereof incurred by the reason of the Agency's lease or sublease of the Project Facility or in connection with the carrying out of the Agency's duties and obligations under this Agency Lease, the Company Lease or any of the other Agency Documents and any other fee or expense of the Agency with respect to the Project Facility, or any of the other Agency Documents, the payment of which is not otherwise provided for under this Agency Lease. Any sums not received by the Agency on the due date therefor shall accrue interest at the annual rate set forth in the last sentence of Section 6.4.

(c) The Company agrees to make the above-mentioned payments, without any further notice, in lawful money of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts. In the event that the Company shall fail to make or cause to be made any of the payments required under this Agency Lease, the item or installment not so paid shall continue as an obligation of the Company until such item or installment is paid in full.

5.4 NATURE OF OBLIGATIONS OF COMPANY HEREUNDER.

(a) The obligations of the Company to make the payments required by this Agency Lease and to perform and observe any and all of the other covenants and agreements on its part contained herein are general obligations of the Company and are absolute and unconditional irrespective of any defense or any rights of set-off, recoupment, or counterclaim it may otherwise have against the Agency. The Company agrees that it will not suspend, discontinue, or abate any payment required by, or fail to observe any of its other covenants or agreements contained in this Agency Lease, or terminate this Agency Lease at any time prior to termination or expiration of the PILOT Agreement for any cause whatsoever, including, without limiting the generality of the foregoing, failure to complete the construction and equipping of the Project Facility, any defect in the title, design, operation, merchantability, fitness, or condition of the Project Facility, or any part thereof, or in the suitability of the Project Facility, or any part thereof, for the Company's purposes or needs, or failure of consideration for, destruction of or damage to, or Condemnation of title to, or the use of all or any part of the Project Facility, any

change in the tax or other laws of the United States of America or of the State of New York, or any political subdivision thereof, or any failure of the Agency to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or in connection with this Agency Lease or the Company Lease.

(b) Nothing contained in this Section 5.4 shall be construed to release the Agency from the performance of any of the agreements on its part contained in this Agency Lease or the Company Lease, and in the event the Agency should fail to perform any such agreement, the Company may institute such action against the Agency as the Company may deem necessary to compel performance (subject to the provisions of Section 11.11).

ARTICLE VI

MAINTENANCE, MODIFICATIONS, TAXES, AND INSURANCE

6.1 MAINTENANCE AND MODIFICATIONS OF PROJECT FACILITY.

The Company shall:

(a) keep the Project Facility in good condition and repair and preserve the same against waste, loss and damage, ordinary wear and tear excepted;

(b) make all necessary repairs and replacements to the Project Facility or any part thereof (whether ordinary or extraordinary, structural, or non-structural, foreseen or unforeseen) which is damaged, destroyed, or condemned; and

(c) operate the Project Facility in a sound and economic manner in general accordance with the Project pro-forma statements Company previously provided to the Agency.

6.2 TAXES, ASSESSMENTS, AND UTILITY CHARGES.

(a) The Company shall pay as the same respectively become due:

(1) all taxes and governmental charges of any kind, whatsoever which may at any time be lawfully assessed or levied against or with respect to the Project Facility;

(2) all utility and other charges, including "service charges," incurred or imposed for the operation, maintenance, use, occupancy, upkeep, and improvement of the Project Facility, the non-payment of which would create, or entitle the obligee to impose, a Lien on the Project Facility;

(3) all assessments and charges of any kind whatsoever lawfully made by any Governmental Authority for public improvements; and

(4) all payments of taxes or payments in lieu of taxes required to be made to the Agency under the terms of the PILOT Agreement or any other agreement with respect thereto.

(b) The Company may in good faith actively contest any such taxes, assessments, and other charges, provided that (1) the Company shall have first notified the Agency and the Mortgagee, if any, of such contest; (2) no Event of Default under this Agency Lease or any of the other Company Documents shall have occurred and be continuing; and (3) the Company shall have set aside adequate reserves for any such taxes, assessments, and other charges. If the Company demonstrates to the satisfaction of the Agency and certifies to the Agency by delivery of a written certificate, that the non-payment of any such items will not endanger any part of the Project Facility or subject the Project Facility, or any part thereof, to loss or forfeiture, the Company may permit the taxes, assessments, and other charges so contested to remain unpaid during the period of such contest and any appeal therefrom. Otherwise, such taxes, assessments, or charges shall be paid promptly by the Company or secured by the Company's posting a bond in form and substance satisfactory to the Agency.

6.3 INSURANCE REQUIRED.

During the term of this Agency Lease, the Company shall maintain or cause to be maintained insurance with respect to the Project Facility against such risks and for such amounts as are customarily insured against by businesses of like size and type and as required of the Agency, paying (as the same becomes due and payable) all premiums with respect thereto, including:

(a) Insurance against loss or damage by fire, lightning, and other casualties customarily insured against (with a uniform standard extended coverage endorsement), such insurance to be in an amount not less than the full replacement value of the completed Project Facility, exclusive of footings and foundations, as determined by a recognized appraiser or insurer selected by the Company.

(b) Workers' compensation insurance, disability benefits' insurance, and each other form of insurance which the Company is required by law to provide covering loss resulting from injury, sickness, disability, or death of employees of the Company who are located at or assigned to the Project Facility;

(c) A policy of commercial general liability insurance with a $1,000,000 combined single limit for bodily injury including death and property damage, including but not limited to, contractual liability under this Agency Lease and personal injury, with blanket excess liability coverage in an amount not less than $2,000,000, covering the Project Facility and the Company's and the Agency's use or occupancy thereof against all claims on account of bodily injury or death and property damage occurring upon, in or about the Project Facility or in connection with the ownership, maintenance, use and/or occupancy of the Project Facility and all appurtenant areas.

6.4 ADDITIONAL PROVISIONS RESPECTING INSURANCE.

All insurance required by Section 6.3 shall be with insurance companies of recognized financial standing selected by the Company and licensed to write such insurance in the State of New York. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other Persons engaged in businesses similar in size, character, and other respects to those in which the Company are engaged. All policies evidencing such insurance except the Workers' Compensation policy shall name the Company as insured and the Agency as an additional insured, as its interests may appear, and shall provide for at least thirty (30) days' prior written notice to the Agency of cancellation, reduction in policy limits, or material change in coverage thereof. Certificates satisfactory in form and substance evidencing all insurance required hereby shall be delivered to the Agency before the Closing Date. The Company shall deliver or cause to be delivered to the Agency on or before the last business day of each December thereafter a certificate dated not earlier than the immediately preceding December 1 reciting that there is in full force and effect, with a term covering at least the next succeeding year, insurance in the amounts and of the types required by Section 6.3. The Company shall furnish to the Agency evidence that the policy has been renewed or replaced or is no longer required by this Agency Lease each year throughout the term of this Agency Lease.

All premiums with respect to the insurance required by Section 6.3 shall be paid by the Company, provided, however, that, if the premiums are not timely paid, the Agency may pay such premiums and the Company shall pay immediately upon demand all sums so expended by the Agency, together with interest at a rate of ten percent (10%) per annum or the highest rate permitted by law, whichever is less.

6.5 APPLICATION OF NET PROCEEDS OF INSURANCE.

The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.3 shall be applied as follows:

(a) The Net Proceeds of the insurance required by subsection 6.3(a) shall be paid and applied as provided in Section 7.1 hereof; and

(b) The Net Proceeds of the insurance required by subsections 6.3(b) and 6.3(c) shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

6.6 PAYMENTS IN LIEU OF REAL ESTATE TAXES.

The Company, the City and the Agency have entered into a PILOT Agreement with respect to payments in lieu of real estate taxes.

ARTICLE VII

DAMAGE, DESTRUCTION, AND CONDEMNATION

7.1 DAMAGE OR DESTRUCTION.

(a) If the Mortgage shall be in effect or the Mortgagee shall have any interest in the Project Facility arising under or related to the Mortgage, whether by foreclosure or otherwise and the Project Facility shall be damaged or destroyed, in whole or in part, then insurance proceeds shall be paid in accordance with the relevant provisions of the Mortgage regarding the distribution of such insurance proceeds, provided that there shall be no abatement or reduction in amounts payable to the Agency hereunder. If the Mortgage shall not be in effect and the Mortgagee shall have no interest in the Project Facility and the Project Facility shall be damaged or destroyed, in whole or in part:

(1) There shall be no abatement or reduction in the amounts payable by the Company under this Agency Lease or otherwise (whether or not the Project Facility is replaced, repaired, rebuilt, or restored); and

(2) The Company shall promptly give notice thereof to the Agency; and

(3) Except as otherwise provided in subsections 7.1(b) and 7.1(c) hereof, upon receipt of the insurance proceeds, the Company shall promptly replace, repair, rebuild, or restore the Project Facility to substantially the same condition as existed prior to such damage or destruction, with such changes, alterations, and modifications as may be desired by the Company and consented to in writing by the Agency, provided that such changes, alterations, or modifications do not change the nature of the Project Facility, such that it does not constitute a "project" (as such quoted term is defined in the Act); and in the event such Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, rebuilding, or restoration, the Company shall nonetheless complete such work and shall pay from its own moneys that portion of the costs thereof in excess of such Net Proceeds.

(b) If the Mortgage shall not be in effect and the Mortgagee shall have no interest in the Project Facility, then notwithstanding anything to the contrary contained in subsection 7.1(a), the Company shall not be obligated to replace, repair, rebuild, or restore the Project Facility, and the Net Proceeds of any insurance settlement shall not be applied as provided in subsection 7.1(a) if the Company shall notify the Agency that, in the Company's sole judgment, the Company does not deem it practical or desirable to replace, repair, rebuild, or restore the Project Facility. In such event, the lesser of (1) the total amount of the Net Proceeds collected under any and all policies of insurance covering the damage to or destruction of the Project Facility, or (2) any other sums payable to the Agency pursuant to this Agency Lease and the other Agency Documents, shall be applied to the repayment of all amounts due to the Agency under this Agency Lease, the Company Lease, the PILOT Agreement and other Agency Documents. If the Net Proceeds collected under any and all policies of insurance are less than the amount necessary to repay any and all amounts payable to the Agency, the Company shall

pay the difference between such amounts and the Net Proceeds of all such insurance settlements so that any and all amounts payable under this Agency Lease, the PILOT Agreement, the Company Lease and the other Agency Documents to the Agency shall be paid in full. If all amounts due under this Agency Lease, the Mortgage, the PILOT Agreement, the Company Lease and the other Agency Documents are paid in full, all such Net Proceeds, or the balance thereof, shall be paid to the Company for its purposes.

(c) The Company and the Mortgagee may adjust all claims under any policies of insurance required by subsections 6.3(a) and 6.3(c) hereof with the prior written consent of the Agency, which consent shall not be unreasonably withheld, conditioned or delayed.

7.2 CONDEMNATION.

(a) If the Mortgage shall be in effect or the Mortgagee shall have any interest in the Project Facility arising under or related to the Mortgage, whether by foreclosure or otherwise and title to, or the use of, all, substantially all or less than substantially all of the Project Facility shall be taken by Condemnation, then Condemnation proceeds shall be paid in accordance with the relevant provisions of the Mortgage regarding the distribution of such Condemnation proceeds, provided that there shall be no abatement or reduction in amounts payable to the Agency hereunder. If the Mortgage shall not be in effect and the Mortgagee shall have no interest in the Project Facility and if title to, or the use of, less than substantially all of the Project Facility shall be taken by Condemnation:

(1) There shall be no abatement or reduction in the amounts payable by the Company under this Agency Lease or otherwise (whether or not the Project Facility is restored); and

(2) The Company shall promptly give notice thereof to the Agency; and

(3) Except as otherwise provided in subsections 7.2(b) and 7.2(c) hereof, upon receipt of the Condemnation Net Proceeds, the Company shall promptly restore the Project Facility (excluding any part of the Project Facility taken by Condemnation) to substantially the condition and value as an operating entity as existed prior to such Condemnation; and the Company shall nonetheless complete such restoration and shall pay from its own moneys that portion of the costs thereof in excess of such Net Proceeds.

(b) If the Mortgage shall not be in effect and the Mortgagee shall have no interest in the Project Facility and if title to, or the use of, less than substantially all of the Project Facility shall be taken by Condemnation, then notwithstanding anything to the contrary contained in subsection 7.2(a), the Company shall not be obligated to restore the Project Facility, and the Net Proceeds of any Condemnation award shall not be applied as provided in subsection 7.2(a) if the Company shall notify the Agency that, in the Company's sole judgment, the Company does not deem it practical or desirable to restore the Project Facility. In such event, the lesser of (1) the Net Proceeds of any Condemnation award, or (2) the amount necessary to pay the Agency pursuant to this Agency Lease, the Company Lease, the PILOT Agreement and

the other Agency Documents, shall be applied to payment of all amounts due to the Agency under this Agency Lease, the Company Lease, the PILOT Agreement and other Agency Documents. If the Net Proceeds of any Condemnation award are less than the amount necessary to pay any and all amounts payable to the Agency, the Company shall pay the difference between such amounts and the Net Proceeds of such Condemnation award so that any and all amounts payable under this Agency Lease, the Company Lease, the PILOT Agreement and other Agency Documents to the Agency shall be paid in full. If all amounts due under this Agency Lease, the Company Lease, the Mortgage, the PILOT Agreement and the other Agency Documents have been paid in full, all such Net Proceeds or the balance thereof shall be paid to the Company for its purposes.

(c) The Company and the Mortgagee with the prior written consent of the Agency (which consent shall not be unreasonably withheld, conditioned or delayed), shall have sole control of any Condemnation proceeding with respect to the Project Facility, or any part thereof, and may negotiate the settlement of any such proceeding.

7.3 ADDITIONS TO PROJECT FACILITY.

All replacements, repairs, rebuilding, or restoration made pursuant to Sections 7.1 or 7.2 hereof, whether or not requiring the expenditure of the Company's own moneys, shall automatically become part of the Project Facility as if the same were specifically described herein.

ARTICLE VIII

SPECIAL COVENANTS

8.1 NO WARRANTY OF CONDITION OR SUITABILITY BY THE AGENCY; ACCEPTANCE "AS IS."

THE AGENCY MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY, OR FITNESS OF THE PROJECT FACILITY, OR ANY PART THEREOF, OR AS TO THE SUITABILITY OF THE PROJECT FACILITY OR ANY PART THEREOF FOR THE COMPANY'S PURPOSES OR NEEDS. NO WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY IS MADE. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE, WHETHER PATENT OR LATENT, THE AGENCY SHALL NOT HAVE ANY RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO.

8.2 HOLD HARMLESS PROVISIONS.

(a) The Company hereby releases the Agency and its members, officers, agents (other than the Company) and employees from, agrees that the Agency and its members, officers, agents (other than the Company) and employees shall not be liable for, and agrees to

indemnify, defend, and hold the Agency and its members, officers, agents (other than the Company) and employees harmless from and against any and all claims arising as a result of the Agency's undertaking the Project, including, but not limited to:

(1) Liability for loss or damage to Property or bodily injury to or death of any and all persons that may be occasioned by any cause whatsoever pertaining to the Project Facility, or arising by reason of or in connection with the occupation or the use thereof, or the presence on, in, or about the Project Facility;

(2) Liability arising from or expense incurred by the Agency's acquisition of a leasehold interest in the Project Facility and the subleasing of the Project Facility, including, without limiting the generality of the foregoing, all liabilities or claims arising as a result of the Agency's obligations under this Agency Lease, the Company Lease, the Mortgage or any other documents executed by the Agency at the direction of the Company in conjunction with the Project Facility;

(3) All claims arising from the exercise by the Company of the authority conferred upon it and performance of the obligations assumed under Section 4.1 hereof;

(4) All causes of action and attorneys' fees and other expenses incurred in connection with any suits or actions which may arise as a result of any of the foregoing, provided that any such losses, damages, liabilities, or expenses of the Agency are not incurred or do not result from the intentional wrongdoing of the Agency or any of its members, officers, agents (other than the Company) or employees.

To the fullest extent permitted by law, the foregoing indemnities shall apply notwithstanding the fault or negligence (other than gross negligence or willful misconduct) on the part of the Agency or any of its officers, members, agents, servants or employees and irrespective of any breach of statutory obligation or any rule of comparative or apportional liability.

(b) In the event of any claim against the Agency or its members, officers, agents, or employees by any employee of the Company, or any contractor of the Company, or anyone directly or indirectly employed by any of them, or any one for whose acts any of them may be liable, the obligations of the Company hereunder shall not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for the Company or such contractor under workers' compensation laws, disability benefit laws, or other employee benefit laws.

(c) To effectuate the provisions of this Section 8.2, the Company agrees to provide for and insure, in the liability policies required by Section 6.3, its liabilities assumed pursuant to this Section 8.2.

(d) Notwithstanding any other provisions of this Agency Lease, the obligations of the Company pursuant to this Section 8.2 shall remain in full force and effect after

the termination of this Agency Lease and the Company Lease until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action, or prosecution relating to the matters herein described may be brought, and the payment in full or the satisfaction of such claim, cause of action, or prosecution, and the payment of all expenses and charges incurred by the Agency, or its officers, members, agents or employees relating thereto.

(e) For purposes of this Section 8.2 and Section 11.11 hereof, the Company shall not be deemed to constitute an employee, agent or servant of the Agency or a person under the Agency's control or supervision.

8.3 RIGHT OF ACCESS TO PROJECT FACILITY.

During the term of this Agency Lease, the Company agrees that the Agency and its duly authorized agents shall have the right to enter upon and to examine and inspect the Project Facility upon reasonable notice to the Company and with the least disturbance of Project Facility tenants as reasonably possible.

8.4 MAINTENANCE OF EXISTENCE.

During the term of this Agency Lease, the Company will maintain its existence and will not dissolve or otherwise dispose of all or substantially all of its assets.

8.5 AGREEMENT TO PROVIDE INFORMATION.

During the term of this Agency Lease, and no less frequently than annually, the Company agrees, whenever reasonably requested by the Agency or the Agency's auditor, to provide and certify, or cause to be certified, such information concerning the Company, its finances, job creation and other topics as the Agency from time to time reasonably considers necessary or appropriate including, but not limited to those reports, in substantially the form as set forth in **Exhibit "D"** attached hereto, and such other information necessary as to enable the Agency to make any reports required by law or governmental regulation.

8.6 BOOKS OF RECORD AND ACCOUNT; FINANCIAL STATEMENTS.

During the term of this Agency Lease, the Company agrees to maintain proper accounts, records, and books, in which full and correct entries shall be made in accordance with generally accepted accounting principles, of all business and affairs of the Company.

8.7 COMPLIANCE WITH ORDERS, ORDINANCES, ETC.

(a) The Company agrees that it will, during any period in which the amounts due under this Agency Lease remain unpaid, promptly comply with all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions, and requirements of all Governmental Authorities, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter affect the Company's

obligations hereunder or be applicable to the Project Facility, or any part thereof, or to any use, manner of use, or condition of the Project Facility, or any part thereof, the applicability of the same to be determined both as if the Agency were the owner of the Project Facility and as if the Company were the owner of the Project Facility.

(b) Notwithstanding the provisions of subsection 8.7(a), the Company may, in good faith, actively contest the validity or the applicability of any requirement of the nature referred to in said subsection 8.7(a), provided that the Company shall have first notified the Agency and the Mortgagee, if any, of such contest, no Event of Default shall be continuing under this Agency Lease, or any of the other Company Documents; and such contest and failure to comply as such requirement shall not subject the Project Facility to loss or forfeiture. In such event, the Company may fail to comply with the requirement or requirements so contested during the period of such contest and any appeal therefrom unless the Agency or its members, officers, agents (other than the Company), or employees may be liable for prosecution for failure to comply therewith, in which event the Company shall promptly take such action with respect thereto as shall be satisfactory to the Agency.

8.8 DISCHARGE OF LIENS AND ENCUMBRANCES.

During the term of this Agency Lease, the Company hereby covenants that, except for Permitted Encumbrances, the Company agrees not to create, or suffer to be created, any Lien, except for Permitted Encumbrances, on the Project Facility, or any part thereof. The Company shall promptly notify the Agency of any Permitted Encumbrances created, or suffered to be created, on the Project Facility.

8.9 PERFORMANCE BY AGENCY OF COMPANY'S OBLIGATIONS.

Should the Company fail to make any payment or to do any act as herein provided, the Agency may, but need not, upon ten (10) days' prior written notice to or demand on the Company and without releasing the Company from any obligation herein, make or do the same, including, without limitation, appearing in and defending any action purporting to affect the rights or powers of the Company, or the Agency and paying all expenses, including, without limitation, reasonable attorneys' fees; and the Company shall pay immediately upon demand all sums so expended by the Agency under the authority hereof, together with the interest thereon at a rate of ten percent (10%) per annum or the highest rate permitted by law, whichever is less.

ARTICLE IX

ASSIGNMENTS; MERGER OF AGENCY

9.1 ASSIGNMENT OF AGENCY LEASE.

This Agency Lease may not be assigned by the Company, in whole or in part, nor all or any part of the Project Facility subleased, nor any part of the Project Facility sold, leased, transferred, conveyed or otherwise disposed of without the prior written consent of the Agency,

which consent shall not be unreasonably withheld. Any assignment of this Agency Lease shall not effect a release of the Company from its obligations hereunder or under the PILOT Agreement. Any assignment of this Agency Lease or sublease of the Project Facility shall be subject to this Agency Lease. The prior consent of the Agency shall not be required for any sublease of the office space or any residential dwelling units in the Project Facility in the ordinary course of the Company's business, provided such lease or other occupancy agreement is subject to the Agency Lease and the use thereof will not cause the Project to fail to constitute a "project" under the Act.

9.2 MERGER OF AGENCY.

(a) Nothing contained in this Agency Lease shall prevent the consolidation of the Agency with, or merger of the Agency into, or assignment by the Agency of its rights and interests hereunder to any other body corporate and politic and public instrumentality of the State of New York, or political subdivision thereof, which has the legal authority to perform the obligations of the Agency hereunder, provided that upon any such consolidation, merger, or assignment, the due and punctual performance and observance of all the agreements and conditions of this Agency Lease to be kept and performed by the Agency shall be expressly assumed in writing by the public instrumentality or political subdivision resulting from such consolidation or surviving such merger or to which the Agency's rights and interests hereunder shall be assigned.

(b) Promptly following the effective date of any such consolidation, merger, or assignment, the Agency shall give notice thereof in reasonable detail to the Company. The Agency shall promptly furnish to the Company such additional information with respect to any such consolidation, merger, or assignment as the Company reasonably may request.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

10.1 EVENTS OF DEFAULT DEFINED.

The following shall be "Events of Default" under this Agency Lease, and the terms "Event of Default" or "Default" shall mean, whenever they are used in this Agency Lease, any one or more of the following events:

(a) A default by the Company in the due and punctual payment of the amounts specified to be paid pursuant to subsection 5.3; or

(b) Failure by the Company to maintain the insurance required by Section 6.3; or

(c) A default in the performance or the observance of any other of the covenants, conditions, or agreements on the part of the Company in this Agency Lease and the continuance thereof for a period of thirty (30) days after written notice is given by the Agency or,

if such covenant, condition, or agreement is capable of cure but cannot reasonably be cured within such thirty-day period, the failure of the Company to commence to cure within such thirty-day period and to prosecute the same with due diligence and cure the same within an additional thirty (30) days; or

(d) The occurrence of an "Event of Default" under the Mortgage, PILOT Agreement, Company Lease, the Grant Agreement or any of the other Company Documents which is not timely cured as provided therein; or

(e) The Company shall conceal, remove, or permit to be concealed or removed any part of its Property with intent to hinder, delay, or defraud its creditors, or any one of them, or shall make or suffer a transfer of any of its Property which is fraudulent under any bankruptcy, fraudulent conveyance, or similar law, or shall make any transfer of its Property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid, or shall suffer or permit, while insolvent, any creditor to obtain a Lien upon any of its Property through legal proceedings or distraint which is not vacated within sixty (60) days from the date thereof; or

(f) By order of a court of competent jurisdiction, a trustee, receiver, or liquidator of the Project Facility, or any part thereof, or of the Company shall be appointed and such order shall not be discharged or dismissed within sixty (60) days after such appointment; or

(g) The filing by the Company of a voluntary petition under Title 11 of the United States Code or any other federal or state bankruptcy statute; the failure by the Company within sixty (60) days to lift any execution, garnishment, or attachment of such consequence as will impair the Company's ability to carry out its obligations hereunder; the commencement of a case under Title 11 of the United States Code against the Company as the debtor, or commencement under any other federal or state bankruptcy statute of a case, action, or proceeding against the Company, and continuation of such case, action, or proceeding without dismissal for a period of sixty (60) days; the entry of an order for relief by a court of competent jurisdiction under Title 11 of the United States Code or any other federal or state bankruptcy statute with respect to the debts of the Company; or in connection with any insolvency or bankruptcy case, action, or proceeding, appointment by final order, judgment, or decree of a court of competent jurisdiction of a receiver or trustee of the whole or a substantial portion of the Property of the Company unless such order, judgment, or decree is vacated, dismissed, or dissolved within sixty (60) days of its issuance.

10.2 REMEDIES ON DEFAULT.

(a) Whenever any Event of Default shall have occurred and be continuing, the Agency may, to the extent permitted by law, take any one or more of the following remedial steps:

(1) Terminate this Agency Lease;

(2) Terminate the Company Lease;

(3) Terminate the PILOT; or

(4) Take any other action at law or in equity, which may appear necessary or desirable to collect any amounts then due, or thereafter to become due, hereunder or under the PILOT Agreement or the Company Lease and to enforce the Agency's right to terminate this Agency Lease, the Company Lease and the PILOT Agreement.

(b) No action taken pursuant to this Section 10.2 shall relieve the Company from its obligations to make all payments required by Sections 5.3(b) and 8.2 hereof.

10.3 REMEDIES CUMULATIVE.

No remedy herein conferred upon or reserved to the Agency is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Agency Lease or the PILOT Agreement, or now or hereafter existing at law or in equity to collect any amounts then due, or thereafter to become due, hereunder and thereunder and to enforce the Agency's right to terminate this Agency Lease, the PILOT Agreement and the Company Lease. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Agency to exercise any remedy reserved to it in this Article 10, it shall not be necessary to give any notice, other than such notice as may be herein expressly required in this Agency Lease.

10.4 AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES.

In the event the Company should Default under any of the provisions of this Agency Lease and the Agency should employ attorneys or incur other expenses for the collection of amounts payable hereunder or the enforcement of performance or observance of any obligations or agreements on the part of the Company herein contained, the Company shall, on demand therefor, pay to the Agency the reasonable fees of such attorneys and such other expenses so incurred.

10.5 NO ADDITIONAL WAIVER IMPLIED BY ONE WAIVER.

In the event any agreement contained herein should be breached by either party and thereafter such breach be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE XI

MISCELLANEOUS

11.1 NOTICES.

All notices, certificates, and other communications hereunder shall be in writing, shall be sufficiently given, and shall be deemed given when (a) sent to the applicable address stated below by registered or certified mail, return receipt requested, and actually received by the intended recipient or by overnight courier or such other means as shall provide the sender with documentary evidence of such delivery, or (b) delivery is refused by the addressee as evidenced by the affidavit of the Person who attempted to effect such delivery. The addresses to which notices, certificates, and other communications hereunder shall be delivered are as follows:

(a) If to the Agency, to:

City of Syracuse Industrial Development Agency
333 West Washington Street, Suite 130
Syracuse, New York 13202
Attention: Chairman

With a copy to:

Corporation Counsel
City of Syracuse
233 East Washington Street
Syracuse, New York 13202

(b) If to the Company, to:

The Inns at Armory Square, LLC
202 Walton Street, Suite 204
Syracuse, New York 13202
Attn: Richard H. Sykes

With copies to:

Mackenzie Hughes LLP
101 South Salina Street
Syracuse, New York 13202
Attn: Edward J. Moses, Esq.

Manufacturers and Traders Trust Company
One M&T Plaza
Buffalo, New York 14203

Attn: Office of General Counsel

The Agency and the Company, may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, and other communications shall be sent.

11.2 BINDING EFFECT.

This Agency Lease shall inure to the benefit of and shall be binding upon the Agency and the Company and, as permitted by this Agency Lease, upon their respective heirs, successors and assigns.

11.3 SEVERABILITY.

If any one or more of the covenants or agreements provided herein on the part of the Agency or the Company to be performed shall for any reason be held, or shall in fact be, inoperative, unenforceable, or contrary to law in any particular circumstance; such circumstance shall not render the provision in question inoperative or unenforceable in any other circumstance. Further, if any one or more of the sentences, clauses, paragraphs, or sections herein is contrary to law, then such covenant(s) or agreement(s) shall be deemed severable of remaining covenants and agreements hereof and shall in no way affect the validity of the other provisions of this Agency Lease.

11.4 AMENDMENTS, CHANGES, AND MODIFICATIONS.

This Agency Lease may not be amended, changed, modified, altered, or terminated except by an instrument in writing signed by the parties hereto.

11.5 EXECUTION OF COUNTERPARTS.

This Agency Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

11.6 APPLICABLE LAW.

This Agency Lease shall be governed exclusively by the applicable laws of the State of New York.

11.7 WAIVER OF TRIAL BY JURY.

THE COMPANY AND THE AGENCY WAIVE THE RIGHT TO TRIAL BY JURY OF ANY DISPUTE ARISING UNDER THIS AGENCY LEASE, AND THIS PROVISION SHALL SURVIVE THE TERMINATION OF THIS AGENCY LEASE.

11.8 SUBORDINATION.

This Agency Lease shall be subject and subordinate to the Company Lease and the Mortgage in all respects and shall be automatic without the execution of any further subordination agreement by the Company or the Agency.

11.9 SURVIVAL OF OBLIGATIONS.

(a) The obligations of the Company to provide the indemnity required by Section 8.2 hereof shall survive the termination of this Agency Lease and all such payments after such termination shall be made upon demand of the party to whom such payment is due.

(b) The obligations of the Company to provide the indemnity required by Section 8.2 shall survive until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action, or prosecution may be brought, and the payment in full or the satisfaction of such claim, cause of action, or prosecution, and the payment of all expenses and charges incurred by the Agency or its officers, members, agents (other than the Company) or employees relating thereto.

11.10 TABLE OF CONTENTS AND SECTION HEADINGS NOT CONTROLLING.

The Table of Contents and the Section headings in this Agency Lease have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this Agency Lease.

11.11 NO RECOURSE; SPECIAL OBLIGATION.

The obligations and agreements of the Agency contained herein and in the other Agency Documents and in any other instrument or document executed in connection herewith or therewith, and any instrument or document supplemental hereto or thereto, shall be deemed the obligations and agreements of the Agency and not of any member, officer, agent (other than the Company) or employee of the Agency in his individual capacity; and the members, officers, agents (other than the Company) and employees of the Agency shall not be liable personally hereon or thereon or be subject to any personal liability or accountability based upon or in respect hereof or thereof or of any transaction contemplated hereby or thereby. The obligations and agreements of the Agency contained herein or therein shall not constitute or give rise to an obligation of the State New York or of the City of Syracuse, and neither the State of New York nor the City of Syracuse shall be liable hereon or thereon. Further, such obligations and agreements shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute limited obligations of the Agency, payable solely from the revenues of the Agency derived, and to be derived from, the lease, sale, or other disposition of the Project Facility, other than revenues derived from or constituting Unassigned Rights. No order or decree of specific performance with respect to any of the obligations of the Agency hereunder or thereunder shall be sought or enforced against the Agency unless:

(a) The party seeking such order or decree shall first have requested the Agency in writing to take the action sought in such order or decree of specific performance, and fifteen (15) days shall have elapsed from the date of receipt of such request, and the Agency shall have refused to comply with such request (or if compliance therewith would reasonably be expected to take longer than fifteen (15) days, shall have failed to institute and diligently pursue action to cause compliance with such request) or failed to respond within such notice period; and

(b) If the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree shall have placed in an account with the Agency an amount or undertaking sufficient to cover such reasonable fees and expenses; and

(c) If the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it or any of its members, officers, agents or employees shall be subject to potential liability, the party seeking such order or decree shall (1) agree to indemnify and hold harmless the Agency and its members, officers, agents and employees against any liability incurred as a result of its compliance with such demand; and (2) if requested by the Agency, furnish to the Agency satisfactory security to protect the Agency and its members, officers, agents and employees against all liability expected to be incurred as a result of compliance with such request.

Any failure to provide notice, indemnity, or security to the Agency pursuant to this Section 11.11 shall not alter the full force and effect of any Event of Default under this Agency Lease.

(d) For purposes of this Section 11.11, the Company shall not be deemed to constitute an employee, agent or servant of the Agency or a person under the Agency's control or supervision.

[signature page follows]

IN WITNESS WHEREOF, the Agency and the Company have caused this Agency Lease to be executed in their respective names by their duly authorized representatives.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
William M. Ryan, Chairman

THE INNS AT ARMORY SQUARE, LLC

By: _____
Richard H. Sykes, Manager

IN WITNESS WHEREOF, the Agency and the Company have caused this Agency Lease to be executed in their respective names by their duly authorized representatives.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
William M. Ryan, Chairman

THE INNS AT ARMORY SQUARE, LLC

By: _____
Richard H. Sykes, Manager

STATE OF NEW YORK)
) **SS.:**
COUNTY OF ONONDAGA)

On the 23rd day of February in the year 2012 before me, the undersigned, personally appeared **WILLIAM M. RYAN**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Lori L McRobbie
Notary Public
LORI L. McROBBIE
Notary Public, State of New York
Qualified in Onondaga Co. No. 01MC5055591
Commission Expires on Feb. 12, 2014

STATE OF NEW YORK)
) **SS.:**
COUNTY OF ONONDAGA)

On the ___ day of February in the year 2012 before me, the undersigned, personally appeared **RICHARD H. SYKES**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

5650856.4

STATE OF NEW YORK)
) **SS.:**
COUNTY OF ONONDAGA)

On the _____day of February in the year 2012 before me, the undersigned, personally appeared **WILLIAM M. RYAN**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

STATE OF NEW YORK)
) **SS.:**
COUNTY OF ONONDAGA)

On the ___ day of February in the year 2012 before me, the undersigned, personally appeared **RICHARD H. SYKES**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Edward J. Moses
Notary Public
EDWARD J. MOSES
Notary Public, State of New York
No. 34-8034924
Qualified in Onondaga County
Commission Expires Sept. 30, 20 14

EXHIBIT "A"

REAL PROPERTY DESCRIPTION

D. W. HANNIG L. S., P.C.
SURVEYORS - PLANNERS - CONSULTANTS
THE MARKET PLACE BUILDING #1
MANLIUS, NEW YORK 13104
PHONE: (315) 682-5225 - FAX: (315) 682-7774

LEGAL DESCRIPTION

PROPOSED DESCRIPTION OF A 1.27+- ACRE PARCEL, CITY OF SYRACUSE, ONONDAGA COUNTY, NEW YORK.

BEGINNING AT A POINT, said point being the intersection of the northerly line of West Fayette Street and the westerly line of South Franklin Street.

THENCE North 89 degrees 44 minutes 00 seconds West for a distance of 361.65 feet along the northerly line of West Fayette Street to a point;
THENCE North 00 degrees 09 minutes 30 seconds East for a distance of 120.21 feet to a point;
THENCE South 89 degrees 35 minutes 52 seconds East for a distance of 89.08 feet to a point;
THENCE North 00 degrees 16 minutes 00 seconds East for a distance of 12.00 feet to a point;
THENCE South 89 degrees 44 minutes 00 seconds East for a distance of 10.37 feet to a point;
THENCE North 00 degrees 05 minutes 00 seconds East for a distance of 20.42 feet to a point;
THENCE South 89 degrees 44 minutes 00 seconds East for a distance of 262.00 feet to a point;
THENCE South 00 degrees 05 minutes 00 seconds West for a distance of 152.42 feet **TO THE POINT AND PLACE OF BEGINNING**.

Together with and subject to covenants, easements, and restrictions of record.

Said property contains 1.27 Acres (55,406 Sq. Ft.) more or less.

J058873 – ARC 5-29-08 Rev'd 2/13/2012

EXHIBIT "B"

DESCRIPTION OF EQUIPMENT

All articles of personal property, all machinery, apparatus, equipment, appliances, floor coverings, furniture, furnishings, supplies, materials, fittings and fixtures of every kind and nature whatsoever and all appurtenances acquired by The Inns at Armory Square, LLC (the "***Company***") now or hereafter attached to, contained in or used or acquired in connection with the Land (as defined in the Agency Lease) and/or the Project Facility (as defined in the Agency Lease) or placed on any part thereof, though not attached thereto, including, but not limited to, pipes, screens, fixtures, heating, lighting, plumbing, ventilation, air conditioning, compacting and elevator plants, call systems, stoves, ranges, refrigerators and other lunch room/kitchen facilities, rugs, movable partitions, cleaning equipment, maintenance equipment, shelving, flagpoles, signs, waste containers, outdoor benches, drapes, blinds and accessories, sprinkler systems and other fire prevention and extinguishing apparatus aid materials, motors, machinery; and together with any and all products of any of the above, all substitutions, replacements, additions or accessions therefor, and any and all cash proceeds or non-cash proceeds realized from the sale, transfer or conversion of any of the above.

EXHIBIT "C"

TABLE OF DEFINITIONS

The following terms shall have the meanings set forth below, unless the context or use clearly indicate another or different meaning and the singular form of such defined words and terms shall include the plural and vice versa:

Act: means the New York State Industrial Development Agency Act (N.Y. Gen. Municipal Law §§ 850 et seq.) as amended, together with Section 926 of the N.Y. General Municipal Law, as amended from time to time.

Agency: means the City of Syracuse Industrial Development Agency and its successors and assigns.

Agency Documents: means the Agency Lease, the Company Lease, the PILOT Agreement, the Grant Agreement, Mortgage, the Assignment of Rents and any other documents executed by the Agency in connection with the Project or the Financial Assistance granted in connection therewith.

Agency Lease: means the Agency Lease Agreement dated as of February 1, 2012, by and between the Agency and the Company, as the same may be amended or supplemented from time to time.

Assignment of Leases and Rents or Assignment of Rents: means the General Assignment of Rents dated February 24, 2012 from the Company and the Agency to the Mortgagee.

Authorized Representative: means for the Agency, the Chairman or Vice Chairman of the Agency; for the Company, its Manager or any officer designated in a certificate signed by an Authorized Representative of such Company and, for either the Agency or the Company, any additional persons designated to act on behalf of the Agency or the Company by written certificate furnished by the designating party containing the specimen signature of each designated person.

Bill of Sale: means that certain Bill of Sale from the Company to the Agency dated as of February 1, 2012 in connection with the Equipment.

City: means the City of Syracuse.

Closing Date: means February 24, 2012.

Closing Memorandum: means the closing memorandum of the Agency relating to the Project.

Company: means The Inns at Armory Square, LLC, a limited liability company, organized and existing under the laws of the State of New York having an address at 202 Walton Street, Suite 204, Syracuse, New York 13202, and its permitted successors and assigns.

Company Documents: means the Company Lease, the Agency Lease, the PILOT Agreement, the Grant Agreement, the Mortgage, the Assignment of Rents, the Environmental Compliance Agreement and any other documents executed by the Company in connection with the Project or the Financial Assistance granted in connection therewith.

Company Lease: means the Company Lease Agreement dated as of February 1, 2012 from the Company to the Agency, pursuant to which the Company leased the Project Facility to the Agency, as the same may be amended or supplemented from time to time.

Condemnation: means the taking of title to, or the use of, Property under the exercise of the power of eminent domain by any governmental entity or other Person acting under governmental authority.

County: means the County of Onondaga in the State of New York.

Environmental Compliance Agreement: means the Environmental Compliance and Indemnification Agreement dated as of February 1, 2012 by the Company to the Agency.

Equipment: means all materials, machinery, furnishings, fixtures and equipment installed or used at the Project Facility, as of the Closing Date and thereafter acquired for or installed in, or upon, the Project Facility, as more fully described in Exhibit "B" to the Agency Lease.

Facility: means the buildings and other improvements located or to be constructed on the Land.

Financial Assistance: has the meaning given to such term in Section 854(14) of the Act.

Financing Documents: means the Promissory Note, the Mortgage, the Assignment of Leases and Rents, the Building Loan Contract and other documents relating to the loan given to the Company by the Mortgagee to finance costs of the Project.

Governmental Authority: means any federal, state, municipal, or other governmental department, commission, board, bureau, agency, or instrumentality, domestic or foreign.

Grant Agreement: means the grant agreement dated as of February 1, 2012 between the Agency and the Company, as amended or supplemented from time to time.

Land: means the improved real property located at 300-335 West Fayette Street, in the City of Syracuse, County of Onondaga, New York, more particularly described on Exhibit "A" attached to the Agency Lease.

Lien: means any interest in Property securing an obligation owed to a Person, whether such interest is based on the common law, statute or contract, and including, but not limited to, a security interest arising from a mortgage, encumbrance, pledge, conditional sale, or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" includes reservations, exceptions, encroachments, projections, easements, rights of way, covenants, conditions, restrictions, leases, and other similar title exceptions and encumbrances, including, but not limited to mechanics, materialmen, warehousemen, and carriers liens and other similar encumbrances effecting real property. For purposes hereof, a Person shall be deemed to be the owner of any property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the property has been retained by or vested in some other person for security purposes.

Mortgage: means the mortgage dated February 24, 2012 from the Agency and the Company to the Mortgagee and to be recorded in the Onondaga County Clerk's office simultaneously with the Memorandum of Agency Lease, covering the Project Facility and securing the Promissory Note.

Mortgagee: means Manufacturers and Traders Trust Company, located at One M&T Plaza, Buffalo, New York 14203, and its successors and assigns.

Net Proceeds: means so much of the gross proceeds with respect to which that term is used as remain after payment of all expenses, costs and taxes (including attorneys' fees) incurred in obtaining such gross proceeds.

Permitted Encumbrances: means (A) utility, access and other easements and rights of way, and restrictions. encroachments and exceptions, that benefit or do not materially impair the utility or the value of the Property affected thereby for the purposes for which it is intended, (B) artisans', mechanics', materialmen's, warehousemen's, carriers', landlords', bankers', workmen's compensation, unemployment compensation and social security, and other similar Liens to the extent permitted by the Agency Lease, (C) Liens for taxes (1) to the extent permitted by the Agency Lease or (2) at the time not delinquent, (D) any Lien on the Project Facility obtained through any Agency Document or Company Document or any Financing Document, (E) Liens of judgments or awards in respect of which an appeal or proceeding for review shall be pending (or is pending within ten days after entry) and a stay of execution shall have been obtained (or is obtained within ten days after entry), or in connection with any claim or proceeding, (F) Liens on any Property hereafter acquired by the Company or any subsidiary which liens are created contemporaneously with such acquisition to secure or provide for the payment or financing of any part of the purchase price thereof, (G) Liens consisting solely of restrictions under any applicable laws or any negative covenants in any applicable agreements (but only to the extent that such restrictions and covenants do not prohibit the execution, delivery and performance by the Company of the Agency Lease and the Mortgage), and (H) existing

mortgages or encumbrances on the Project Facility as of the Closing Date or thereafter incurred with the consent of the Mortgagee.

Person: means an individual, partnership, corporation, limited liability company, trust, or unincorporated organization, and any government or agency or political subdivision or branch thereof.

PILOT Agreement: means the Payment in Lieu of Taxes Agreement dated as of February 1, 2012 among the City, the Agency and the Company, as amended or supplemented from time to time.

Plans and Specifications: means the plans and specifications approved by the Mortgagee relating to the construction and equipping of the Project Facility.

Project Facility: means the Land, the Facility, and the Equipment.

Promissory Note: means the Construction-To-Permanent Loan Note in the maximum principal amount of $22,000,000 given by the Company to the Mortgagee.

Property or Properties: means any interest in any kind of property or asset, whether real, personal, or mixed, or tangible or intangible.

Resolution or Resolutions: means the Agency's resolutions (1) adopted on March 15, 2011 (i) authorizing a public hearing and (ii) classifying the acquisition, construction and equipping of the Project as a Type I action and declaring the intent of the Agency to be lead agency for purposes of a coordinated review pursuant to SEQRA; (2) adopted July 26, 2011 (i) determining that the acquisition, construction and equipping of the Project will not have a significant effect on the environment pursuant to SEQRA, (ii) authorizing the undertaking of the Project and the execution, delivery of certain documents in connection therewith, (iii) authorizing the payment in lieu of taxes schedule and (iv) authorizing the execution and delivery of certain documents by the Agency; (3) adopted on November 15, 2011 authorizing a second public hearing; and (4) adopted on December 20, 2011 clarifying the owner/operator of the Project and approving a grant to the Company in an amount not to exceed $500,000.

SEQRA: means the State Environmental Quality Review Act constituting Article 8 of the State Environmental Conservation Law and the regulations promulgated thereunder, as amended.

State: means the State of New York.

Unassigned Rights: means:

(i) the right of the Agency in its own behalf to receive all opinions of counsel, reports, financial statements, certificates, insurance policies, binders or certificates, or other notices or communications, if any, required to be delivered to the Agency under the Agency Lease;

(ii) the right of the Agency to grant or withhold any consents or approvals required of the Agency under the Agency Lease;

(iii) the right of the Agency to enforce or otherwise exercise in its own behalf all agreements of the Company with respect to ensuring that the Project Facility shall always constitute a qualified "project" as defined in and as contemplated by the Act;

(iv) the right of the Agency to require indemnity from any Person;

(v) the right of the Agency in its own behalf (or on behalf of the appropriate taxing authorities) to enforce, receive amounts payable under or otherwise exercise its rights under Sections 2.2(g), 2.2(l), 4.1, 5.2, 5.3(a)(i) (with respect to amounts due under the PILOT Agreement), 5.3(b), 5.4, 6.2, 6.3, 6.4, 6.5, 7.1, 7.2, 8.2, 8.3, 8.5, 8.7, 8.8, 8.9, 10.2, 10.3, 10.4, and 11.11 of the Agency Lease and Sections 4.8 and 4.9 of the Company Lease; and

(vi) the right of the Agency in its own behalf to declare an Event of Default under Article X of the Agency Lease or with respect to any of the Agency's Unassigned Rights.

Notwithstanding the foregoing, to the extent the obligations of the Company under Sections of the Agency Lease listed in (i) through (vi) above do not relate to the payment of moneys to the Agency for its own account or to the members, officers, agents and employees of the Agency for their own accounts, such obligations, shall be deemed to and shall constitute obligations of the Company to the Agency and the Mortgagee, jointly and severally.

EXHIBIT "D"

FORM OF ANNUAL REPORTING REQUIREMENTS

SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
333 West Washington Street, Suite 130, Syracuse, New York 13202

Date

COMPANY
COMPANY ADDRESS

Dear _____:

Our auditors, _____, CPAs are conducting an audit of our financial statements for the year ended December 31, _____. In connection with that audit, we request that you furnish certain information directly to our auditor with regard to the following security issued by/through the City of Syracuse Industrial Development Agency:

Sale - Leaseback Financing

Project: _____

Date of Financing:

Principal Amount Financed:

Maturity Date:

Original Interest Rate:

Please provide the following information as of December 31, [year]:

Name of Lender

Debt Retired in [year] Yes/No

Debt Refinanced in [year] Yes/No

(If Yes, please update information in Paragraph 1 above)

Debt in Default as of [date] Yes/No

Current Interest Rate(s)

Rate range, if Variable

Principal balance outstanding as of [date]

Principal payments made during [year]

Payments in Lieu of Taxes (PILOT)

paid in [year]

New York State/Local Sales

Tax Exemptions Claimed: [year]

New York State Mortgage Recording

Tax Exemption: [year]

Form of Syracuse Industrial Development Agency — Project Jobs Data [year]

From:

To: , CPAs

Re:

The following jobs information is furnished to you with regard to the above cited project:

Full Time Equivalent (FTE) Jobs Created and Retained – [year]

# of Current FTE Employees as of [closing date]
# of FTE Jobs Created during [year]
# of FTE Jobs Retained during [year]
# of FTE Construction Jobs Created during [year]

Comments:

_____

_____

_____

_____

_____
Signature

_____
Print Name

_____
Title

_____
Date

ONONDAGA COUNTY CLERK'S OFFICE
M. ANN CIARPELLI - COUNTY CLERK
401 Montgomery St - Room 200
Syracuse, NY 13202

Phone: 315-435-2226
Fax: 315-435-3455

Doc Type: LEASE
Grantor: INNS AT ARMORY SQUARE LLC
CITY OF SYRACUSE INDUSTRIAL
Grantee: CITY OF SYRACUSE INDUSTRIAL
INNS AT ARMORY SQUARE LLC
Legal Desc: SYR B104 S W

Prop Address: 300-332&344-344 W FAYETTE ST

Receipt: 982180 RS
Book/Page: 05191/0229 Inst: 7466
Date Filed: 02/27/2012 at 3:23PM
Updated: 02/28/2012 MO
Record and Return To:

HANCOCK & ESTABROOK
ATTORNEYS PICK UP BOX
COURTHOUSE

Submitted by: STEWART

Recording Fees			Miscellaneous Fees	
Addl pages:	6 x 5.00 =	$ 30.00	RMI:	$ 20.00
Addl Names:	0 x 0.50 =	$ 0.00	TP 584:	$ 5.00
Addl Refs:	1 x 0.50 =	$ 0.50	RP5217:	$ 0.00
Misc:		0.00	AFFTS:	$ 0.00
Basic		$25.50		
		==========		==========
TOTAL:		$56.00	TOTAL:	$ 25.00

MORTGAGE TAX		DEED TRANSFER TAX	
Mortgage:		Consideration	$0.00
Basic:	$0.00	Transfer Tax:	$0.00
Ins Fund:	$0.00	SWIS:	3115
Net Add:	$0.00	Map #:	104-29-03.0/04.1
Misc:	$0.00		==========
	==========	Total Paid	$ 81.00
TOTAL	$0.00	Control no	6048

WARNING - This sheet constitutes the Clerk's endorsement, required by Section 319 of the Real Property Law of the State of New York. Do not detach. Taxes imposed on this instrument at time of recording were paid. Certain information contained in this document is not verified by this office.

M. ANN CIARPELLI
Onondaga County Clerk

Book/Page 05191 / 0229 Instrument no.: 7466

D051910229

6/1

MEMORANDUM OF AGENCY LEASE AGREEMENT

CITY OF SYRACUSE
3115

NAME AND ADDRESS OF LESSOR: City of Syracuse Industrial Development Agency
333 West Washington Street, Suite 130
Syracuse, New York 13202

NAME AND ADDRESS OF LESSEE: The Inns at Armory Square, LLC
202 Walton Street, Suite 204
Syracuse, New York 13202

DESCRIPTION OF LEASED PREMISES:

All that tract or parcel of land situate in the City of Syracuse, County of Onondaga and State of New York, being more particularly described in Exhibit "A" annexed hereto, together with the improvements thereon.

DATE OF EXECUTION OF AGENCY LEASE AGREEMENT:

As of February 1, 2012

TERM OF AGENCY LEASE AGREEMENT:

The Agency Lease Agreement shall be in effect for a term, commencing as of February 1, 2012 and terminating on June 30, 2031 unless sooner terminated as provided therein.

15:23 02/27/12 746612 RS DB-5191P-229

RTR: 08/20

IN WITNESS WHEREOF, the parties hereto have respectively executed this memorandum as of the 1st day of February, 2012.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
William M. Ryan, Chairman

THE INNS AT ARMORY SQUARE, LLC

By: _____
Richard H. Sykes, Manager

IN WITNESS WHEREOF, the parties hereto have respectively executed this memorandum as of the 1st day of February, 2012.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
William M. Ryan, Chairman

THE INNS AT ARMORY SQUARE, LLC

By: _____
Richard H. Sykes, Manager

STATE OF NEW YORK)
) ss.:
COUNTY OF ONONDAGA)

On this 23rd day of February, 2012, before me, the undersigned, personally appeared, **WILLIAM M. RYAN**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Lori L McRobbie
Notary Public

LORI L. McROBBIE
Notary Public, State of New York
Qualified in Onondaga Co. No. 01MC5055591
Commission Expires on Feb. 12, 2014

STATE OF NEW YORK)
) ss.:
COUNTY OF ONONDAGA)

On this ____ day of February, 2012, before me, the undersigned, personally appeared, **RICHARD H. SYKES**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF ONONDAGA)

On this _____ day of February, 2012, before me, the undersigned, personally appeared, **WILLIAM M. RYAN**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF ONONDAGA)

On this 24th day of February, 2012, before me, the undersigned, personally appeared, **RICHARD H. SYKES**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Edward J. Moses
Notary Public

EDWARD J. MOSES
Notary Public, State of New York
No. 34-8034924
Qualified in Onondaga County
Commission Expires Sept. 30, 2014

{M0204022.1 }

5651231.4

SCHEDULE A

ALL THAT TRACT OR PARCEL OF LAND, situate within the City of Syracuse, County of Onondaga and State of New York, being part of Block 104, and more particularly described as follows:

BEGINNING at a point, said point being the intersection of the northerly line of West Fayette Street and the westerly line of South Franklin Street; thence North 89 deg. 44' 00" West for a distance of 361.65 feet along the northerly line of West Fayette Street to a point; thence North 00 deg. 09' 30" East for a distance of 120.21 feet to a point; thence South 89 deg. 35' 52" East for a distance of 89.08 feet to a point; thence North 00 deg. 16' 00" East for a distance of 12.00 feet to a point; thence South 89 deg. 44' 00" East for a distance of 10.37 feet to a point; thence North 00 deg. 05' 00" East for a distance of 20.42 feet to a point; thence South 89 deg. 44' 00" East for a distance of 262.00 feet to a point; thence South 00 deg. 05' 00" West for a distance of 152.42 feet to the point and place of beginning.

TP-584 (7/03)

Recording office time stamp

New York State Department of Taxation and Finance

Combined Real Estate Transfer Tax Return Credit Line Mortgage Certificate, and Certification of Exemption from the Payment of Estimated Personal Income Tax

Effective September 1, 2003, use this 7/03 version of Form TP-584; previous versions may no longer be used.

See instructions (TP-584-I) before completing this form. Please print or type.

Schedule A — Information relating to conveyance

Grantor/Transferor ☐ Individual ☐ Corporation ☐ Partnership ☐ Estate/Trust ☒ Other	Name *(if individual; last, first, middle initial)* City of Syracuse Industrial Development Agency			Social security number
	Mailing address 333 West Washington Street, Suite 130			Social security number
	City Syracuse	State New York	ZIP code 13202	Federal employer ident. number 52 1380308
Grantee/Transferee ☐ Individual ☐ Corporation ☐ Partnership ☐ Estate/Trust ☒ Other	Name *(if individual; last, first, middle initial)* The Inns at Armory Square, LLC			Social security number
	Mailing address 202 Walton Street, Suite 204			Social security number
	City Syracuse	State NY	ZIP code 13202	Federal employer ident. number 26 3024938

Location and description of property conveyed

Tax map designation			Address	City/village	Town	County
Section	Block	Lot				
104 104	29 29	03.0 04.1	300-332 West Fayette Street 334-344 West Fayette Street	Syracuse		Onondaga

Type of property conveyed *(check applicable box)*

1 ☐ one- to three-family house
2 ☐ Residential cooperative
3 ☐ Residential condominium
4 ☐ Vacant land
5 ☒ Commercial/Industrial
6 ☐ Apartment building
7 ☐ Office building
8 ☐ Other

Date of conveyance: 02 (month) 24 (day) 2012 (year)

Percentage of real property conveyed which is residential real property _____ % *(see instructions)*

Condition of conveyance *(check all that apply)*

a. _ Conveyance of fee interest

b. _ Acquisition of a controlling interest (state percentage acquired _____%)

c. _ Transfer of a controlling interest (state percentage transferred) _____%)

d. _ Conveyance to cooperative housing corporation

e. _ Conveyance pursuant to or in lieu of foreclosure or enforcement of security interest *(attach Form TP-584.1, Schedule E)*

f. _ Conveyance which consists of a mere change of identity or form of ownership or organization *(attach Form TP-584.1, Schedule F)*

g. _ Conveyance for which credit for tax previously paid will be claimed *(attach Form TP-584.1, Schedule G)*

h. _ Conveyance of cooperative apartment(s)

i. _ Syndication

j. _ Conveyance of air rights or development rights

k. _ Contract assignment

l. _ Option assignment or surrender

m. _ Leasehold assignment or surrender

n. X Leasehold grant

o. _ Conveyance of an easement

p. _ Conveyance for which exemption from transfer tax is claimed (*complete Schedule B, Part III*)

q. _ Conveyance of property partly within and partly outside the state

r. _ Other *(describe)* _____

For recording officer's use	Amount Received	Date received	Transaction number
	Schedule B., Part I $ _____ Schedule B., Part II $ _____		

Schedule B – Real estate transfer tax return (Article 31 of the Tax Law)

Part I – Computation of tax due

1	Enter amount of consideration for the conveyance *(if you are claiming a total exemption from tax, check the exemption claimed box, enter consideration and proceed to Part III)* ☐ **Exemption claimed**	1.	$ 00
2	Continuing lien deduction *(see instructions if property is taken subject to mortgage or lien)*	2.	
3	Taxable consideration *(subtract line 2 from line 1)*	3.	
4	Tax: $2 for each $500, or fractional part thereof, of consideration on line 3	4.	$ 00
5	Amount of credit claimed *(see instructions and attach Form TP-584.1, Schedule G)*	5.	
6	Total tax due* *(subtract line 5 from line 4)*	6.	$ 00

Part II – Computation of additional tax due on the conveyance of residential real property for $1 million or more

1	Enter amount of consideration for conveyance *(from Part I, line 1)*	1.	
2	Taxable consideration *(multiply line 1 by the percentage of the premises which is residential real property, as shown in Schedule A)*	2.	
3	Total additional transfer tax due* *(multiply line 2 by 1% (0.1))*	3.	

Part III – Explanation of exemption claimed on Part I, line 1 *(check any boxes that apply)*
The conveyance of real property is exempt from the real estate transfer tax for the following reason:

a. Conveyance is to the United Nations, the United States of America, the state of New York, or any of their instrumentalities, agencies, or political subdivisions (or any public corporation, including a public corporation created pursuant to agreement or compact with another state or Canada) ..... a ☐

b. Conveyance is to secure a debt or other obligation ..... b ☐

c. Conveyance is without additional consideration to confirm, correct, modify, or supplement a prior conveyance ..... c ☐

d. Conveyance of real property is without consideration and not in connection with a sale, including conveyances conveying realty as bona fide gifts ..... d ☐

e. Conveyance is given in connection with a tax sale ..... e ☐

f. Conveyance is a mere change of identity or form of ownership or organization where there is no change in beneficial ownership. (This exemption cannot be claimed for a conveyance to a cooperative housing corporation of real property comprising the cooperative dwelling or dwellings.) Attach Form TP-584.1, Schedule F ..... f ☐

g. Conveyance consists of deed of partition ..... g ☐

h. Conveyance is given pursuant to the federal Bankruptcy Act ..... h ☐

i. Conveyance consists of the execution of a contract to sell real property, without the use or occupancy of such property, or the granting of an option to purchase real property, without the use or occupancy of such property ..... i ☐

j. Conveyance of an option or contract to purchase real property with the use or occupancy of such property where the consideration is less than $200,000 and such property was used solely by the grantor as the grantor's personal residence and consists of a one-, two-, or three-family house, an individual residential condominium unit, or the sale of stock in a cooperative housing corporation in connection with the grant or transfer of a proprietary leasehold covering an individual residential cooperative apartment ..... j ☐

k. Conveyance is not a conveyance within the meaning of section 1401(e) of Article 31 of the Tax Law *(attach documents supporting such claim)* ..... k ☐

l. Other *(attach explanation)* Leasehold interest of less than 49 years ..... l ☒

*Please make check(s) payable to the county clerk where the recording is to take place. If the recording is to take place in New York City, make check(s) payable to the ***NYC Department of Finance***. If a recording is not required, send this return and your check(s) made payable to the ***Department of Taxation and Finance***, directly to the NYS Tax Department, RETT Return Processing, PO Box 5045, Albany NY 12205-5045.

Schedule C – Credit Line Mortgage Certificate (Article 11 of the Tax Law)

Complete the following only if the interest being transferred is a fee simple interest.
I (we) certify that: *(check the appropriate box)*

1. ☐ The real property being sold or transferred is not subject to an outstanding credit line mortgage.

2. ☐ The real property being sold or transferred is subject to an outstanding credit line mortgage. However, an exemption from the tax is claimed for the following reason:

   ☐ The transfer of real property is a transfer of a fee simple interest to a person or persons who held a fee simple interest in the real property (whether as a joint tenant, a tenant in common or otherwise) immediately before the transfer.

   ☐ The transfer of real property is (A) to a person or persons related by blood, marriage or adoption to the original obligor or to one or more of the original obligors or (B) to a person or entity where 50% or more of the beneficial interest in such real property after the transfer is held by the transferor or such related person or persons (as in the case of a transfer to a trustee for the benefit of a minor or the transfer to a trust for the benefit of the transferor).

   ☐ The transfer of real property is a transfer to a trustee in bankruptcy, a receiver, assignee or other officer of a court.

   ☐ The maximum principal amount secured by the credit line mortgage is $3,000,000 or more and the real property being sold or transferred is **not** principally improved nor will it be improved by a one- to six-family owner-occupied residence or dwelling.

   Please note: for purposes of determining whether the maximum principal amount secured is $3,000,000 or more as described above, the amounts secured by two or more credit line mortgages may be aggregated under certain circumstances. See TSB-M-96(6)-R for more information regarding these aggregation requirements.

   ☐ Other *(attach detailed explanation)*.

3. ☐ The real property being transferred is presently subject to an outstanding credit line mortgage. However, no tax is due for the following reason:

   ☐ A certificate of discharge of the credit line mortgage is being offered at the time of recording the deed.

   ☐ A check has been drawn payable for transmission to the credit line mortgagee or his agent for the balance due, and a satisfaction of such mortgage will be recorded as soon as it is available.

4. ☐ The real property being transferred is subject to an outstanding credit line mortgage recorded in _____ (insert liber and page or reel or other identification of the mortgage). The maximum principal amount of debt or obligation secured by the mortgage is _____. No exemption from tax is claimed and the tax of _____ is being paid herewith. *(Make check payable to county clerk where deed will be recorded or, if the recording is to take place in New York City, make check payable to the **NYC Department of Finance**.)*

Signature (both the grantor(s) and grantee(s) must sign)

The undersigned certify that the above information contained in schedules A, B, and C, including any return, certification, schedule, or attachment, is to the best of his/her knowledge, true and complete.

City of Syracuse Industrial Development Agency

Grantor signature: William M. Ryan — Title: Chairman

Grantor signature _____ Title _____

The Inns at Armory Square, LLC

Grantee signature: Richard H. Sykes — Title: Manager

Grantee signature _____ Title _____

Reminder: Did you complete all of the required information in Schedules A, B, and C? Are you required to complete Schedule D? If you checked e, f, or g in Schedule A, did you complete TP-584.1? Have you attached your check(s) made payable to the county clerk where recording will take place or, if the recording is in New York City, to the *NYC Department of Finance*? If no recording is required, send your check(s), made payable to the *Department of Taxation and Finance*, directly to the NYS Tax Department, RETT Return Processing, PO Box 5045, Albany NY 12205-5045.

5703740.1

Schedule C – Credit Line Mortgage Certificate (Article 11 of the Tax Law)

Complete the following only if the interest being transferred is a fee simple interest.
I (we) certify that: *(check the appropriate box)*

1. ☐ The real property being sold or transferred is not subject to an outstanding credit line mortgage.

2. ☐ The real property being sold or transferred is subject to an outstanding credit line mortgage. However, an exemption from the tax is claimed for the following reason:

   ☐ The transfer of real property is a transfer of a fee simple interest to a person or persons who held a fee simple interest in the real property (whether as a joint tenant, a tenant in common or otherwise) immediately before the transfer.

   ☐ The transfer of real property is (A) to a person or persons related by blood, marriage or adoption to the original obligor or to one or more of the original obligors or (B) to a person or entity where 50% or more of the beneficial interest in such real property after the transfer is held by the transferor or such related person or persons (as in the case of a transfer to a trustee for the benefit of a minor or the transfer to a trust for the benefit of the transferor).

   ☐ The transfer of real property is a transfer to a trustee in bankruptcy, a receiver, assignee or other officer of a court.

   ☐ The maximum principal amount secured by the credit line mortgage is $3,000,000 or more and the real property being sold or transferred is **not** principally improved nor will it be improved by a one- to six-family owner-occupied residence or dwelling.

   Please note: for purposes of determining whether the maximum principal amount secured is $3,000,000 or more as described above, the amounts secured by two or more credit line mortgages may be aggregated under certain circumstances. See TSB-M-96(6)-R for more information regarding these aggregation requirements.

   ☐ Other *(attach detailed explanation)*.

3. ☐ The real property being transferred is presently subject to an outstanding credit line mortgage. However, no tax is due for the following reason:

   ☐ A certificate of discharge of the credit line mortgage is being offered at the time of recording the deed.

   ☐ A check has been drawn payable for transmission to the credit line mortgagee or his agent for the balance due, and a satisfaction of such mortgage will be recorded as soon as it is available.

4. ☐ The real property being transferred is subject to an outstanding credit line mortgage recorded in _____ (insert liber and page or reel or other identification of the mortgage). The maximum principal amount of debt or obligation secured by the mortgage is _____. No exemption from tax is claimed and the tax of _____ is being paid herewith. *(Make check payable to county clerk where deed will be recorded or, if the recording is to take place in New York City, make check payable to the **NYC Department of Finance.**)*

Signature (both the grantor(s) and grantee(s) must sign)

The undersigned certify that the above information contained in schedules A, B, and C, including any return, certification, schedule, or attachment, is to the best of his/her knowledge, true and complete.

City of Syracuse Industrial Development Agency	Chairman Title	The Inns at Armory Square, LLC	Manager Title
Grantor signature William M. Ryan		Grantee signature Richard H. Sykes	
		Grantee signature	
Grantor signature	Title		Title

Reminder: Did you complete all of the required information in Schedules A, B, and C? Are you required to complete Schedule D? If you checked e, f, or g in Schedule A, did you complete TP-584.1? Have you attached your check(s) made payable to the county clerk where recording will take place or, if the recording is in New York City, to the *NYC Department of Finance*? If no recording is required, send your check(s), made payable to the *Department of Taxation and Finance*, directly to the NYS Tax Department, RETT Return Processing, PO Box 5045, Albany NY 12205-5045.

Schedule D – Certification of exemption from the payment of estimated personal income tax (Article 22, Tax Law section 663)

Complete the following only if a fee simple interest is being transferred by an individual or estate or trust.

Part I – New York State residents

If you are a New York State resident transferor(s)/seller(s) listed in Schedule A of Form TP-584 (or an attachment to Form TP-584), you must sign the certification below. If one or more transferors/sellers of the property is a resident of New York State, **each** resident transferor/seller must sign in the space provided. If more space is needed, please photocopy this Schedule D and submit as many schedules as necessary to accommodate all resident transferors/sellers.

Certification of resident transferor(s)/seller(s)

This is to certify that at the time of the sale or transfer of the real property, the transferor(s)/seller(s) as signed below was a resident of New York State, and therefore is not required to pay estimated personal income tax under Tax Law section 663(a) upon the sale or transfer of this property.

Signature	Print full name	Date
Signature	Print full name	Date
Signature	Print full name	Date
Signature	Print full name	Date

Note: A resident of New York State may still be required to pay estimated tax under section 685(c), but not as a condition of recording a deed.

Part II – Nonresidents of New York State

If you are a nonresident of New York State listed as a transferor/seller in Schedule A of Form TP-584 (or an attachment to Form TP-584) but are not required to pay estimated tax because one of the exemptions below applies under section 663(d) of the Tax Law, check the box of the appropriate exemption below. If any one of the exemptions below applies to the transferor(s)/seller(s), that transferor(s)/seller(s) is not required to pay estimated personal income tax to New York State under section 663 of the Tax Law. **Each** nonresident transferor/seller who qualifies under one of the exemptions below must sign in the space provided. If more space is needed, please photocopy this Schedule D and submit as many schedules as necessary to accommodate all nonresident transferors/sellers.

If none of these exemption statements apply, you must use Form IT-2663, *Application for Certification for Recording of Deed and Nonresident Estimated Income Tax Payment Voucher.*

Exemption for nonresident transferor(s)/seller(s)

This is to certify that at the time of the sale or transfer of the real property, the transferor(s)/seller(s) (grantor) of this property was a nonresident of New York State, but is not required to pay estimated tax under Tax Law section 663 due to one of the following exemptions:

☐ The property being sold or transferred was used exclusively as the transferor's/seller's principal residence (within the meaning of section 121 of the Internal Revenue Code) from _____ (Date) to _____ (Date) (see instructions).

☐ The transferor/seller is a mortgagor conveying the mortgaged property to a mortgagee in foreclosure, or in lieu of foreclosure with no additional consideration.

☐ The transferor or transferee is an agency or authority of the United States of America, an agency or authority of the state of New York, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or a private mortgage insurance company.

Signature	Print full name	Date
Signature	Print full name	Date
Signature	Print full name	Date
Signature	Print full name	Date

UTICA NATIONAL INSURANCE GROUP
180 Genesee Street
New Hartford, NY 13413

WC 000001A

Issuing Company: Graphic Arts Mutual Insurance Company
MEMBER OF UTICA NATIONAL INSURANCE GROUP

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

Information Page

Policy Number: 4498178 New Business

Prior Policy Number:

1. **The Insured and Mailing Address:**
   The INNS AT ARMORY SQUARE, LLC
   202 WALTON STREET
   SUITE 204
   SYRACUSE NY 13202

Producer: Crown Risk Mgmt., LLC
Suite 100,221 S. Warren Street
Syracuse, NY 13202

Entity of Insured: LLC

Producer Number: U1559
SIC#: 6552

Other workplaces not shown above:

Insured's I.D. Number: 263024983
Risk I.D. Number:

NCCI Company Number: 15822

2. **The policy period is from** 12/30/2011 **to** 12/30/2012 **12:01 AM Standard Time at the insured's mailing address.**

3. A. **Workers Compensation Insurance: Part One of the policy applies to the Workers Compensation Law of the states listed here:** New York

   B. **Employers Liability Insurance: Part Two of the policy applies to work in each state listed in Item 3.A. The limits of our liability under Part Two are:**

Bodily Injury by Accident	$ $500,000	Each Accident
Bodily Injury by Disease	$ $500,000	Policy Limit
Bodily Injury by Disease	$ $500,000	Each Employee

   C. **Other States Insurance: Part Three of the policy applies to the states, if any, listed here:**
   All States except those listed in Item 3.A., ND, OH, WA, WY

   D. **This policy includes these endorsements and schedules:**

4. **The premium for this policy will be determined by our Manuals of Rules, Classifications, Rates and Rating Plans. All information required below is subject to verification and change by audit.**

☒ See Extension of Information Page Classifications	Code No.	Premium Basis Total est. Annual Remuneration	Rate Per $100 of Remuneration	Estimated Annual Premium

Minimum Premium: $ 222 NY	**Expense Constant**	$
Employer's Liab Minimum Premium: $	**Total Estimated Annual Premium**	$ 312
If indicated below, interim adjustments of premium shall be made:	**Deposit Premium**	$ 312

100872932
Issuing Office:

Date of Issue:

Countersigned by John A. Giffin

8-D-WC Ed. 08-2008

Copyright 1988 National Council of Compensation Insurance

OP ID: E3

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 02/16/12

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Brown & Brown of New York, Inc
45 East Avenue
Rochester, NY 14604
Andy Meloni
585-232-4424
585-232-5813

CONTACT NAME: Gene Noga
PHONE (A/C, No, Ext): 585-697-1421 FAX (A/C, No): 585-232-5813
E-MAIL ADDRESS:
PRODUCER CUSTOMER ID #: LECH-11

INSURED
LeChase Construction Services, LLC
1473 Erie Blvd
Syracuse, NY 13204

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Am Contractors Ins Co Risk -	12300
INSURER B : Allmerica Financial Benefit In	41840
INSURER C : National Union Fire	19445
INSURER D : American Contractors Grp	
INSURER E : -AGCS Marine Insurance Co	22837
INSURER F :	

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY X PRO-JECT LOC	X		GL11000026 PRIMARY GL11X00026 EXCESS	06/01/11 06/01/11	06/01/12 06/01/12	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG Emp Ben.	$ 2,000,000 $ 100,000 $ 5,000 $ 2,000,000 $ 4,000,000 $ 4,000,000 $ 1,000,000
B	AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS			AWS815745608	06/01/11	06/01/12	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
C	UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DEDUCTIBLE X RETENTION $ 10,000			BE8766084	06/01/11	06/01/12	EACH OCCURRENCE AGGREGATE	$ 25,000,000 $ 25,000,000
D	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		WC11000035	06/01/11	06/01/12	X WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ 1,000,000 $ 1,000,000 $ 1,000,000
E	Builders Risk Blanket			MXI93031631	06/01/11	06/01/12	Comp Val Ded	1,000,000 2,500

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
SIDA is named as additional insured with respect to The Inns at Armory Square 300 Fayette St. Syracuse, NY project

CERTIFICATE HOLDER

SIDA

SIDA
333 West Washington Street
Syracuse, NY 13202

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
Shelley A. Phenske

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INNSARM

ACORD™ EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY) 02/23/2012

THIS IS EVIDENCE THAT INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY.

PRODUCER NAME, CONTACT PERSON AND ADDRESS

PHONE (A/C, No, Ext):
FAX (A/C, No): 315 673-1121
E-MAIL ADDRESS: tom.reiley@ReaganCompanies.com

Reagan Agency, Inc (Comm)
8 E Main Street
PO Box 191
Marcellus , NY 13108

CODE: SUB CODE:

AGENCY CUSTOMER ID #: 32461

COMPANY NAME AND ADDRESS
Selective Way Insurance Co
40 Wantage Ave
Branchville, NJ 07890-8013

NAIC NO.

IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH

NAMED INSURED AND ADDRESS
The Inns at Armory Square LLC
202 Walton St
Syracuse, NY 13202

LOAN NUMBER

POLICY NUMBER: S2010869

EFFECTIVE DATE: 02/24/2012

EXPIRATION DATE: 02/24/2013

☐ CONTINUED UNTIL TERMINATED IF CHECKED

ADDITIONAL NAMED INSURED(S)

THIS REPLACES PRIOR EVIDENCE DATED

PROPERTY INFORMATION (Use additional sheets if more space is required)

LOCATION/DESCRIPTION

Location #1 300-344 W Fayette St Syracuse, NY 13202

COVERAGE INFORMATION

CAUSE OF LOSS FORM ☐ BASIC ☐ BROAD ☐ SPECIAL ☐ OTHER

COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE $ DED

	YES	NO	
BUSINESS INCOME / RENTAL VALUE			If YES, LIMIT: Actual Loss Sustained # of months:
BLANKET COVERAGE			If YES, indicate amount of insurance on properties identified above: $
TERRORISM COVERAGE			Attach signed Disclosure Notice / DEC
IS COVERAGE PROVIDED FOR "CERTIFIED ACTS" ONLY?			If YES, SUB LIMIT: DED:
IS COVERAGE A STAND ALONE POLICY?			If YES, LIMIT: DED:
DOES COVERAGE INCLUDE DOMESTIC TERRORISM?			If YES, SUB LIMIT: DED:
COVERAGE FOR MOLD			If YES, LIMIT: DED:
MOLD EXCLUSION (If "YES", specify organization's form used)			
REPLACEMENT COST			
AGREED AMOUNT			
COINSURANCE			If YES, %
EQUIPMENT BREAKDOWN (If Applicable)			If YES, LIMIT: DED:
LAW AND ORDINANCE - Coverage for loss to undamaged portion of building			If YES, LIMIT: DED:
- Demolition Costs			If YES, LIMIT: DED:
- Incr. Cost of Construction			If YES, LIMIT: DED:
EARTHQUAKE (If Applicable)			If YES, LIMIT: DED:
FLOOD (If Applicable)			If YES, LIMIT: DED:
WIND / HAIL (If Separate Policy)			If YES, LIMIT: DED:
PERMISSION TO WAIVE SUBROGATION PRIOR TO LOSS			

REMARKS - Including Special Conditions (Use additional sheets if more space is required)

Builders Risk Hard Costs ($10,000 Ded.) Limit $25,000,000 on Special Form
Transit Limit $250,000
(See Attached Remarks)

CANCELLATION

THE POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW 30 DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST

NAME AND ADDRESS

M&T Bank ISAOA
PO Box 1358
Buffalo, NY 14240

LENDER SERVICING AGENT NAME AND ADDRESS

X MORTGAGEE
☐ LOSS PAYEE

AUTHORIZED REPRESENTATIVE
J Michael Reagan

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REMARKS (Continued from page 1.)

Temporary Location Limit $250,000
Flood ($25,000 Ded.) Limit $5,000,000
Earthquake ($25,000 Ded.) Limit $5,000,000
Builders Risk Soft Costs (Ded. 5 days) Limit $2,400,000
Equipment Breakdown

****** Description of Operations ******
Certificate Holder is listed as Mortgagee with respects to the builders risk

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 2/23/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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PRODUCER
James P Reagan Agency
8 E Main Street
P O Box 191
Marcellus NY 13108

CONTACT NAME:
PHONE (A/C, No, Ext): 315-673-2094 FAX (A/C, No): 315-673-1121
E-MAIL ADDRESS: patty.muncy@reaganinsurance.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Selective Way Insurance Co.	26301
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED INNSARM
The Inns at Armory Square LLC
202 Walton St
Syracuse NY 13202

COVERAGES CERTIFICATE NUMBER: 529051392 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY			S2010869	2/24/2012	2/24/2013	EACH OCCURRENCE	$1,000,000
	X COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	$100,000
	CLAIMS-MADE X OCCUR						MED EXP (Any one person)	$5,000
							PERSONAL & ADV INJURY	$1,000,000
							GENERAL AGGREGATE	$2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS - COMP/OP AGG	$2,000,000
	POLICY PRO-JECT LOC							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	ANY AUTO						BODILY INJURY (Per person)	$
	ALL OWNED AUTOS / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	HIRED AUTOS / NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB / OCCUR						EACH OCCURRENCE	$
	EXCESS LIAB / CLAIMS-MADE						AGGREGATE	$
	DED / RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						WC STATU-TORY LIMITS / OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N (Mandatory in NH)	N/A					E.L. EACH ACCIDENT	$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

RE: 300-344 W. Fayette St., Syracuse, NY
Certificate holder is listed as additional insured on the General Liability policy

CERTIFICATE HOLDER

M&T Bank ISAOA
PO Box 1358
Buffalo NY 14240

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 2/23/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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PRODUCER
James P Reagan Agency
8 E Main Street
P O Box 191
Marcellus NY 13108

CONTACT NAME:
PHONE (A/C, No, Ext): 315-673-2094
FAX (A/C, No): 315-673-1121
E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Selective Way Insurance Co.	26301
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED INNSARM
The Inns at Armory Square LLC
202 Walton St
Syracuse NY 13202

COVERAGES **CERTIFICATE NUMBER:** 642296448 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY			S2010869	2/24/2012	2/24/2013	EACH OCCURRENCE	$1,000,000
	X COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	$100,000
	CLAIMS-MADE X OCCUR						MED EXP (Any one person)	$5,000
							PERSONAL & ADV INJURY	$1,000,000
							GENERAL AGGREGATE	$2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS - COMP/OP AGG	$2,000,000
	POLICY PRO-JECT LOC							$
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	$
	ANY AUTO						BODILY INJURY (Per person)	$
	ALL OWNED AUTOS / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	HIRED AUTOS / NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB / OCCUR						EACH OCCURRENCE	$
	EXCESS LIAB / CLAIMS-MADE						AGGREGATE	$
	DED / RETENTION $							$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						WC STATU-TORY LIMITS / OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y / N (Mandatory in NH)	N / A					E.L. EACH ACCIDENT	$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Builder's Risk Policy			S2010869	2/24/2012	2/24/2013	Limit $25,000,000	Ded.10,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

RE: 300-344 W. Fayette St., Syracuse, NY
Certificate holder is listed as additional insured on the General Liability policy & as loss payee on the Builder's Risk Policy regarding the above location.

CERTIFICATE HOLDER

Syracuse Industrial Development Agency (SIDA)
Washington Station
333 West Wahsington St., Ste. 130
Syracuse NY 13202

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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ONONDAGA COUNTY CLERK'S OFFICE
M. ANN CIARPELLI - COUNTY CLERK
401 Montgomery St - Room 200
Syracuse, NY 13202

Phone: 315-435-2226
Fax: 315-435-3455

Doc Type: A/L&R
Mortgagor: CITY OF SYRACUSE INDUSTRIAL
INNS AT ARMORY SQUARE LLC
Mortgagee: MANUFACTURERS & TRADERS TRUS

Legal Desc: SYR B104 S W

Prop Address:

Receipt: 982180 RS
Book/Page: 16725/0261 Inst: 7468
Date Filed: 02/27/2012 at 3:25PM
Updated: 02/28/2012 HB
Record and Return To:

HANCOCK & ESTABROOK
ATTORNEYS PICK UP BOX
COURTHOUSE

Submitted by: STEWART

Recording Fees			Miscellaneous Fees	
Addl pages:	8 x 5.00 =	$ 40.00	RMI:	$ 20.00
Addl Names:	0 x 0.50 =	$ 0.00	TP 584:	$ 0.00
Addl Refs:	1 x 0.50 =	$ 0.50	RP5217:	$ 0.00
Misc:		0.00	AFFTS:	$ 5.00
Basic		$25.50		
		==========		==========
TOTAL:		$66.00	TOTAL:	$ 25.00

MORTGAGE TAX		DEED TRANSFER TAX	
Mortgage:	$22000000.00	Consideration	
Basic:	$0.00	Transfer Tax:	$0.00
Ins Fund:	$0.00	SWIS:	
Net Add:	$0.00	Map #:	
Misc:	$0.00		==========
	==========	Total Paid	$ 91.00
TOTAL	$0.00	Control no	DC15652

WARNING - This sheet constitutes the Clerk's endorsement, required by Section 319 of the Real Property Law of the State of New York. Do not detach. Taxes imposed on this instrument at time of recording were paid. Certain information contained in this document is not verified by this office.

M. ANN CIARPELLI
Onondaga County Clerk

Book/Page 16725 / 0261 Instrument no.: 7468

M167250261

8/ 75000 8

ONONDAGA COUNTY
BASIC TAX $
MTG. INS. FUND TAX $
NET ADDITIONAL TAX $
TOTAL MTG. TAX PAID $

OC 015652

PLEDGE AND ASSIGNMENT

This Pledge and Assignment (the "***Assignment***"), dated as of February 1, 2012, is from the City of Syracuse Industrial Development Agency, a public benefit corporation duly organized and existing under the laws of the State of New York, having its principal office at 333 West Washington Street, Suite 130, Syracuse, New York (the "***Agency***") to Manufacturers and Traders Trust Company (together with its successors and assigns, the "***Mortgagee***"), having its principal office at One M&T Plaza, Buffalo, New York as the beneficiary of a Mortgage dated as of February 24, 2012 (the "***Mortgage***") from The Inns at Armory Square, LLC (the ***Company***") and the Agency to the Mortgagee to secure the Mortgagee's loan of $22,000,000 (the "***Loan***") to the Company.

For value received, the receipt of which is hereby acknowledged, the Agency hereby pledges, assigns, transfers and sets over to the Mortgagee a security interest in its right to receive any and all moneys due or to become due and any and all other rights and remedies of the Agency under or arising out of the Agency Lease Agreement dated as of February 1, 2012 (the "***Agency Lease***"), by and between the Agency and the Company (except for the rights of the Agency, and moneys payable, pursuant to the Unassigned Rights, as defined in the Agency Lease) covering the improved real property, more fully described on **Exhibit "A"** attached hereto and the Equipment installed therein; provided, however, that the assignment made hereby shall not permit the amendment of the Agency Lease without the consent of the Agency, which consent shall not be unreasonably withheld.

The Mortgagee shall have no obligation, duty or liability under the Agency Lease, nor shall the Mortgagee be required or obligated in any manner to fulfill or perform any obligation, covenant, term or condition of the Agency thereunder or to take any other action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled hereunder at any time or times.

The Agency hereby irrevocably constitutes and appoints the Mortgagee its true and lawful attorney, with power of substitution for the Agency and in the name of the Agency or in the name of the Mortgagee or otherwise, for the use and benefit of the Mortgagee as holder of the Mortgage, the Loan, and all other Loan documents, to ask, demand, require, receive, collect, compound and give discharges and releases of all claims for any and all moneys due or to become due under or arising out of the Agency Lease (except for moneys due or to become due pursuant to the Unassigned Rights) and to endorse any checks and other instruments or orders in connection therewith.

The Agency further agrees that at any time and from time to time, upon the written request of the Mortgagee, the Agency will promptly and duly execute and deliver any and all such further instruments and documents as the Mortgagee may deem desirable in order to obtain the full benefits of this Assignment and all rights and powers herein granted.

The Agency hereby ratifies and confirms the Agency Lease and does hereby warrant and represent (a) that the Agency Lease is in full force and effect, (b) that the Agency is not in

15:25 02/27/12 746812 RS MB-16725P-241

R&R: 08120

BK 16725 PG 215

default under the Agency Lease, and (c) that the Agency has not assigned or pledged, and hereby covenants that it will not assign or pledge, so long as this Assignment shall remain in effect, the whole or any part of the moneys, rights or remedies hereby assigned to anyone other than the Mortgagee.

All moneys due and to become due under the Mortgage or any other Loan document to the Mortgagee under or pursuant to the Agency Lease in accordance with this Assignment shall be paid directly to the Mortgagee at Manufacturers and Traders Trust Company, One M&T Plaza, Buffalo, New York 14203 or at such other address as the Mortgagee may designate to the Company in writing from time to time.

If the Company shall pay or cause to be paid, or there shall be paid, to the Mortgagee or its successors and assigns, the outstanding principal balance and all amounts secured by the Mortgage and the other Loan documents, including any applicable prepayment premiums, and all other sums due or to become due pursuant to the Agency Lease, the Mortgage, any Loan documents, or this Assignment, then this Assignment and the estate and rights created hereby shall cease, terminate and be void, and thereupon the Mortgagee shall cancel and discharge the lien of this Assignment and execute and deliver to the Agency, and record or file, if necessary, such instruments in writing as shall be requisite to release the lien hereof, and shall reconvey, release, assign and deliver unto the Agency the estate, right, title and interest in and to any and all property conveyed, sold, transferred, assigned or pledged to the Mortgagee, or otherwise subject to the lien of this Assignment.

This Assignment shall be binding upon the Agency and its successors and assigns and shall inure to the benefit of the Mortgagee and its successors and assigns.

All covenants, stipulations, promises, agreements and obligations (collectively, the "***Obligations***") of the Agency contained in this Assignment, in the Mortgage, in the Agency Lease and in any other Agency Documents shall be deemed to be the Obligations of the Agency and not of any member, officer, servant or employee of the Agency (collectively, the "***Employee of the Agency***") in his individual capacity, and no recourse under or upon any Obligation contained therein or otherwise based upon or in respect to this Assignment or the Agency Lease, or for any claim based thereon or otherwise in respect hereof or thereof, shall be had against any past, present or future Employee of the Agency, as such, or of any successor public benefit corporation or political subdivision or any person executing any of the Agency Documents on behalf of the Agency either directly through the Agency or successor public benefit corporation or political subdivision or any person so executing any of such Agency Documents, it being expressly understood that the Agency Documents, are solely corporate obligations, and that no such personal liability whatsoever shall attach to, or is or shall be incurred by any such Employee of the Agency or of any successor public benefit corporation or political subdivision or any person so executing the Agency Documents because of the creation of the indebtedness thereby authorized, or under or by reason of the Obligations, contained in the Agency Documents or implied therefrom; and that any and all such personal liability of, and any and all such rights and claims against, every Employee of the Agency because of the creation of the indebtedness thereby authorized by the Agency Documents, or under or by reason of the Obligations contained in any of the Agency Documents or implied therefrom, are to the extent

permitted by law, expressly waived and released as a condition of, and as a consideration for, the execution of the Agency Documents.

The Obligations of the Agency contained therein shall not constitute or give rise to an obligation of the State of New York or the City of Syracuse, New York, and neither the State of New York nor the City of Syracuse, New York shall be liable thereon, and further such Obligations shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute limited obligations of the Agency payable solely from the revenues of the Agency derived and to be derived from the sublease of the Project Facility (except for revenues derived by the Agency with respect to the Unassigned Rights).

Notwithstanding any provision of this Assignment to the contrary, the Agency shall not be obligated to take any action pursuant to any provision hereof unless (a) the Agency shall have been requested to do so in writing by the Company or the Mortgagee and (b) if compliance with such request is reasonably expected to result in the incurrence by the Agency (or any member, officer, agent (other than the Company), servant or employee of the Agency) of any liability, fees, expenses or other costs, the Agency shall have received from the party making such request security or indemnity satisfactory to the Agency for protection against all such liability and for the reimbursements of all such fees, expenses and other costs.

No order or decree of specific performance with respect to any of the obligations of the Agency hereunder shall be sought or enforced against the Agency unless (A) the party seeking such order or decree shall first have requested the Agency in writing to take the action sought in such order or decree of specific performance, and fifteen (15) days shall have elapsed from the date of receipt of such request, and the Agency shall have refused to comply with such request (or, if compliance therewith would reasonably be expected to take longer than fifteen (15) days, shall have failed to institute and diligently pursue action to cause compliance with such request) or failed to respond within such notice period, (B) if the Agency refused to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree shall have placed in an account with the Agency an amount or undertaking sufficient to cover such reasonable fees and expenses, and (C) if the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it or any of its members, officers, agents (other than the Company) or employees shall be subject to potential liability, the party seeking such order or decree shall (1) agree to indemnify and hold harmless and defend the Agency and its members, officers, agents (other than the Company) and employees against such liability incurred as a result of its compliance with such demand, and (2) if requested by the Agency, furnish to the Agency satisfactory security to protect the Agency and its members, officers, agents (other than the Company) and employees against all liability expected to be incurred as a result of compliance with such request.

All capitalized terms used herein which are not otherwise defined herein and which are defined in the Table of Definitions attached to the Agency Lease as Exhibit "C" shall have the meanings ascribed to them therein.

IN WITNESS WHEREOF, the Agency has duly executed this Assignment as of February 1, 2012.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
William M. Ryan, Chairman

STATE OF NEW YORK)
) **SS:**
COUNTY OF ONONDAGA)

On the 23rd day of February, in the year 2012, before me, the undersigned personally appeared **WILLIAM M. RYAN,** personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

LORI L. McROBBIE
Notary Public, State of New York
Qualified in Onondaga Co. No. 01MC5055591
Commission Expires on Feb. 12, 2014

5651252.3

ACCEPTANCE

Manufacturers and Traders Trust Company (the "***Mortgagee***"), having an office located at One M&T Plaza, Buffalo, New York 14203, hereby accepts the foregoing Pledge and Assignment.

IN WITNESS WHEREOF, the Mortgagee has duly executed this Acceptance as of February 1, 2012.

MANUFACTURERS AND TRADERS TRUST COMPANY

By: _____
Richard W. Driscoll, Vice President

STATE OF NEW YORK)
) **SS:**
COUNTY OF ONONDAGA)

On the 23rd day of February, in the year 2012, before me, the undersigned, personally appeared **RICHARD W. DRISCOLL** personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

LORI L. McROBBIE
Notary Public, State of New York
Qualified in Onondaga Co. No. 01MC5055591
Commission Expires on Feb. 12, 2014

ACKNOWLEDGEMENT BY THE INNS AT ARMORY SQUARE, LLC OF THE PLEDGE AND ASSIGNMENT OF CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY'S RIGHTS UNDER THE AGENCY LEASE

The Inns at Armory Square, LLC (the "***Company***") hereby acknowledges receipt of notice of the assignment by the City of Syracuse Industrial Development Agency (the "***Agency***") of certain of its rights and remedies under that certain Agency Lease Agreement dated as of February 1, 2012 (the "***Agency Lease***"), by and between the Agency as sublessor, and the Company, as sublessee, including the right to collect and receive all amounts payable by the Company thereunder, except certain moneys payable for the account of the Agency pursuant to the Unassigned Rights as defined in the Agency Lease. The Company, intending to be legally bound, hereby agrees with the Mortgagee (as defined in the Assignment) to (i) to pay or cause to be paid directly to the Mortgagee all sums due and to become due to the Mortgagee from the undersigned under the Agency Lease (except for moneys payable pursuant to Unassigned Rights), without setoff, counterclaim or deduction for any reason whatsoever, except as otherwise provided in the Agency Lease, (ii) except as otherwise provided in the Agency Lease, not to seek to recover from the Mortgagee any moneys paid to it pursuant to the Agency Lease, (iii) to perform for the benefit of the Mortgagee all of the duties, undertakings and obligations of the undersigned under the Agency Lease (except for duties, undertakings and obligations relating to the Unassigned Rights), and (iv) that the Mortgagee shall not be obligated by reason of such assignment or otherwise to perform or be responsible for the performance of any of the duties, undertakings or obligations of the Agency under the Agency Lease. The foregoing shall not be construed, however, as a waiver or release of any claims or rights that the undersigned may at any time have against the Mortgagee or the Agency, and the undersigned expressly reserves any such claims or rights and the right to pursue the same at law or in equity.

The Company hereby consents to and approves of the provisions contained in the Agency Lease and the Pledge and Assignment and, in particular, acknowledges the restrictions imposed on the Agency prohibiting, among other things, sale, transfer, or assignment by the Agency of any interest in the Project Facility, or any part thereof.

IN WITNESS WHEREOF, the Company has caused this Acknowledgement to be executed in its name by its duly authorized representative, dated as of the February 1, 2012.

THE INNS AT ARMORY SQUARE, LLC

By:_____
Richard H. Sykes, Manager

STATE OF NEW YORK)
) **SS:**
COUNTY OF ONONDAGA)

On the 23rd day of February, in the year 2012, before me, the undersigned, personally appeared **RICHARD H. SYKES**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Edward J. Moses
Notary Public

EDWARD J. MOSES
Notary Public, State of New York
No. 34-8034924
Qualified in Onondaga County
Commission Expires Sept. 30, 2014

{M0204025.1 }

5651252.3

SCHEDULE A

ALL THAT TRACT OR PARCEL OF LAND, situate within the City of Syracuse, County of Onondaga and State of New York, being part of Block 104, and more particularly described as follows:

SW

BEGINNING at a point, said point being the intersection of the northerly line of West Fayette Street and the westerly line of South Franklin Street; thence North 89 deg. 44' 00" West for a distance of 361.65 feet along the northerly line of West Fayette Street to a point; thence North 00 deg. 09' 30" East for a distance of 120.21 feet to a point; thence South 89 deg. 35' 52" East for a distance of 89.08 feet to a point; thence North 00 deg. 16' 00" East for a distance of 12.00 feet to a point; thence South 89 deg. 44' 00" East for a distance of 10.37 feet to a point; thence North 00 deg. 05' 00" East for a distance of 20.42 feet to a point; thence South 89 deg. 44' 00" East for a distance of 262.00 feet to a point; thence South 00 deg. 05' 00" West for a distance of 152.42 feet to the point and place of beginning.

ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION AGREEMENT

THIS ENVIRONMENTAL COMPLIANCE AND INDEMNIFICATION AGREEMENT (the "***Agreement***") is made as of February 1, 2012, between **THE INNS AT ARMORY SQUARE, LLC** (the "***Indemnitor***"), for the benefit of the **CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY** (the "***Agency***").

RECITALS

WHEREAS, the Agency has undertaken at the request of the Indemnitor, a project (the "***Project***") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-335 West Fayette Street as more fully described on Schedule A annexed hereto (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of a grant in an amount not to exceed $500,000 from certain funds allocated to the Agency from the Empire State Development Corporation (the "***Grant***") as well as exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement; and

NOW, THEREFORE, in consideration of the premises, Ten Dollars ($10.00), and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Indemnitor, intending to be legally bound, hereby agrees as follows:

1. **Recitals; Definitions.**

(a) The foregoing recitals are incorporated into this Agreement by this reference.

(b) Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Schedule of Definitions attached to the Agency Lease as Exhibit "C."

2. **Representations and Warranties.**

(a) Except as disclosed in Schedule B annexed hereto, Indemnitor represents and warrants that it has no knowledge of any deposit, storage, disposal, burial, discharge, spillage, uncontrolled loss, seepage or filtration of oil, petroleum or chemical liquids or solids, liquid or gaseous products or any hazardous wastes or hazardous substances (collectively, "***Hazardous Substances***"), as those terms are used in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 or in any other federal, state or local law governing hazardous substances, as such laws may be amended from time to time (collectively, the "***Hazardous Waste Laws***"), at, upon, under or within the Project Facility or any contiguous real estate, and (ii) it has not caused or permitted to occur, and shall not permit to exist, any

condition which may cause a discharge of any Hazardous Substances at, upon, under or within the Project Facility or on any contiguous real estate.

(b) Except as disclosed in the reports listed on Schedule B annexed hereto, Indemnitor further represents and warrants that (i) it has not been nor will be involved in operations at or near the Project Facility which operations could lead to (A) the imposition of liability on Indemnitor or on any subsequent or former owner of the Project Facility or (B) the creation of a lien on the Project Facility under the Hazardous Waste Laws or under any similar laws or regulations; and (ii) it has not permitted, and will not permit, any tenant or occupant of the Project Facility to engage in any activity that could impose liability under the Hazardous Waste Laws on such tenant or occupant, on Agency, the Indemnitor or on any other owner of any of the Project Facility.

3. **Covenants.**

(a) Indemnitor shall comply strictly and in all respects with the requirements of the Hazardous Waste Laws and related regulations and with all similar laws and regulations and shall notify Agency immediately in the event of any discharge or discovery of any Hazardous Substance at, upon, under or within the Project Facility which is not otherwise already disclosed in Schedule B. Indemnitor shall promptly forward to Agency copies of all orders, notices, permits, applications or other communications and reports in connection with any discharge or the presence of any Hazardous Substance or any other matters relating to the Hazardous Waste Laws or any similar laws or regulations, as they may affect the Project Facility.

(b) Promptly upon the written request of Agency, Indemnitor shall provide Agency, at Indemnitor's expense, with an environmental site assessment or environmental audit report prepared by an environmental engineering firm acceptable to the requesting Person, to assess with a reasonable degree of certainty the presence or absence of any Hazardous Substances and the potential costs in connection with abatement, cleanup or removal of any Hazardous Substances found on, under, at or within the Project Facility.

4. **Indemnity.**

(a) Indemnitor shall at all times indemnify and hold harmless Agency against and from any and all claims, suits, actions, debts, damages, costs, losses, obligations, judgments, charges, and expenses, of any nature whatsoever suffered or incurred by Agency, whether as contract vendor, owner, mortgagee, as mortgagee in possession, or as successor-in-interest to Indemnitor by foreclosure deed or deed in lieu of foreclosure, under or on account of the Hazardous Waste Laws or any similar laws or regulations, including the assertion of any lien thereunder, with respect to:

(1) any discharge of Hazardous Substances, the threat of a discharge of any Hazardous Substances, or the presence of any Hazardous Substances affecting the Project Facility whether or not the same originates or emanates from the Project Facility or any contiguous real estate including any loss of value of the Project Facility as a result of any of the foregoing;

(2) any costs of removal or remedial action incurred by the United States Government or any costs incurred by any other person or damages from injury to, destruction of, or loss of natural resources, including reasonable costs of assessing such injury, destruction or loss incurred pursuant to any Hazardous Waste Laws;

(3) liability for personal injury or property damage arising under any statutory or common law tort theory, including, without limitation, damages assessed for the maintenance of a public or private nuisance or for the carrying on of an abnormally dangerous activity at or near the Project Facility; and/or

(4) any other environmental matter affecting the Project Facility within the jurisdiction of the Environmental Protection Agency, any other federal agency, or any state or local agency.

The obligations of Indemnitor under this Agreement shall arise whether or not the Environmental Protection Agency, any other federal agency or any state or local agency has taken or threatened any action in connection with the presence of any Hazardous Substances.

(b) In the event of any discharge of Hazardous Substances, the threat of a discharge of any Hazardous Substances, or the presence of any Hazardous Substances affecting the Project Facility, whether or not the same originates or emanates from the Project Facility or any contiguous real estate, and/or if Indemnitor shall fail to comply with any of the requirements of the Hazardous Waste Laws or related regulations or any other environmental law or regulation, Agency may at its election, but without the obligation so to do, give such notices and/or cause such work to be performed at the Project Facility and/or take any and all other actions as Agency shall deem necessary or advisable in order to abate the discharge of any Hazardous Substance, remove the Hazardous Substance or cure the noncompliance of Indemnitor.

(c) Indemnitor acknowledges that Agency has relied upon the representations, warranties, covenants and indemnities of Indemnitor in this Agreement. All of the representations, warranties, covenants and indemnities of this Agreement shall survive the repayment of Indemnitor's obligations under the Agency Lease or other Company Documents.

5. **Attorney's Fees**. If Agency retains the services of any attorney in connection with the subject of the indemnity herein, Indemnitor shall pay Agency's costs and reasonable attorneys' fees thereby incurred. Agency may employ an attorney of its own choice.

6. **Interest**. In the event that Agency incurs any obligations, costs or expenses under this Agreement, Indemnitor shall pay such Person immediately on demand, and if such payment is not received within ten (10) days, interest on such amount shall, after the expiration of the ten-day period, accrue at the interest rate set forth in the Agency Lease until such amount, plus interest, is paid in full.

7. **No Waiver**. Notwithstanding any terms of the Company Documents to the contrary, the liability of Indemnitor under this Agreement shall in no way be limited or impaired by: (i) any extensions of time for performance required by any of the Company Documents;

(ii) any sale, assignment or foreclosure of the Agency Lease or any sale or transfer of all or part of the Project Facility; (iii) the accuracy or inaccuracy of the representations and warranties made by Indemnitor under any of the Company Documents; or (iv) the release of Indemnitor or any other person from performance or observance of any of the agreements, covenants, terms or conditions contained in the Company Documents by operation of law, Agency's voluntary act, or otherwise; and, in any such case, whether with or without notice to Indemnitor and with or without consideration.

8. **Waiver by Indemnitor**. Indemnitor waives any right or claim of right to cause a marshalling of Indemnitor's assets or to cause Agency to proceed against any of the security for the Agency Lease before proceeding under this Agreement against Indemnitor or to proceed against Indemnitor in any particular order; Indemnitor agrees that any payments required to be made hereunder shall become due on demand; Indemnitor expressly waives and relinquishes all rights and remedies (including any rights of subrogation) accorded by applicable law to indemnitors or guarantors.

9. **Releases**. Any one or more of Indemnitor and any other party liable upon or in respect of this Agreement or the Agency Lease may be released without affecting the liability of any party not so released.

10. **Amendments.** No provision of this Agreement may be changed, waived, discharged or terminated orally, by telephone or by any other means except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

11. **Joint and Several Liability**. In the event that this Agreement is executed by more than one party as Indemnitor, the liability of such parties is joint and several. A separate action or actions may be brought and prosecuted against each Indemnitor, whether or not an action is brought against any other person or whether or not any other person is joined in such action or actions.

12. **Consent to Jurisdiction.** Indemnitor consents to the exercise of personal jurisdiction over Indemnitor by any federal or state court in the State of New York and consent to the laying of venue in any jurisdiction or locality in the City of Syracuse. Service shall be effected by any means permitted by the court in which any action is filed.

13. **Notices.** All notices, certificates, and other communications hereunder shall be in writing, shall be sufficiently given, and shall be deemed given when (a) sent to the applicable address stated below by registered or certified mail, return receipt requested, and actually received by the intended recipient or by overnight courier or such other means as shall provide the sender with documentary evidence of such delivery, or (b) delivery is refused by the addressee as evidenced by the affidavit of the Person who attempted to effect such delivery. The addresses to which notices, certificates, and other communications hereunder shall be delivered are as follows:

(a) If to the Agency, to:

City of Syracuse Industrial Development Agency
333 West Washington Street, Suite 130
Syracuse, New York 13202
Attention: Chairman

With a copy to:

City of Syracuse
233 East Washington Street
Syracuse, New York 13202
Attn: Corporation Counsel

(b) If to the Company, to:

The Inns at Armory Square, LLC
202 Walton Street, Suite 204
Syracuse, New York 13202
Attn: Richard H. Sykes

With copies to:

Mackenzie Hughes LLP
101 South Salina Street
Syracuse, New York 13202
Attn: Edward Moses, Esq.

The Agency and the Company, may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, and other communications shall be sent.

14. **Waivers.** The parties waive trial by jury in any action brought on, under or by virtue of this Agreement. Indemnitor waives any right to require Agency at any time to pursue any remedy in such Person's power whatsoever. The failure of Agency to insist upon strict compliance with any of the terms hereof shall not be considered to be a waiver of any such terms, nor shall it prevent Agency from insisting upon strict compliance with this Agreement or any other Company Document at any time thereafter.

15. **Severability**. If any clause or provisions herein contained operates or would prospectively operate to invalidate this Agreement in whole or in part, then such clause or provision shall be held for naught as though not contained herein, and the remainder of this Agreement shall remain operative and in full force and effect.

16. **Inconsistencies Among the Company Documents**. Nothing contained herein is intended to modify in any way the obligations of Indemnitor under the Agency Lease or any

other Company Document. Any inconsistencies among the Company Documents shall be construed, interpreted and resolved so as to benefit Agency.

17. **Successors and Assigns**. This Agreement shall be binding upon Indemnitor's successors, assigns, heirs, personal representatives and estate and shall inure to the benefit of Agency and its successors and assigns.

18. **Controlling Laws.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

[signature page follows]

IN WITNESS WHEREOF, Indemnitor has executed this Agreement as of the date first above written.

THE INNS AT ARMORY SQUARE, LLC

By: _____
Richard H. Sykes, Manager

STATE OF NEW YORK)
) SS.:
COUNTY OF ONONDAGA)

On the ___ day of February, in the year 2012 before me, the undersigned, a notary public in and for said state, personally appeared **RICHARD H. SYKES**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

EDWARD J. MOSES
Notary Public, State of New York
No. 34-8034924
Qualified in Onondaga County
Commission Expires Sept. 30, 20 14

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SCHEDULE "A"

LEGAL DESCRPITION

D. W. HANNIG L. S., P.C.
SURVEYORS - PLANNERS - CONSULTANTS
THE MARKET PLACE, BUILDING #1
MANLIUS, NEW YORK 13104
PHONE: (315) 682-5225 - FAX: (315) 682-7774

LEGAL DESCRIPTION

PROPOSED DESCRIPTION OF A 1.27+- ACRE PARCEL, CITY OF SYRACUSE, ONONDAGA COUNTY, NEW YORK.

BEGINNING AT A POINT, said point being the intersection of the northerly line of West Fayette Street and the westerly line of South Franklin Street.

THENCE North 89 degrees 44 minutes 00 seconds West for a distance of 361.65 feet along the northerly line of West Fayette Street to a point;
THENCE North 00 degrees 09 minutes 30 seconds East for a distance of 120.21 feet to a point;
THENCE South 89 degrees 35 minutes 52 seconds East for a distance of 89.08 feet to a point;
THENCE North 00 degrees 16 minutes 00 seconds East for a distance of 12.00 feet to a point;
THENCE South 89 degrees 44 minutes 00 seconds East for a distance of 10.37 feet to a point;
THENCE North 00 degrees 05 minutes 00 seconds East for a distance of 20.42 feet to a point;
THENCE South 89 degrees 44 minutes 00 seconds East for a distance of 262.00 feet to a point;
THENCE South 00 degrees 05 minutes 00 seconds West for a distance of 152.42 feet **TO THE POINT AND PLACE OF BEGINNING**.

Together with and subject to covenants, easements, and restrictions of record.

Said property contains 1.27 Acres (55,406 Sq. Ft.) more or less.

J058873 – ARC 5-29-08 Rev'd 2/13/2012

SCHEDULE "B"

EXCEPTIONS

NONE

CLOSING RECEIPT

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
LEASE/SUBLEASE TRANSACTION
THE INNS AT ARMORY SQUARE, LLC PROJECT

CLOSING RECEIPT executed February 24, 2012 by the City of Syracuse Industrial Development Agency (the "***Agency***") and The Inns at Armory Square, LLC (the "***Company***") in connection with a certain project (the "***Project***") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-332 and 334-344 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of a grant in an amount not to exceed $500,000 from certain funds allocated to the Agency from the Empire State Development Corporation (the "***Grant***") as well as exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement.

W I T N E S S E T H :

(1) The Agency has executed, delivered, sealed and acknowledged, where appropriate, the documents to which it is a party, and acknowledges receipt from the Company of its administrative fee.

(2) The Company has executed, delivered, sealed and acknowledged, where appropriate, the documents to which it is a party.

[signature page follows]

(Signature page to Closing Receipt)

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
William M. Ryan, Chairman

THE INNS AT ARMORY SQUARE, LLC

By: _____
Richard H. Sykes, Manager

(Signature page to Closing Receipt)

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By:_____
William M. Ryan, Chairman

THE INNS AT ARMORY SQUARE, LLC

By: _____
Richard H. Sykes, Manager

CITY OF SYRACUSE

and

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

and

THE INNS AT ARMORY SQUARE, LLC

PAYMENT IN LIEU OF TAX AGREEMENT

Dated as of: February 1, 2012

THE INNS AT ARMORY SQUARE, LLC
Federal Tax ID #: 26-3024938

THIS PAYMENT IN LIEU OF TAX AGREEMENT, (this "**Agreement**") dated as of February 1, 2012, by and among the **CITY OF SYRACUSE**, a municipal corporation of the State of New York, having an office at City Hall, Syracuse, New York 13202 (hereinafter referred to as the "**Municipality**"), the **CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation organized and existing under the laws of the State of New York (hereinafter referred to as the "**Agency**"), having an office at City Hall Commons, 201 East Washington Street, Syracuse, New York 13202, and **THE INNS AT ARMORY SQUARE, LLC**, a limited liability company organized and existing pursuant to the laws of the State of New York, whose address is c/o RHS Holdings, LLC, 202 Walton Street, Suite 204, Syracuse, New York 13202 (hereinafter referred to as the "Company").

WITNESSETH:

WHEREAS, the New York State Industrial Development Agency Act, being Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of the State of New York, as amended (hereinafter referred to as the "**Enabling Act**") authorizes the creation of industrial development agencies for the benefit of the several counties, cities, villages and towns in the State of New York and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and furnish real and personal property, whether or not now in existence or under construction, which shall be suitable for, among others, manufacturing, warehousing, research, commercial or industrial purposes, in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and to improve their recreation opportunities, prosperity and standard of living; and

WHEREAS, the Enabling Act further authorizes each such agency to lease and to sell its projects, to charge and collect rent therefor, to issue its bonds or notes for the purpose of carrying out any of its corporate purposes and, as security for the payment of the principal and redemption price of, and interest on, any such bonds or notes, to mortgage any or all of its facilities and to pledge the revenues and receipts therefrom to the payment of such bonds or notes; and

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act,

Chapter 641 of the 1979 Laws of the State of New York, as amended (said chapter and the Enabling Act being hereinafter collectively referred to as the "**Act**") created the Agency for the benefit of the Municipality and the inhabitants thereof; and

WHEREAS, the Agency, by Resolution adopted on July 26, 2011, (the "**Resolution**"), resolved to undertake the "**Project**" (as hereinafter defined); and

WHEREAS, the Project will consist of: (A)(i) the Agency's acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-335 West Fayette Street (the "**Land**"); (ii) the construction of an approximate 130,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing parking for up to 184 vehicles) all located on the Land (collectively, the "**Facility**"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "**Equipment**", together with the Land and the Facility, the "**Project Facility**"); (B) the granting of certain financial assistance in the form of exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "**Financial Assistance**"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the lease of the Project Facility back to the Company pursuant to a sublease agreement; and

WHEREAS, the Agency will lease the Project Facility from the Company pursuant to that certain Company Lease Agreement dated as of February 1, 2012, (the "**Company Lease Agreement**"), between the Company and the Agency, and sublease the Project Facility back to the Company pursuant to that certain Agency Lease Agreement dated as of February 1, 2012, (the "**Agency Lease Agreement**"), between the Agency and the Company (collectively the Company Lease Agreement and the Agency Lease Agreement are hereinafter referred to as the ("**Lease Agreement**"); and

WHEREAS, under the present provisions of the Act and Section 412-a of the Real Property Tax Law of the State of New York, the Agency is required to pay no taxes or assessments upon any of the property acquired by it or under its jurisdiction or supervision or control; and

WHEREAS, the Company, to further induce the Agency to assist with the Project, has agreed with the Municipality and the Agency to enter into this Agreement; the Municipality's participation in this Agreement has been duly authorized by Ordinance No. 448 of 2008, adopted by the Municipality's Common Council on August 18, 2008, and approved by Mayor Matthew J. Driscoll on August 18, 2008; and the Agency's participation in this Agreement has been duly authorized by its Resolution adopted on July 26, 2011;

NOW, THEREFORE, in consideration of the matters above recited, the parties hereto formally covenant, agree and bind themselves as follows, to wit:

ARTICLE I

REPRESENTATIONS AND WARRANTIES

Section 1.01. Representations and Warranties by Municipality

The Municipality does hereby represent, warrant and covenant as follows:

(a) Authorization. The Municipality has secured all approvals of appropriate officers, boards and bodies of the Municipality necessary to duly authorize the execution, delivery and performance of this Agreement by the Municipality and the performance by the Municipality of its obligations hereunder.

(b) Validity. The Municipality is not prohibited from entering into this Agreement and discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement by the terms, conditions or provisions of any law, any order of any court or other agency or authority of government, or any agreement or instrument to which the Municipality is a party or by which the Municipality is bound, and this Agreement is a legal, valid and binding obligation of the Municipality enforceable in accordance with its terms.

Section 1.02. Representations and Warranties by Agency

The Agency does hereby represent and warrant as follows:

(a) Existence and Power. The Agency has been duly established under the provisions of the Act and has the power to enter into the transactions contemplated by this Agreement and to

carry out its obligations hereunder.

(b) Intentions. The Agency intends to acquire a leasehold interest in the Project Facility from the Company and to sublease the Project Facility back to the Company, all pursuant to the provisions of the Lease Agreement.

(c) Authorization. The Agency is authorized and has the corporate power under the Act, its by-laws and the laws of the State of New York to enter into this Agreement and the transactions contemplated hereby and to perform and carry out all the covenants and obligations on its part to be performed under and pursuant to this Agreement. By proper corporate action on the part of its members, the Agency has duly authorized the execution, delivery and performance of this Agreement and the consummation of the transactions herein contemplated.

(d) Validity. The Agency is not prohibited from entering into this Agreement and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement by the terms, conditions or provisions of the Act, any other law, any order of any court or other agency or authority of government, or any agreement or instrument to which the Agency is a party or by which the Agency is bound, and this Agreement is a legal, valid and binding obligation of the Agency enforceable in accordance with its terms.

Section 1.03. Representations and Warranties by Company

The Company does hereby represent and warrant as follows:

(a) Existence. The Company is a company duly organized and validly existing as a limited liability company under the laws of the State of New York.

(b) Authorization. The Company is authorized and has the power under the laws of the State of New York to enter into this Agreement and the transactions contemplated hereby and to perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Agreement. The Company has duly authorized the execution, delivery and performance of this Agreement and the consummation of the transactions herein contemplated. The Company is not prohibited from entering into this Agreement and discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement by (and the execution, delivery and performance of this Agreement, the consummation of the transactions contemplated

hereby and the fulfillment of and compliance with the provisions of this Agreement will not conflict with or violate or constitute a breach of or a default under) the terms, conditions or provisions of its Articles of Organization, Operating Agreement or any other restriction or any law, rule, regulation or order of any court or other agency or authority of government, or any contractual limitation, restriction or outstanding indenture, deed of trust, mortgage, loan agreement, other evidence of indebtedness or any other agreement or instrument to which the Company is a party or by which it or any of its property is bound, and the Company's discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement will neither be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any of the foregoing, nor result in the creation or imposition of any lien of any nature upon any of the property of the Company under the terms of any of the foregoing, and this Agreement is a legal, valid and binding obligation of the Company enforceable in accordance with its terms.

(c) Governmental Consent. No further consent, approval or authorization of, or filing, registration or qualification with, any governmental or public authority on the part of the Company is required as a condition to the execution, delivery or performance of this Agreement by the Company or as a condition to the validity of this Agreement.

ARTICLE II

COVENANTS AND AGREEMENTS

Section 2.01. Tax-Exempt Status of the Project Facility

(a) Assessment of the Project Facility. Pursuant to the Act and Section 412-a of the Real Property Tax Law, the parties hereto understand that, upon acquisition of ownership or control of the Project Facility by the Agency, and for so long thereafter as the Agency shall own or control the Project Facility, the Project Facility shall be entitled to an exemption upon the first available assessment roll of the Municipality prepared subsequent to the acquisition by the Agency of ownership or control of the Project Facility. The time of commencement of the Agency's exemption shall be controlled by the Municipality's taxable status date, in conformity with Section 412-a of the Real Property Tax Law. The Company will be required to pay to the Municipality all taxes and assessments lawfully levied and/or assessed against the Project Facility, in spite of the

Agency's actual ownership or control of the Project Facility, until the Project Facility shall be entitled to exempt status on the tax roll of the Municipality.

(b) Special Assessments. The parties hereto understand that the tax exemption extended to the Agency by the Act and Section 412-a of the Real Property Tax Law does not entitle the Agency to exemption from special assessments and special ad valorem levies. The Company will be required to pay all special assessments and special ad valorem levies lawfully levied and/or assessed against the Project Facility.

Section 2.02. Payments in Lieu of Taxes

(a) Agreement to Make Payments. The Company agrees that it shall make periodic payments in lieu of real property taxes in the amounts hereinafter provided. The said payments due to the Agency hereunder shall be paid by the Company, to the Municipality, by check made payable to "Commissioner of Finance". Upon receipt of the Company's payment, it shall be the Municipality's obligation to appropriately disburse any portion of the said payment to the County of Onondaga, or such other taxing jurisdiction, pursuant to the Act. This Company obligation shall exist for so long as the Agency retains an interest in the Project Facility. Notwithstanding the appearance of the Agency's exemption on the Municipality's tax roll for the 2013/2014 City and School portion of the real property tax due on the Land and Facility, the year 1 payment due for the City and School portion under Exhibit "B" shall commence on July 1, 2013. The year 1 payment due for the County and Water District portion of the real property tax due on the Land and Facility under Exhibit "B" shall commence on January 1, 2014. Without regard to the Agency exemption, the Company shall continue paying real property tax through June 30, 2013 with respect to the City and School portion of the real property tax and through December 31, 2013 with respect to the County and Water District portion of the real property tax, based upon the assessment and the combined real property tax rate in effect for that period.

(b) Amount of Payments in Lieu of Taxes. Unless otherwise stated, the Company's agreed upon annual payment in lieu of tax hereunder shall be an amount determined by reference to Exhibit "B", attached hereto and made a part hereof. The payments in lieu of tax due, as set forth in Exhibit "B", include any real property tax exemptions that might be afforded to the Company if the

Project Facility were owned by the Company and not the Agency. Because the payments due under Exhibit "B" are the result of a deviation from the Agency's Uniform Tax Exemption Policy, and are a negotiated sum, which has been agreed to by all parties to this Agreement, the Company, its successors or assigns hereby waive any and all right to challenge or contest by any administrative or applicable judicial means, those payments, or the basis for those payments, due pursuant to Exhibit "B". It shall also be an event of default under Article IV of this Agreement should the Company bring such a challenge or contest to the assessment on the Project Facility while the payments due pursuant to Exhibit "B" are being made. Notwithstanding the immediately preceding two sentences to the contrary, the Company may contest by any administrative or applicable judicial means, those payments, or the basis for those payments, due pursuant to Exhibit "B" in years 16, 17 and 18, but only to the extent of the full assessment in excess of $1,440,900.00.

(c) Additional Amounts in Lieu of Taxes. Commencing on the first tax year following the date on which any structural addition shall be completed to the Facilities, or any new or additional building shall be constructed on the real property described in Exhibit "A" that is in addition to the Facility (such structural additions and additional buildings being hereinafter referred to as "**Additional Property**"), the Company agrees to make additional periodic payments in lieu of real property taxes (such additional payments being hereinafter collectively referred to as "**Additional Payments**") to the Municipality with respect to such Additional Property. Such Additional Payments shall be computed as follows:

By multiplying (1) the value placed on such Additional Property, as value is determined by the Municipality's Assessor by (2) the tax rate or rates of the Municipality that would be applicable to such Additional Property if such Additional Property were owned or controlled by the Company and not the Agency, and (3) then reducing the amount so determined by the amounts of any properly acquired tax exemptions that would be afforded to the Company by the Municipality for such Additional Property as if it was owned or controlled by the Company and not the Agency. Notwithstanding any provision herein to the contrary, the Company shall have the right to contest the assessment value placed on such Additional Property by the Municipality's Assessor.

(d) Revaluation. In the event of a real property assessment revaluation by the Municipality, the Company shall continue to make its payments in accordance with this Agreement; however, in the event that Exhibit "B" is no longer in effect, but payments are still being made hereunder for any reason, (including, but not limited to, the Agency still having an interest in the Project Facility), and would be effected by revaluation, each year's payments subsequent to such revaluation shall be adjusted to properly reflect the revaluation, it being the intent of the parties that the level of payments following revaluation shall be equal to those payments contemplated by this Agreement.

(e) Damage or Destruction. In the event that all or substantially all of the Project Facility is damaged or destroyed, the Company shall continue to make the payments required by this Agreement for as long as the Agency shall own or control the Project Facility, without regard to such damage or destruction.

(f) Time of Payments. The Company agrees to pay the amounts due the Agency hereunder to the Municipality for each year of this Agreement, within the period that the Municipality allows payment of taxes levied in such calendar year without penalty. The Company shall be entitled to receive receipts from the Municipality for such payments.

(g) Method of Payment. All payments by the Company hereunder shall be paid to the Municipality in lawful money of the United States of America, cash, money order or check.

Section 2.03. Obligation of Municipality

The Municipality shall submit to the Company written semi-annual statements specifying the amount and due date or dates of any payments due to the Agency hereunder. Each said semi-annual statement shall be submitted to the Company at the same time that tax bills are mailed by the Municipality to the owners of privately owned property.

Section 2.04. Obligations of Agency

(a) Requirement that any Project Facility Agreements Require Payments in Lieu of Taxes. So long as the Project Facility shall be entitled to exemption from real property taxes as provided in Section 2.01(a) hereof, the Agency agrees, to the extent permitted by law, that it shall not make any agreement regarding the leasing or sale of the Project Facility which does not require

that payments in lieu of taxes shall be paid to the Municipality in at least the amounts set forth in Article II hereof.

(b) Requirement that Mortgagees Subordinate to Payments. The Agency and the Company agree that any mortgages on the Project Facility, given by either of them, shall provide that the rights of the mortgagees thereunder shall be subordinate to this Agreement and to the right of the Municipality to receive payments in lieu of taxes pursuant to Article II hereof.

Section 2.05. Company to Furnish Information

The Company agrees to promptly comply with the reporting and information requirements of the Agency and the Act, and to immediately furnish the applicable information required or reasonably requested by the Agency and/or the State of New York. The Company further agrees to assist the Agency with the preparation of any reports, or answer any inquiries, required by the State of New York in connection with the Act or the Agency's participation in the Project.

Section 2.06. Interest

If the Company shall fail to make any payment required by this Agreement when due, its obligation to make the payment so in default shall continue as an obligation of the Company until such payment in default shall have been made in full, and the Company shall pay the same together with interest thereon, to the extent permitted by law, at the greater of **(i) eighteen per cent (18%) per annum, or (ii) the rate per annum which would be payable if such amounts were delinquent taxes, until so paid in full.**

ARTICLE III

LIMITED OBLIGATION OF THE AGENCY

Section 3.01. No Recourse; Limited Obligation of the Agency

(a) No Recourse. All covenants, stipulations, promises, agreements and obligations of the Agency contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency and not of any member, director, officer, agent, servant or employee of the Agency in his individual capacity, and no recourse under or upon any obligation, covenant or agreement contained in this Agreement, or otherwise based on or in

respect of this Agreement, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future member, director, officer, agent, servant or employee, as such, of the Agency or any successor public benefit corporation or political subdivision or any person executing this Agreement on behalf of the Agency, either directly or through the Agency or any successor public benefit corporation or political subdivision or any person so executing this Agreement. It is expressly understood that this Agreement is a corporate obligation, and that no such personal liability whatever shall attach to, or is or shall be incurred by, any such member, director, officer, agent, servant or employee of the Agency or of any successor public benefit corporation or political subdivision or any person so executing this Agreement under or by reason of the obligations, covenants or agreements contained in this Agreement or implied therefrom. Any and all such personal liability of, and any and all such rights and claims against, every such member, director, officer, agent, servant or employee under or by reason of the obligations, covenants or agreements contained in this Agreement or implied therefrom are, to the extent permitted by law, expressly waived and released as a condition of, and as a consideration for, the execution of this Agreement.

(b) Limited Obligation. The obligations and agreements of the Agency contained herein shall not constitute or give rise to an obligation of the State of New York or the Municipality, and neither the State of New York nor the Municipality shall be liable thereon. Furthermore, such obligations and agreements shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute limited obligations of the Agency payable solely from the revenues of the Agency derived and to be derived from the lease, sale or other disposition of the Project.

(c) Further Limitation. Notwithstanding any provision of this Agreement to the contrary, the Agency shall not be obligated to take any action pursuant to any provision hereof unless (i) the Agency shall have been requested to do so in writing by the Company and (ii) if compliance with such request is expected to result in the incurrence by the Agency (or any of its members, directors, officers, agents, servants or employees) of any liability, fees, expenses or other costs, the Agency shall have received from the Company security or indemnity satisfactory

to the Agency for protection against all such liability, however remote, and for the reimbursement of all such fees, expenses and other costs.

ARTICLE IV

EVENTS OF DEFAULT

Section 4.01. Events of Default

Any one or more of the following events shall constitute an event of default under this Agreement, and the terms "**Event of Default**" or "**Default**" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure of the Company to pay any amount due and payable by it pursuant to this Agreement or the Lease Agreement and continuance of such failure for a period of ten (10) days after written notice to the Company specifying the nature of such failure and requesting that it be remedied.

(b) Failure of the Company to observe and perform any other covenant, condition or agreement on its part to be observed and performed under this Agreement (other than as referred to in paragraph (a) above) or the Lease Agreement, and continuance of such failure for a period of thirty (30) days after written notice to the Company specifying the nature of such failure and requesting that it be remedied.

(c) Any warranty, representation or other statement by or on behalf of the Company contained in this Agreement or the Lease Agreement shall prove to have been false or incorrect in any material respect on the date when made or on the effective date of this Agreement or the Lease Agreement.

(d) The Company violates any federal, state or local environmental law or allows or causes any Hazardous Materials (as Hazardous Materials is defined and described in any federal, state or local law) to be released at, on, to, into or from the Project Facility, except as permitted by the Lease Agreement or within the terms and conditions of a permit, certificate, license or other written approval of an authorized governmental body, and fails to remedy such violation within thirty (30) days; or if such failure cannot be cured within thirty (30) days, fails to commence a cure

within thirty (30) days and thereafter diligently prosecute the cure thereof.

(e) The occurrence of any Event of Default or Default under this Agreement, the Lease Agreement or any other Project documents.

(f) Failure of the Company to enter into financing for the Project and commence construction of the Project Facility within six months of the date of this Agreement.

The payment schedule contained in Exhibit "B" is for the benefit of the Company and its Project Facility. In the event that the Company defaults hereunder, and the Lease Agreement cannot be terminated, and/or the Agency's participation in the Project and this Agreement is not or cannot be terminated, the Company, or any assignee, or successor shall no longer be entitled to make payments under this Agreement pursuant to Exhibit "B". In such an event, payments shall be made hereunder, for any remaining term of the Project, as if the Project Facility was privately owned and assessed and without any further regard to Exhibit "B".

Section 4.02. <u>Remedies on Company Default</u>

Whenever any Event of Default under Sections 4.01(a), 4.01(b), 4.01(c), 4.01(d), 4.01(e) or 4.01 (f) shall have occurred and be continuing with respect to this Agreement, and/or the Company shall be in default under the Lease Agreement, the Municipality or the Agency may take whatever action at law or in equity, following applicable notice, as may appear necessary or desirable to collect the amount then in default or to enforce the performance and observance of the obligations, agreements and covenants of the Company under this Agreement and/or the Lease Agreement.

Section 4.03. <u>Recording of Lease Terminations and Other Documents</u>

Whenever any Event of Default under Sections 4.01(a), 4.01(b), 4.01(c), 4.01(d), 4.01(e) or 4.01 (f), shall have occurred and be continuing with respect to this Agreement or the Lease Agreement, the Agency may, upon notice to the Company provided for in this Agreement or the Lease Agreement, terminate the Lease Agreement and record such termination or other necessary documents in the Onondaga County Clerk's Office, terminating the Agency's interest in the Project Facility and terminating this Agreement.

The recording of such a termination and any other documentation shall constitute delivery to, and acceptance of such, by the Company. In order to facilitate such a termination, the Company

hereby appoints the Chairman or the Vice Chairman of the Agency as its agent for the purpose of executing and delivering all documents necessary to allow such termination by the Agency.

In the event that the Lease Agreement, for any reason, is extended by its terms, or for any reason this Agreement expires or terminates, but the Agency retains an interest or remains in title to the Project Facility, the Company shall continue to make payments in lieu of taxes to the Municipality for as long as the Agency retains an interest in, or remains in title to, the Project Facility. Those payments shall be the equivalent of the real property taxes that would be due on the Project Facility if it were owned by the Company and not the Agency. It is the intention of the parties hereto, that for so long as the Agency shall possess title to, or an interest in, the Property, the Company, or any permitted successors or assigns, shall make payments in lieu of taxes to the Municipality that are either based upon Exhibit "B", or if Exhibit "B" is no longer applicable for any reason, are the equivalent of the real property taxes that would be due and owing if the Project Facility were privately owned.

Section 4.04. <u>Payment of Attorney's Fees and Expenses</u>

If the Company should default in performing any of its obligations, covenants and agreements under this Agreement and the Agency or the Municipality should employ outside attorneys or incur other third party expenses for the collection of any amounts payable hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Company herein contained, the Company agrees that it will, on demand therefor, pay to the Agency and/or the Municipality the reasonable fees and disbursements of such attorneys and such other reasonable out of pocket expenses so incurred.

Furthermore, should the Company bring a challenge or contest to the assessment on the Project Facility and/or Additional Property during the term of this Agreement, and the Agency and/or the Municipality waives its right to declare a default under this Agreement in regards to such challenge or contest, or such challenge or contest is determined not to be a default of this Agreement by any Court of competent jurisdiction, or such challenge or contest is permitted under this Agreement, the Company agrees that in the event that the Company is unsuccessful in its challenge or contest to the assessment, it will, on demand, pay to the

Agency and/or the Municipality the reasonable fees and disbursements of any outside attorneys employed for the defense of such action as well as such other reasonable out of pocket expenses so incurred.

Section 4.05. Remedies; Waiver and Notice

(a) No Remedy Exclusive. No remedy herein conferred upon or reserved to the Agency is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute.

(b) Delay. No delay or omission in exercising any right or power accruing upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

(c) Notice Not Required. In order to entitle the Agency or the Municipality to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required in this Agreement.

(d) No Waiver. In the event any provision contained in this Agreement should be breached by any party and thereafter duly waived by the other party so empowered to act, such waiver shall be limited to the particular breach so waived and shall not be deemed to be a waiver of any other breach hereunder. No waiver, amendment, release or modification of this Agreement shall be established by conduct, custom or course of dealing.

ARTICLE V
MISCELLANEOUS

Section 5.01. Term of Agreement

(a) General. This Agreement shall become effective and the obligations of the Municipality, the Agency and the Company shall arise absolutely and unconditionally upon the execution and delivery of this Agreement. The Agreement shall terminate on the same date that the Lease Agreement terminates, or on any earlier date permitted under the Lease Agreement. In the

event of a termination of the Agency's interest in the Project Facility, the Company's payments due hereunder shall be pro-rated to the extent necessary to allow the Municipality to issue a supplemental tax bill based upon the Agency's transfer of ownership or control of the Project Facility to the Company, and the loss of the Agency's tax exemption on the said Project Facility.

(b) Conflict. In the event of a conflict between this Agreement or any of its terms on the one hand, and the Lease Agreement or any other Project documents on the other hand, the provisions most favorable to the Agency shall govern. The Agency and the Company agree that the Agency's participation in the Project is for the benefit of the Company and that the Municipality must receive payments from the Company hereunder, during the entire term of this Agreement and/or the Agency's ownership or control of the Project Facility.

Section 5.02. Company Acts

Where the Company is required to do or accomplish any act or thing hereunder, the Company may cause the same to be done or accomplished with the same force and effect as if done or accomplished by the Company.

Section 5.03. Amendment of Agreement

This Agreement may not be amended, changed, modified or altered unless such amendment, change, modification or alteration is in writing and signed by the Municipality, the Agency, and the Company.

Section 5.04. Notices

All notices, certificates or other communications hereunder shall be in writing, shall be sufficiently given, and shall be deemed given when (a) sent to the applicable address stated below by registered or certified mail, return receipt requested, and actually received by the intended recipient or by overnight courier or such other means as shall provide the sender with documentary evidence of such delivery, or (b) delivery is refused by the addressee as evidenced by the affidavit of the person who attempted to effect such delivery. The addresses to which notices, certificates, and other communications hereunder shall be delivered are as follows:

(a) To the Municipality:
City of Syracuse
City Hall, Room 300

233 East Washington Street
Syracuse, New York 13202
Attention: Mayor
Attention: Corporation Counsel

(b) To the Agency:
City of Syracuse Industrial Development Agency
City Hall, Room 300
233 East Washington Street
Syracuse, New York 13202
Attention: Chairman
Attention: Corporation Counsel

(c) To the Company:

The Inns at Armory Square, LLC
c/o RHS Holdings, LLC
202 Walton Street, Suite 204
Syracuse, NY 13202
Attention: Richard Sykes

The Municipality, Agency, and Company may, by notice given hereunder to each of the others, designate any further or different addresses to which the subsequent notices, certificates or other communications to them shall be sent.

Section 5.05. Binding Effect

This Agreement shall inure to the benefit of, and shall be binding upon the Municipality, Agency, and Company, and their respective successors and assigns.

Section 5.06. Severability

If any article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion so adjudged invalid, illegal or unenforceable shall be deemed separate, distinct and independent and the remainder of this Agreement shall be and remain in full force and effect and shall not be invalidated or rendered illegal or unenforceable or otherwise affected by such holding or adjudication.

Section 5.07. Counterparts

This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.08. Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York. Venue of any action or proceeding brought hereunder shall be in the State or Federal Courts located in Onondaga County, New York.

Section 5.09. Assignment

This Agreement may not be assigned by the Company without the prior written consent of the Municipality and the Agency which consent shall not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Municipality, Agency, and Company have caused this Agreement to be executed in their respective names on the date first above written.

[*Signature pages follow*]

Attest

By: _____
John P. Copanas, City Clerk

CITY OF SYRACUSE

By: _____
Stephanie A. Miner, Mayor

STATE OF NEW YORK)
COUNTY OF ONONDAGA) ss.:

On this 9th day of February, 2012, before me personally came Stephanie A. Miner, Mayor of the City of Syracuse, with whom I am personally acquainted, who, being by me duly sworn, did depose and say: that she resides in the City of Syracuse, New York; that she is Mayor of the City of Syracuse, the corporation described in and which executed the within instrument; that she knows the corporate seal of said City of Syracuse and it was so affixed pursuant to the Charter of the City and that she signed said instrument as Mayor of said City of Syracuse by like authority; and the said Stephanie A. Miner further says that she is acquainted with John P. Copanas and knows him to be the City Clerk of said City of Syracuse and that the signature of John P. Copanas was hereto subscribed pursuant to said Charter and in the presence of her, the said Stephanie A. Miner, Mayor.

CATHERINE E. CARNRIKE
Notary Public, State of New York
No. 02CA6112791
Qualified in Onondaga County
Commission Expires July 12, 2012

Catherine E. Carnrike
Notary Public

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
William M. Ryan, Chairman

STATE OF NEW YORK)
COUNTY OF ONONDAGA) ss:

On the 23rd day of February, 2012, before me the undersigned, a Notary Public in and for said state, personally appeared William M. Ryan, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or he person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

LORI L. McROBBIE
Notary Public, State of New York
Qualified in Onondaga Co. No. 01MC5055591
Commission Expires on Feb. 12, 2014

THE INNS AT ARMORY SQUARE, LLC

By:_____

Richard H. Sykes,
Manager

STATE OF NEW YORK)
COUNTY OF ONONDAGA) ss:

On the 24 day of February, in the year 2012, before me the undersigned, a notary public in and for said state, personally appeared Richard H. Sykes, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or he person upon behalf of which the individual acted, executed the instrument.

Edward J. Moses
Notary Public

EDWARD J. MOSES
Notary Public, State of New York
No. 34-8034924
Qualified in Onondaga County
Commission Expires Sept. 30, 2014

ACKNOWLEDGEMENT BY

THE INNS AT ARMORY SQUARE, LLC

The Inns at Armory Square, LLC, (the *"Company")* hereby acknowledges receipt and review of this Agreement, and consents to, and approves of, the terms and provisions contained herein.

IN WITNESS WHEREOF, the Limited Liability Company has caused this Acknowledgment to be executed in its name by its duly authorized representative, dated as of February 24, 2012.

THE INNS AT ARMORY SQUARE, LLC
By:_____
Richard H. Sykes
Manager

STATE OF NEW YORK)
COUNTY OF ONONDAGA) ss:

On the 24 day of February, in the year 2012, before me the undersigned, a notary public in and for said state, personally appeared Richard H. Sykes, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual or he person upon behalf of which the individual acted, executed the instrument.

Edward J. Moses
Notary Public

EDWARD J. MOSES
Notary Public, State of New York
No. 34-8034924
Qualified in Onondaga County
Commission Expires Sept. 30, 2014

EXHIBIT "A"

D. W. HANNIG L. S., P.C.
SURVEYORS - PLANNERS - CONSULTANTS
THE MARKET PLACE BUILDING #1
MANLIUS, NEW YORK 13104
PHONE: (315) 682-5225 - FAX: (315) 682-7774

LEGAL DESCRIPTION

PROPOSED DESCRIPTION OF A LOT 1 WEST FAYETTE STREET SUBDIVISION, CITY OF SYRACUSE, ONONDAGA COUNTY, NEW YORK.

BEGINNING AT A POINT, said point being the intersection of the northerly line of West Fayette Street and the westerly line of South Franklin Street.

THENCE North 89 degrees 44 minutes 00 seconds West for a distance of 361.65 feet along the northerly line of West Fayette Street to a point;
THENCE North 00 degrees 09 minutes 30 seconds West for a distance of 120.21 feet to a point;
THENCE South 89 degrees 35 minutes 52 seconds East for a distance of 89.08 feet to a point;
THENCE North 00 degrees 16 minutes 00 seconds East for a distance of 12.00 feet to a point;
THENCE South 89 degrees 44 minutes 00 seconds East for a distance of 10.37 feet to a point;
THENCE North 00 degrees 05 minutes 00 seconds East for a distance of 20.42 feet to a point;
THENCE South 89 degrees 44 minutes 00 seconds East for a distance of 262.00 feet to a point;
THENCE South 00 degrees 05 minutes 00 seconds West for a distance of 152.42 feet **TO THE POINT AND PLACE OF BEGINNING.**

Together with and subject to covenants, easements, and restrictions of record.

Said property contains 1.27 Acres (55,406 Sq. Ft.) more or less.

J058873 – ARC 5-29-08

EXHIBIT "B"

THE INNS AT ARMORY SQUARE, LLC PILOT Schedule		
Year	Assessment	Payment
1	$1,440,900 x tax rate*	-
2	$1,440,900 x tax rate	-
3	$1,440,900 x tax rate	-
4	$1,440,900 x tax rate	-
5	$1,440,900 x tax rate	-
6	$1,440,900 x tax rate	-
7	$1,440,900 x tax rate	-
8	$1,440,900 x tax rate	-
9	$1,440,900 x tax rate	-
10	$1,440,900 x tax rate	-
11	$1,440,900 x tax rate	-
12	$1,440,900 x tax rate	-
13	$1,440,900 x tax rate	-
14	$1,440,900 x tax rate	-
15	$1,440,900 x tax rate	-
16	$1,440,900 x tax rate = plus (full assessment minus $1,440,900) x .25 x taxrate	-
17	$1,440,900 x tax rate = plus (full assessment minus $1,440,900) x .50 x taxrate	-
18	$1,440,900 x tax rate = plus (full assessment minus $1,440,900) x .75 x taxrate	-

*tax rate = Combined Syracuse City, County, School District and Water District Real Property Tax Rate in effect for each year, or portion thereof, covered by the Agreement

City of Syracuse

CITY CLERK'S OFFICE

I, JOHN P. COPANAS, City Clerk of the City of Syracuse, New York do hereby certify that the attached is a true copy of an ORDINANCE:

Adopted by the Common Council on August 18, 2008

Approved by the Mayor on August 18, 2008

John P. Copanas
City Clerk

TO:

Mayor
Assessment Commissioner
Aviation Commissioner
Board of Elections
Bureau of Accounts
Citizen Review Board
City Auditor
City School District
Code Enforcement
Community Development Comm.
Community Services
Corporation Counsel
Development Director
Department of Engineering
Governor of New York State
New York State Senate
New York State Assembly
New York State Senator
New York State Assembly person

Management & Budget Director
Parks & Recreation Commissioner
Personnel & Labor Relations Dir.
Police Chief
Public Works Commissioner
Public Works/Bookkeeper
Purchase Department
Real Estate Division
Research Director
Water Department
Zoning Administration
United States Senator
United States Congressperson
Finance Commissioner
Finance/Treasury
Finance (Water Bureau)
Fire Chief
Grants Management Director
Onondaga County Legislature

Ordinance No. 448 2008

ORDINANCE AUTHORIZING AN AGREEMENT BETWEEN THE CITY OF SYRACUSE, THE CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY AND INNS AT ARMORY SQUARE, LLC, FOR ANNUAL PAYMENTS IN LIEU OF TAXES WITH RESPECT TO THE PROPERTY LOCATED AT 300-332 WEST FAYETTE STREET, SYRACUSE, NEW YORK AND 334-344 WEST FAYETTE STREET, SYRACUSE, NEW YORK

BE IT ORDAINED, that the Mayor, on behalf of the City of Syracuse, be and he is hereby authorized to enter into a Payment in Lieu of Tax Agreement (the "*Agreement*") with the City of Syracuse Industrial Development Agency (*"SIDA"*) and Inns at Armory Square, LLC, (the *"Company"*) covering the property located at 300 West Fayette, Syracuse, New York and 334-344 West Fayette Street, Syracuse, New York; with payments under the Agreement to be made pursuant to the attached Exhibit "B"; and

BE IT FURTHER ORDAINED, that the Agreement shall contain those terms and conditions that shall be determined by the Corporation Counsel to be in the best interest of the City of Syracuse, and that payments made thereunder will be shared with Onondaga County in the same proportion that real property tax revenues are shared.

EXHIBIT " B "

PILOT SCHEDULE

Year	Assessment	Payment
1	$ 1,440,900 x *tax rate =	
2	$ 1,440,900 x tax rate =	
3	$ 1,440,900 x tax rate =	
4	$ 1,440,900 x tax rate =	
5	$ 1,440,900 x tax rate =	
6	$ 1,440,900 x tax rate =	
7	$ 1,440,900 x tax rate =	
8	$ 1,440,900 x tax rate =	
9	$ 1,440,900 x tax rate =	
10	$ 1,440,900 x tax rate =	
11	$ 1,440,900 x tax rate =	
12	$ 1,440,900 x tax rate =	
13	$ 1,440,900 x tax rate =	
14	$ 1,440,900 x tax rate =	
15	$ 1,440,900 x tax rate =	
16	$ 1,440,900 x tax rate = plus (full assessment minus $1,440,900) x .25 x tax rate =	
17	$ 1,440,900 x tax rate = plus (full assessment minus $1,440,900) x .50 x tax rate =	
18	$ 1,440,900 x tax rate = plus (full assessment minus $1,440,900) x .75 x tax rate =	

* tax rate – is the Combined Syracuse City, County, School District and Water District Real Property Tax Rate in effect for each year, or portion thereof, covered by the Agreement.

NYS DEPARTMENT OF TAXATION & FINANCE
OFFICE OF REAL PROPERTY TAX SERVICES

RP-412-a (1/95)

INDUSTRIAL DEVELOPMENT AGENCIES
APPLICATION FOR REAL PROPERTY TAX EXEMPTION
(Real Property Tax Law, Section 412-a and General Municipal Law, Section 874)

1. INDUSTRIAL DEVELOPMENT AGENCY (IDA)

Name CityofSyracuse Industrial Development Agency
Street 333 West Washington Street, Suite 130
City Syracuse
Telephone no. Day (315)448-8100
Evening ( )
Contact Ben Walsh
Title Executive Director

2. OCCUPANT (IF OTHER THAN IDA)
(If more than one occupant attach separate listing)

Name The Inns At Armory Square, LLC
Street 202 Walton Street, Suite 204
City Syracuse
Telephone no. Day (315 442-5946
Evening ( )
Contact Richard H. Sykes
Title Manager

3. DESCRIPTION OF PARCEL

a. Assessment roll description (tax map no.,/roll year) 104.-29-03.0 and 104.-29-04.1
b. Street address 300-332 Fayette St. W. & Franklin St. and 334-344 Fayette St. W.
c. City, Town or Village Syracuse
d. School District Syracuse
e. County Onondaga
f. Current assessment $1,129,000 & $277,900
g. Deed to IDA (date recorded; liber and page) N/A - straight lease transaction

4. GENERAL DESCRIPTION OF PROPERTY (if necessary, attach plans or specifications)

a. Brief description (include property use) seven story building for use as a hotel and conference center
b. Type of construction Brick, stone, masonry
c. Square footage 130,000
d. Total cost $28,746,000
e. Date construction commenced N/A
f. Projected expiration of exemption (i.e. date when property is no longer possessed, controlled, supervised or under the jurisdiction of IDA) 2031

5. SUMMARIZE AGREEMENT (IF ANY) AND METHOD TO BE USED FOR PAYMENTS TO BE MADE TO MUNICIPALITY REGARDLESS OF STATUTORY EXEMPTION
(Attach copy of the agreement or extract of the terms relating to the project).

a. Formula for payment See attached PILOT Agreement

b. Projected expiration date of agreement 6/30/31

c. Municipal corporations to which payments will be made

	Yes	No
County Onondaga	☑	☐
Town/City Syracuse	☑	☐
Village	☐	☑
School District	☐	☑

d. Person or entity responsible for payment

Name The Inns at Armory Square, LLC
Title
Address 202 Walton St., Suite 204
Syracuse, NY 13202

e. Is the IDA the owner of the property? ☐ Yes ☑ No (check one)
If "No" identify owner and explain IDA rights or interest in an attached statement. Owner - The Inns At Armory Square, LLC leasehold interest
Telephone (315) 442-5946

6. Is the property receiving or has the property ever received any other exemption from real property taxation? (check one) ☐ Yes ☑ No

If yes, list the statutory exemption reference and assessment roll year on which granted:
exemption _____ assessment roll year _____

7. A copy of this application, including all attachments, has been mailed or delivered on _____ (date) to the chief executive official of each municipality within which the project is located as indicated in Item 3.

CERTIFICATION

I, William M. Ryan (Name), Chairman (Title) of City of Syracuse Industrial Development Agency (Organization) hereby certify that the information on this application and accompanying papers constitutes a true statement of facts.

February 24, 2012
Date

Signature

FOR USE BY ASSESSOR

1. Date application filed _____
2. Applicable taxable status date _____
3a. Agreement (or extract) date _____
3b. Projected exemption expiration (year) _____
4. Assessed valuation of parcel in first year of exemption $ _____
5. Special assessments and special as valorem levies for which the parcel is liable:

_____

_____

Date

Assessor's signature

Mary Anne Doherty
Corporation Counsel

Joseph W. Barry, III
First Assistant Corporation Counsel

James P. McGinty
Senior Assistant Corporation Counsel

Joseph Francis Bergh
Catherine E. Carnrike
Joseph R. H. Doyle
Thomas R. Babilon
Meghan McLees Craner
Shannon T. O'Connor
Shannon M. Jones
Meghan S. Gaffey
Aimee M. Paquette
Derrek T. Thomas
Ann Magnarelli Alexander

OFFICE OF THE CORPORATION COUNSEL

Stephanie A. Miner, Mayor

March 2, 2012

Via inter-office delivery

Mayor Stephanie Miner
City Hall
Office of the Mayor
Syracuse, NY 13202

RE: PILOT Agreement for 300-332 W. Fayette Street and 334-344 W. Fayette Street, Syracuse, NY

Dear Mayor,

Pursuant to NY RPTL § 412-a please find enclosed your copy of the PILOT agreement for the above referenced property. RPTL § 412-a requires that a copy of any PILOT be provided to the County Executive and the Mayor prior to its filing with the Department of Assessment.

Thank you for your time and consideration in this matter.

Sincerely,

Meghan S. Gaffey
Assistant Corporation Counsel

Mary Anne Doherty
Corporation Counsel

Joseph W. Barry, III
First Assistant Corporation Counsel

James P. McGinty
Senior Assistant Corporation Counsel

Joseph Francis Bergh
Catherine E. Carnrike
Joseph R. H. Doyle
Thomas R. Babilon
Meghan McLees Craner
Shannon T. O'Connor
Shannon M. Jones
Meghan S. Gaffey
Aimee M. Paquette
Derrek T. Thomas
Ann Magnarelli Alexander

OFFICE OF THE CORPORATION COUNSEL

Stephanie A. Miner, Mayor

March 2, 2012

Joanne M. Mahoney, County Executive
Office of the County Executive
John H. Mulroy Civic Center, 14th Floor
Syracuse, NY 13202

RE: PILOT Agreement for 300-332 W. Fayette Street and 334-344 W. Fayette Street, Syracuse, NY

Dear Ms. Mahoney,

Pursuant to NY RPTL § 412-a please find enclosed your copy of the PILOT agreement for the above referenced property. RPTL § 412-a requires that a copy of any PILOT be provided to the County Executive and the Mayor prior to its filing with the Department of Assessment.

Thank you for your time and consideration in this matter.

Sincerely,

Meghan S. Gaffey
Assistant Corporation Counsel

City of Syracuse
Industrial Development Agency
333 West Washington Street, Suite 130
Syracuse, New York 13202
Tel (315) 473-3275 Fax (315) 435-3669

February 24, 2012

The Inns at Armory Square, LLC
202 Walton Street, Suite 204
Syracuse, New York 13202
Attn: Richard H. Sykes

Re: City of Syracuse Industrial Development Agency
The Inns at Armory Square, LLC Project
Sales Tax Exemption Letter

Dear Mr. Sykes:

Pursuant to a resolution duly adopted on July 26, 2011, the City of Syracuse Industrial Development Agency (the "***Agency***") appointed The Inns at Armory Square, LLC (the "***Company***") the true and lawful agent of the Agency to undertake a project (the "***Project***") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-332 and 334-344 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of a grant in an amount not to exceed $500,000 from certain funds allocated to the Agency from the Empire State Development Corporation (the "***Grant***") as well as exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement.

This appointment includes, and this letter evidences, authority to purchase on behalf of the Agency all materials to be incorporated into and made an integral part of the Project Facility and the following activities as they relate to any renovation, improvement and equipping of any of any buildings, whether or not any materials, equipment or supplies described below are incorporated into or become an integral part of such buildings: (1) all purchases, leases, rentals and other uses of tools, machinery and equipment in connection with construction, improvement and equipping; (2) all purchases, rentals, uses or consumption of supplies, materials, utilities and services of every kind and description used in connection with construction, improvement and equipping; and (3) all purchases, leases, rentals and uses of equipment, machinery and other tangible personal property (including installation costs), installed or placed in, upon or under such building or facility, including all repairs and replacements of such property, and with respect to such specific purchases or rentals, are exempt from any sales or use tax imposed by the State of New York or any governmental instrumentality located within the State of New York.

This agency appointment includes the power to delegate such agency, in whole or in part to agents, subagents, contractors, subcontractors, contractors and subcontractors of such agents and subagents, and to such other parties as the Company chooses. The Company hereby agrees to complete "IDA Appointment of Project Operator or Agent for Sales Tax Purposes" (Form ST-60) for itself and each agent, subagent, contractor, subcontractor, contractors or subcontractors of such agents and subagents, and to such other parties as the Company chooses who provide materials, equipment, supplies or services and deliver said form to the Agency within fifteen (15) days of appointment such that the Agency can execute and deliver said form to the State Department of Taxation and Finance within thirty (30) days of appointment.

In exercising this agency appointment, the Company, its agents, subagents, contractors and subcontractors should give the supplier or vender a copy of this letter to show that the Company, its agents, subagents, contractors and subcontractors are each acting as agent for the Agency. The supplier or vendor should identify the Project Facility on each bill or invoice and indicate thereon which of the Company, its agents, subagents, contractors and subcontractors acted as agent for the Agency in making the purchase.

In order to be entitled to use this exemption, you or your contractor should present to the supplier or other vendor of materials for the Project Facility, a completed "Contractor Exempt Purchase Certificate" (Form ST-120.1), checking box "(a)". You should give the supplier or vendor a copy of this letter to show that you (or the contractor) are acting as agent for the Agency in making the purchase. A copy of this letter retained by any vendor or seller may be accepted by such vendor or seller as a "statement and additional documentary evidence of such exemption" as provided by New York Tax Law §1132(1)(ii), thereby relieving such vendor or seller from the obligation to collect sales and use tax with respect to the construction, installation and equipping of the Project Facility.

In addition, General Municipal Law §874(8) requires you to file an Annual Statement with the New York State Department of Taxation and Finance on "Annual Report of Sales and Use Tax Exemptions" (Form St-340) regarding the value of sales and use tax exemptions you, your agents, consultants or subcontractors have claimed pursuant to the agency we have

conferred on you with respect to this project. The penalty for failure to file such statement is the removal of your authority to act as our agent.

The agency created by this letter is limited to the Project Facility, and will expire on **May 1, 2013**. You may apply to extend this agency authority by showing good cause.

This letter is provided for the sole purpose of securing exemption from New York State Sales and Use Taxes **for this project only**. No other principal/agent relationship is intended or may be implied or inferred by this letter.

The Agency shall not be liable, either directly or indirectly or contingently, upon any such contract, agreement, invoice, bill or purchase order in any manner and to any extent whatsoever (including payment or performance obligations), and the Company shall be the sole party liable thereunder. By acceptance of this letter, the vendor hereby acknowledges the limitations on liability described herein.

(SIGNATURE PAGE TO FOLLOW)

Very truly yours,

CITY OF SYRACUSE INDUSTRIAL
DEVELOPMENT AGENCY

By: _____
William M. Ryan, Chairman

HISCOCK & BARCLAY LLP

SUSAN R. KATZOFF
PARTNER

ONE PARK PLACE
300 SOUTH STATE STREET
SYRACUSE, NEW YORK 13202
T 315.425.2700 • F 315.425.2701

DIRECT DIAL 315.425.2880
DIRECT FAX 315.425.8597
SKATZOFF@HBLAW.COM

March 1, 2012

RECEIVED
NEW YORK STATE
Department of Taxation and Finance
MAR - 5 2012
MISCELLANEOUS TAX
RETURNS PROCESSING SECTION

New York State Tax Department
IDA Unit
Building 8, Room 738
W.A. Harriman Campus
Albany, New York 12227

Re: IDA Appointment of Project Operator or Agent for Sales Tax Purposes
City of Syracuse Industrial Development Agency
The Inns at Armory Square, LLC

Dear Ladies and Gentlemen:

Enclosed for filing on behalf of the City of Syracuse Industrial Development Agency, please find a form ST-60 in connection with the appointment by the IDA of The Inns at Armory Square, LLC as its agent for sales tax purposes in connection with the IDA project identified therein.

Please acknowledge receipt of the enclosed by date stamping the copy of this letter enclosed herewith and returning it in the postage-paid envelope provided.

Please do not hesitate to contact me with any questions.

Very truly yours,

COPY

Susan R. Katzoff

SRK:llm
Enclosure

New York State Department of Taxation and Finance

IDA Appointment of Project Operator or Agent

For Sales Tax Purposes

ST-60 (2/11)

The industrial development agency or authority (IDA) **must** submit this form within 30 days of the appointment of a project operator or agent, whether appointed directly by the IDA or indirectly by the operator or another agent.

For IDA use only

Name of IDA: City of Syracuse Industrial Development Agency	IDA project number (use OSC numbering system for projects after 1998):
Street address: 333 West Washington Street, Suite 130	Telephone number: (315) 448-8005
City: Syracuse	State: NY; ZIP code: 13202
Name of IDA project operator or agent: The Inns at Armory Square, LLC	Mark an X in the box if directly appointed by the IDA: [X]; Employer identification or social security number: 26-3024938
Street address: 202 Walton Street, Suite 204	Telephone number: (315) 442-5947; Primary operator or agent? [X] Yes [ ] No
City: Syracuse	State: NY; ZIP code: 13202
Name of project: The Inns at Armory Square, LLC Project	Purpose of project *(see instructions)*: other-commercial
Street address of project site: 300-332 and 334-344 West Fayette Street	
City: Syracuse	State: NY; ZIP code: 13202

Description of goods and services intended to be exempted from sales and use taxes

building materials, equipment, fixtures and furnishings installed in the Project Facility

Date project operator or agent appointed *(mm/dd/yy)* 02/24/12	Date project operator or agent status ends *(mm/dd/yy)* 05/01/13	Mark an X in the box if this is an extension to an original project: [ ]

Estimated value of goods and services to be exempted from sales and use taxes as a result of the project's designation as an IDA project:

$23,000,000

Certification: I certify that the above statements are true, complete, and correct, and that no material information has been omitted. I make these statements with the knowledge that willfully providing false or fraudulent information with this document may constitute a felony or other crime under New York State Law, punishable by a substantial fine and possible jail sentence. I also understand that the Tax Department is authorized to investigate the validity of any information entered on this document.

Print name of officer or employee signing on behalf of the IDA: William M. Ryan	Print title: Chairman		
Signature:		Date: 02-25-2012	Telephone number: (315) 448-8005

Instructions

Filing requirements

An IDA must file this form within 30 days of the date the IDA appoints any project operator or other person as agent of the IDA, for purposes of extending any sales and compensating use tax exemptions.

The IDA must file a separate form for each person it appoints as agent, whether directly or indirectly, and regardless of whether the person is the primary project operator or agent. If the IDA authorizes a project operator or agent to appoint other persons as agent of the IDA, the operator or agent making such an appointment must advise the IDA that it has done so, so that the IDA can file a form within 30 days of the date of the new agent's appointment. The IDA should not file this form for a person hired to work on an IDA project if that person is not appointed as agent of the IDA. The IDA need not file this form if the IDA does not extend any sales or use tax exemption benefits for the project.

If an IDA modifies a project, such as by extending it beyond its original completion date, or by increasing or decreasing the amount of sales and use tax exemption benefits authorized for the project, the IDA must, within 30 days of the change, file a new form with the new information.

If an IDA revokes or cancels the appointment of an agent, or if a form it filed is not valid for any reason, the IDA must send a letter to the address below for filing this form, indicating that it has done so or that the previously filed form is no longer valid, and the effective date of the change. It should attach to the letter a copy of the form it originally filed. The IDA need not send a letter for a form that is not valid merely because the "Completion date of project" has passed.

Purpose of project

For *Purpose of project*, enter one of the following:

- Services
- Agriculture, forestry, fishing
- Finance, insurance, real estate
- Transportation, communication, electric, gas, sanitary services
- Construction
- Wholesale trade
- Retail trade
- Manufacturing
- Other (specify)

Mailing instructions

Mail completed form to:

NYS TAX DEPARTMENT
IDA UNIT
W A HARRIMAN CAMPUS
ALBANY NY 12227

Privacy notification

The Commissioner of Taxation and Finance may collect and maintain personal information pursuant to the New York State Tax Law, including but not limited to, sections 5-a, 171, 171-a, 287, 308, 429, 475, 505, 697, 1096, 1142, and 1415 of that Law; and may require disclosure of social security numbers pursuant to 42 USC 405(c)(2)(C)(i).

This information will be used to determine and administer tax liabilities and, when authorized by law, for certain tax offset and exchange of tax information programs as well as for any other lawful purpose.

Information concerning quarterly wages paid to employees is provided to certain state agencies for purposes of fraud prevention, support enforcement, evaluation of the effectiveness of certain employment and training programs and other purposes authorized by law.

Failure to provide the required information may subject you to civil or criminal penalties, or both, under the Tax Law.

This information is maintained by the Manager of Document Management, NYS Tax Department, W A Harriman Campus, Albany NY 12227; telephone (518) 457-5181.

Need help?

Internet access: *www.tax.ny.gov* (for information, forms, and publications)

Sales Tax Information Center: (518) 485-2889

To order forms and publications: (518) 457-5431

Text Telephone (TTY) Hotline (for persons with hearing and speech disabilities using a TTY): (518) 485-5082

BILL OF SALE TO AGENCY

THE INNS AT ARMORY SQUARE, LLC, a New York limited liability company with an address at 202 Walton Street, Suite 204, Syracuse, New York 13202 (the "***Company***"), for the consideration of One Dollar ($1.00), cash in hand paid, and other good and valuable consideration received by the Company from the City of Syracuse Industrial Development Agency, a public benefit corporation organized and existing pursuant to the laws of the State of New York (the "***Agency***"), having its office at 333 West Washington Street, Suite 130, Syracuse, New York 13202, the receipt of which is hereby acknowledged by the Company, hereby sells, transfers, and delivers unto the Agency, its successors and assigns, all those materials, machinery, equipment, fixtures and furnishings now owned or hereafter acquired by the Company in connection with the Project Facility, as described in the Agency Lease Agreement entered into between the Agency and the Company dated as of February 1, 2012 (the "***Agency Lease***"), and as listed on "**Exhibit A**" attached hereto.

TO HAVE AND HOLD the same unto the Agency, its successors and assigns, forever.

The Company hereby represents and warrants that it is the true and lawful owner of the personal property being conveyed hereby, that all of the foregoing are free and clear of all liens, security interests, and encumbrances, except for Permitted Encumbrances, as defined in the Agency Lease, and that the Company has the right to sell the same as aforesaid; and the Company covenants that it will warrant and defend title to the same for the benefit of the Agency and its successors and assigns against the claims and demands of all persons.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its duly authorized representative on this 24th day of February, 2012.

THE INNS AT ARMORY SQUARE, LLC

By: _____
Richard H. Sykes, Manager

EXHIBIT "A"

DESCRIPTION OF THE EQUIPMENT

All articles of personal property, all machinery, apparatus, equipment, appliances, floor coverings, furniture, furnishings, supplies, materials, fittings and fixtures of every kind and nature whatsoever and all appurtenances acquired by **THE INNS AT ARMORY SQUARE, LLC** (the "***Company***") now or hereafter attached to, contained in or used or acquired in connection with the Project Facility (as defined in the Agency Lease or placed on any part thereof, though not attached thereto, including, but not limited to, pipes, screens, fixtures, heating, lighting, plumbing, ventilation, air conditioning, compacting and elevator plants, call systems, stoves, ranges, refrigerators and other lunch room/kitchen facilities, rugs, movable partitions, cleaning equipment, maintenance equipment, shelving, flagpoles, signs, waste containers, outdoor benches, drapes, blinds and accessories, sprinkler systems and other fire prevention and extinguishing apparatus aid materials, motors, machinery; and together with any and all products of any of the above, all substitutions, replacements, additions or accessions therefor, and any and all cash proceeds or non-cash proceeds realized from the sale, transfer or conversion of any of the above.

GRANT AGREEMENT
Inns at Armory Square Project

All capitalized terms used herein with respect to this Grant Agreement and not otherwise defined herein shall have the meanings ascribed thereto in the Table of Definitions at Exhibit "C" of the Agency Lease Agreement.

This Grant Agreement is made this 24th day of February 2012 (the "***Agreement***"), by and between the **City of Syracuse Industrial Development Agency,** a body corporate and politic and a public instrumentality of the State of New York, having its office at 333 West Washington Street, Suite 130, Syracuse, New York 13202 (the "***Agency***" or the "***Grantor***"), and **The Inns at Armory Square, LLC**, a New York limited liability company having its office at 202 Walton Street, Suite 204, Syracuse, New York 13202 (the ***"Company"*** or the "***Grantee"***).

WITNESSETH:

WHEREAS, by resolutions duly adopted on July 26, 2011 and December 20, 2011 (the "***Resolutions***"), the members of the Grantor approved funding for a certain Project consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-332 and 334-344 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of a grant in an amount not to exceed $500,000 from certain funds allocated to the Grantor from the Empire State Development Corporation (the "***Grant***") as well as exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Grantee or its designee as an agent of the Grantor in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Grantor pursuant to a lease agreement and the sublease of the Project Facility back to the Grantee pursuant to a sublease agreement; and

WHEREAS, the Grantor is a party to a certain Empire Opportunity Fund Capital Grant Agreement (the "***Grant Agreement"***) with the New York State Urban Development Corporation d/b/a Empire State Development Corporation (***"ESDC"***); and

WHEREAS, the Grant Agreement was premised upon an application that was prepared and submitted to ESDC by the Grantor based upon information provided by Grantee, as same may be amended or modified from time to time (the ***"Application"***); and

WHEREAS, pursuant to the Grant Agreement, ESDC has agreed to provide funding up to $500,000 to the Grantor in connection with the acquisition of the Land all in accordance with the terms of the Grant Agreement; and

WHEREAS, the Agency's granting of the Grant in connection with the Project will assist the Agency in promoting, attracting and developing economically sound commerce and

industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration in the City;

NOW, THEREFORE, the parties do hereby agree as follows:

TERMS AND CONDITIONS

1. The Project

The Grantee shall complete the Project as set forth in Exhibit A attached hereto as the same has changed and evolved since December 16, 2010.

2. Employment Goals & Reporting

(a) The Grantee represented in its application to the Grantor that the Project is anticipated to create 200 construction jobs and 100 full and part time permanent jobs once completed. Prior to the Grantor disbursing the Grant funds as provided in Exhibit B, the Grantee agrees to provide the Grantor a list, substantiated by documentation satisfactory to the Grantor, demonstrating the number of employees hired by Grantee and others to work on or at the Project for the previous 12 month period with an indication of whether the employee is temporary, permanent, part time or full time (the "***Employment Report***").

(b) Following the disbursement of Grant proceeds hereunder, Grantee shall submit to Grantor, on or before January 31 of each year during the term of the Agency Lease, the Employment Report.

3. Conditions Precedent to Disbursement of the Grant

No Grant funds shall be disbursed unless the Grantee is in compliance with the Terms and Conditions of this Agreement, including, but not limited to, Exhibit B (Disbursement Terms), and the following conditions have been satisfied:

(a) The Grantor has received an opinion of Grantee's counsel, in substantially the form appended to this Agreement as Exhibit C.

(b) Any necessary approval has been issued by the Director of the Budget of the State of New York, and the Grant funds have actually been received by Grantor from ESDC.

(c) Grantee has paid, or caused to be paid, the ESDC commitment/administrative fee, plus out-of-pocket expenses incurred by ESDC in the making of the Grant to the Grantor, if any, and any administrative fees owed to the Grantor, as set forth in Exhibit B.

(d) There has been no material adverse change in the financial condition of the Grantee since December 1, 2010.

(e) Grantor has actually received sufficient monies from ESDC under the terms of the Grant Agreement.

4. **Disbursement Terms**

Subject to the terms and conditions contained in this Agreement, Grantor shall disburse the Grant to the Grantee as follows:

(a) Grantor shall reimburse the Grantee for Project expenditures incurred by the Grantee as set forth in Exhibit B to this Agreement and in accordance with the terms hereof. Disbursements will be made upon submittal to Grantor of a Payment Requisition Form, together with such supporting documentation as Grantor may reasonably require, in the form attached to this agreement as Exhibit D including its attachments. Notwithstanding anything herein to the contrary, Grantor shall not be obligated to disburse any funds to Grantee unless and until Grantor actually receives same from ESDC.

(b) In no event will Grantor make any payment which would cause Grantor's aggregate disbursements to exceed the Grant Amount, or the funds actually received by Grantor from ESDC.

5. **Non Discrimination and Affirmative Action**

The Grantee will comply with ESDC's Non-Discrimination and Affirmative Action policies set forth in Exhibit E to this Agreement.

6. **No Liability**

Grantor shall not in any event whatsoever be liable for any injury or damage, cost or expense of any nature whatsoever that occurs as a result of or in any way in connection with the Project of this Agreement; and the Grantee hereby agrees to hold the Grantor, its agents, employees, successors and assigns harmless from any and all claims, demands, causes of action, administrative action, judgment, costs or expenses (including, but not limited to reasonable attorney fees) that may be asserted against the Grantor with regard to the Financial Assistance provided by the Grantor to the Project.

7. **Representations, Warranties and Covenants**

The Grantee represents, warrants and covenants that:

(a) It has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

(b) This Agreement was duly authorized, executed and delivered by the Grantee and is binding and enforceable against the Grantee in accordance with its terms.

(c) It is a duly organized limited liability company, validly existing and in good standing under the laws of New York State, has the corporate power and authority to own its assets and to transact the business in which it is now engaged or proposed to be engaged.

(d) There are no actions, suits or proceedings or, to the knowledge of Grantee,

threatened against, or affecting Grantee before any court governmental entity or arbitrator, which may, in any one case or in the aggregate, materially adversely affect the financial condition, operations, properties or business of the Grantee.

(e) Grantee is in compliance and shall continue to comply in all material respects with all material applicable laws, rules, regulations and orders.

(f) The information contained in the Application submitted by the Grantor to ESDC in connection with the Project and the ESDC Grant is incorporated herein by reference in its entirety. The Grantee hereby acknowledges that ESDC has relied on the statements and representations made by the Grantor in the Application in making the ESDC Grant. The Grantee further acknowledges that the Grantor relied upon information and representations made by the Grantee in completing and submitting the Application and hereby represents and warrants that it made no material misstatements or omission of facts in conjunction therewith and, except as otherwise disclosed in writing to the Grantor, there has been no adverse material change in the financial condition of Grantee from the date of submission of the Application to the date hereof and that all other the information contained in the Application continues on the date hereof to be materially correct and complete.

(g) The Grantee covenants that it will neither hold itself out as, nor claim to be an officer, employee, agent or representative of ESDC or the State by reason hereof, and that it will not by reason thereof, make any claim, demand or application for any right or privilege applicable to an officer, employee, agent or representative of ESDC or the State, including without limitation, worker's compensation coverage, unemployment insurance benefits, social security coverage or retirement membership or credit.

(h) The Grantee has not given anything of value to influence any official act or the judgment of any person in the award of the ESDC Grant or the Grant or the performance of any of the terms of this Agreement.

(i) Grantee shall maintain business operations at the Project location for the term of this agreement.

(j) The Grant shall be used solely for Project expenses in accordance with the terms and conditions of this Agreement.

(k) The Grantee is solely responsible and has sufficient funding for all Project costs in excess of the Grant.

(l) Grantee will use ESDC Grant, and submit payment requisitions, exclusively for eligible expenses related to capital works or purposes in accordance with IRS rules and regulations relating to ESDC's bonds and in accordance with the New York Debt Reform Act. Grantee acknowledges that Grant funds must be used solely for authorized capital purposes and not for operating expenses or other working capital items or non-capital purposes, irrespective of whether the funds are still used for the benefit of the Project. Grantee acknowledges that the consequences of breaching this covenant could result in violations of state law and/or large bond issuances being treated as taxable instead of tax exempt for federal and state tax purposes, loss of certain federal subsidies to New York State (the "State"), adverse ratings changes for such bonds, and disproportionate negative financial consequences to the State and bondholders. Grantee recognizes its financial obligations, risks and liabilities for breach of this covenant. ESDC may, from time to time, request information from Grantee either directly or through

Grantor, to confirm its compliance with this covenant and Grantee acknowledges its obligation to provide information upon request to either Grantor or ESDC.

8. **Default and Remedies**

(a) Each of the following shall constitute a default by the Grantee under this Agreement:

(i) Failure to perform or observe any obligation or covenant of the Grantee contained herein to the reasonable satisfaction of Grantor and within the time frames established under this Agreement.

(ii) Failure to comply with any request for information reasonably made by Grantor or ESDC to determine compliance by the Grantee with the terms of this Agreement or otherwise reasonably requested by Grantor in connection with the Grant.

(iii) The making by the Grantee of any false statement or the omission by the Grantee to state any material fact in or in connection with this Agreement or the ESDC Grant or the Grant.

(iv) Any manifestation, on the part of the Grantee, of an intention either: (x) to terminate and/or (y) to restructure, under the terms of any bankruptcy or insolvency statute or law, its business at the Project location. This includes, without limitation, the announced or actual cessation of business activities at the Project location, the initiation of proceedings under any dissolution statute, or the execution of an assignment for the benefit of creditors, or the solicitation of any composition and/or arrangement with creditors, or the issuance of "closing" or "termination" notices to employees under any state or federal statute, or the filing of any voluntary petition under any chapter of the United States Bankruptcy Code, or the failure by the Grantee to obtain the dismissal, within sixty (60) days of filing, of any involuntary proceeding brought under any chapter of the United States Bankruptcy Code.

(v) A default under the Company Lease or the Agency Lease, each dated as of February 1, 2012 by and between the Grantor and the Grantee.

(vi) Upon the serving of notice to the Grantee of the occurrence of a default (which notice shall specify the nature of the default), Grantor shall have the right to terminate this Agreement, provided however, that if the default is pursuant to paragraph 8(a)(i) or 8(a)(ii), no default shall be deemed to have occurred if Grantee cures such default within five (5) business days of notice of default from Grantor, or if the default pursuant to paragraph 8(a)(i) or 8(a)(ii) cannot be reasonably cured within such five day period, Grantee commences to cure such default within the five day cure period and cures the default within sixty (60) days thereafter, provided further that Grantor shall not be obligated to make any disbursements during any such cure period. Defaults occurring under the terms and provisions of paragraph 8(a)(iii), 8(a)(iv) and 8(a)(v) are not subject to the cure provisions provided herein. A default occurring under 8(a)(vi) shall carry

any cure periods provided in either the Company Lease or the Agency Lease as applicable.

(b) Upon termination of this Agreement, Grantor may (i) withhold any Grant proceeds not yet disbursed and (ii) require repayment of Grant proceeds disbursed to the Grantee. Notwithstanding the foregoing, if Grantor determines that any Grant proceeds had previously been released based upon fraudulent representations or other willful misconduct, Grantor may require repayment of all funds and may refer the matter to the appropriate authorities for prosecution. Grantor shall be entitled to exercise any other rights and seek any other remedies provided by law.

9. **Term**

The term of this Agreement shall commence on the date hereof and expire on December 31, 2012 (the "***Expiration Date***") unless the Expiration Date is extended by the Grantor and ESDC. Promptly after the execution of this Agreement by the Grantor and the Grantee, the Grantor agrees to make application to the ESDC under the Grant Agreement to amend the Grant Agreement to extend the Expiration Date from December 31, 2012 to December 31, 2013 and upon obtaining such amendment, to amend this Agreement to extend the Expiration Date to December 31, 2013. The Grantor agrees to diligently and in good faith pursue the application to amend the Grant Agreement to extend the Expiration date.

10. **Books and Records; Project Audit**

(a) The Grantee will maintain accurate books and records concerning the Project for the term of this Agreement and for three (3) years from the expiration or earlier termination of this agreement and will make those books and records available to Grantor, its agents, officers and employees during Grantee's business hours upon reasonable request.

(b) Grantor shall have the right, upon reasonable notice, to conduct, or cause to be conducted, one or more audits, including field inspections, of the Grantee to assure that the Grantee is in compliance with this Agreement. This right to audit shall continue for three (3) years following the expiration or earlier termination of this Agreement and shall be at the Grantee's sole cost and expense.

11. **Survival of Provisions**

The provisions of Sections 6, 8 and 10 shall survive the expiration or earlier termination of this Agreement. It is, moreover, specifically agreed and understood that Grantor may commence an action for any claim arising from or relating to those sections notwithstanding any expiration and/or earlier termination of the Agreement and that the termination or expiration shall not alter or effect any obligations or responsibilities of the Grantee that are required to be performed under any portion of this Agreement (including, but specifically not limited to, those that are set forth in Sections 6, 8 and 10) following termination or the Expiration Date.

12. **Notices**

(a) All notices, demands, requests or other communications permitted or required hereunder shall be in writing and shall be transmitted either:

(i) via certified or registered United States mail, return receipt requested;

(ii) by facsimile transmission;
(iii) by personal delivery;
(iv) by expedited delivery service; or
(v) by e-mail.

Such notices shall be addressed as follows or to such different addresses as the parties may from time-to-time designate:

City of Syracuse Industrial Development Agency

Name:	Ben Walsh
Title:	Executive Director
Address:	333 West Washington Street, Suite 130 Syracuse, New York 13202
Telephone Number:	(315) 473-3275
Facsimile Number.	(315) 435-3669
E-Mail Address:	BWalsh@ci.syracuse.ny.us

The Inns at Armory Square

Name:	Richard H. Sykes
Title:	Manager
Address:	202 Walton Street, Suite 204 Syracuse, New York 13202
Telephone Number:	(315) 442-5946
Facsimile Number.	(315) 442-5950
E-Mail Address:	rsykes@rhsholdingsllc.com

(b) Any such notice shall be deemed to have been given either at the time of personal delivery or, in the case of expedited delivery service or certified or registered United States mail, as of the date of mailing to the address provided herein, or in the case of facsimile transmission or email, upon receipt of a record, by the sender, that such a transmission has been completed.

(c) The parties may, from time to time, specify any new or different address in the United States as their address for purpose of receiving notice under this Agreement by giving fifteen (15) days written notice to the other party sent in accordance herewith. The parties agree to mutually designate individuals as their respective representatives for the purposes of receiving notices under this Agreement. Additional individuals may be designated in writing by the parties for purposes of implementation and administration/billing, resolving issues and problems and/or for dispute resolution.

13. **No Assignment**

The Grantee may not assign or transfer this Agreement or any of its rights hereunder.

14. **No Waiver**

No waiver of any Grantor's rights arising under this Agreement, or any other source, can occur unless such waiver shall be in writing and signed by Grantor and such written document manifests a clear and unequivocal intent by Grantor to waive its contractual or other legal rights. The term "waiver" as used herein is a term of art as used in the legal profession. Grantor may not be estopped from asserting any of its legal rights, including but not limited to Its rights

under this agreement, unless Grantor has signed a written document that clearly and unequivocally states that the other party may detrimentally rely upon the terms of such written document. Absent such written document, there shall be no estoppel against Grantor and the other parties' alleged detrimental reliance shall be deemed to be unreasonable. The term "estoppel" is used herein is a term of art as used in the legal profession.

15. **Modification**

This Agreement may be modified only by a written instrument executed by the party against whom enforcement of such modification is sought.

16. **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of New York. This Agreement shall be construed without the aid of any presumption or other rule of law regarding construction against the party drafting this Agreement or any part of it. In case any one or more of the provisions of this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such provision(s) had never been contained herein. In the event of a conflict between the Directors' materials attached hereto as Exhibit A and any other term or condition of this Agreement, then the term or condition of this Agreement shall govern.

17. **Litigation Costs**

The Grantee shall pay, in any action or proceeding that is commenced to enforce and/or involves the enforcement of the terms and conditions of this Agreement, all of Grantor's and ESDC's costs including, without limitation, Grantor's and ESDC's attorneys' fees. The Grantee shall also pay any and all of Grantor's and ESDC's collection costs including, without limitation, its attorneys' fees.

18. **Waiver**

The Grantee knowingly and expressly waives the right to a trial by jury and the right to interpose any counterclaims in any action brought by Grantor under the terms of this Agreement.

19. **Hold Harmless**

(a) The Grantee hereby releases the Grantor and its members, officers, agents (other than the Grantee) and employees from, agrees that the Grantor and its members, officers, agents (other than the Grantee) and employees shall not be liable for, and agrees to indemnify, defend, and hold the Grantor and its members, officers, agents (other than the Grantee) and employees harmless from and against any and all claims arising as a result of the Grantor's undertaking the Project and the Financial Assistance, including, but not limited to:

(1) Liability for loss or damage to Property or bodily injury to or death of any and all persons that may be occasioned by any cause whatsoever pertaining to the Project

Facility, or arising by reason of or in connection with the occupation or the use thereof, or the presence on, in, or about the Project Facility;

(2) Liability arising from or expense incurred by the Grantor's acquisition of a leasehold interest in the Project Facility and the subleasing of the Project Facility, including, without limiting the generality of the foregoing, all liabilities or claims arising as a result of the Grantor's obligations under this Agreement, the Agency Lease, the Company Lease, the Mortgage or any other documents executed by the Grantor at the direction of the Grantee in conjunction with the Project Facility;

(3) All causes of action and attorneys' fees and other expenses incurred in connection with any suits or actions which may arise as a result of any of the foregoing, provided that any such losses, damages, liabilities, or expenses of the Grantor are not incurred or do not result from the intentional wrongdoing of the Grantor or any of its members, officers, agents (other than the Grantee) or employees.

To the fullest extent permitted by law, the foregoing indemnities shall apply notwithstanding the fault or negligence (other than gross negligence or willful misconduct) on the part of the Grantor or any of its officers, members, agents, servants or employees and irrespective of any breach of statutory obligation or any rule of comparative or apportional liability.

(b) In the event of any claim against the Grantor or its members, officers, agents, or employees by any employee of the Grantee, or any contractor of the Grantee, or anyone directly or indirectly employed by any of them, or any one for whose acts any of them may be liable, the obligations of the Grantee hereunder shall not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for the Grantee or such contractor under workers' compensation laws, disability benefit laws, or other employee benefit laws.

(c) Notwithstanding any other provisions of this Agreement, the obligations of the Grantee pursuant to this Section 19 shall remain in full force and effect after the termination of this Agreement until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action, or prosecution relating to the matters herein described may be brought, and the payment in full or the satisfaction of such claim, cause of action, or prosecution, and the payment of all expenses and charges incurred by the Grantor, or its officers, members, agents or employees relating thereto.

20. **Exhibits**

The Exhibits attached hereto were originally provided to ESDC as part of the Application submitted by Grantor (as grantee under the Application). To the extent the Exhibits impose obligations and/or liabilities on Grantee as being the City of Syracuse Industrial Development Agency, by context or otherwise, such obligations and/or liabilities are hereby assumed for purposes of this Agreement to be the obligations and/or liabilities of the Inns at Armory Square, LLC, the Grantee hereunder. All Exhibits are incorporated herein by reference.

This agreement is entered into as of the latest date written below:

2-24-12
(date)

THE INNS AT ARMORY SQUARE, LLC

By: _____
Richard H. Sykes, Manager

_____
(date)

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
William M. Ryan, Chairman

This agreement is entered into as of the latest date written below:

_____
(date)

THE INNS AT ARMORY SQUARE, LLC

By: _____
Richard H. Sykes, Manager

2-24-12
(date)

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
William M. Ryan, Chairman

EXHIBIT A: GENERAL PROJECT PLAN
See Materials Attached

These materials were those attached to the Application submitted to ESDC. As such, "Grantee" herein refers to the City of Syracuse Industrial Development Agency (the "***Agency***"). Notwithstanding, for purposes of this Agreement, The Inns at Armory Square, LLC acknowledges and assumes all obligations of the Agency in the attached materials.

The Inns at Armory Square EOF Capital (X306)
December 16, 2010

Authorization to Adopt the General Project Plan

Grantee:	City of Syracuse Industrial Development Agency ("SIDA" or "the Agency")
Beneficiary Company:	RHS Holdings, LLC ("RHS")
ESD Investment:	A grant of up to $2 Million to be used for a portion of costs related to the construction of a 64,000 square-foot, five-story, mixed-use building in the Franklin Square district of Syracuse (approved April 17, 2008; Empire Opportunity Fund ("EOF").
New ESD Investment:	A grant of up to $500,000 to be used for a portion of the cost of land acquisition associated with the Marriot hotel project (reallocating $500,000 of the $2 Million as noted above).
Project Location:	300 West Fayette Street, Syracuse, Onondaga County
Project Completion:	August 2012
Beneficiary Contact:	Richard H. Sykes, Jr. 108 West Jefferson Street, Suite 300 Syracuse, NY 13202 Phone: (315) 442-5947 Fax: (315) 442-5950
Project Team:	Project Management — Jill Wolfeld Affirmative Action — Helen Daniels Environmental — Rachel Shatz

Background/Project Status:

These materials refer to and include, in their entirety, the attached materials presented to and approved by the directors on April 17, 2008 (the "Materials"). Any substantive changes to the project or terms and conditions are noted in these materials.

On April 17, 2008, ESD approved a $2,000,000 Empire Opportunity Fund Capital project to the Agency. Funds were to be directed to the demolition of the former Tompkins Fabric building and the construction of a 64,000-square-foot, five-story, mixed-use building in the Franklin Square district of Syracuse. The project was expected to create thirty-six market rate loft apartments and 12,000 square feet of ground level commercial space.

SIDA has been working for the past few years on implementing the project; however, that project has experienced delays due to the faltering economy and reduced financial commitments. As a result of those delays, SIDA does not believe that the project can move forward within the deadlines established.

Revised Project Scope and Budget:
Consequently, the Agency is requesting that $500,000 of the funds be reallocated to RHS Holdings, LLC, who is proposing to develop a 152,000-square-foot, seven-story, mixed-use hotel complex situated in the center of Downtown Syracuse's historical retail and entertainment district. Franchise approval has been received from the Marriott Corporation for a 100-room Marriott Courtyard and a 75-room Marriott Residence Inn, which will be complimented by on-site parking.

The complex is located on the "Connective Corridor" and adjacent to the Armory Square District. Many local business owners and the Museum of Science and Technology have endorsed this project. The Inns at Armory Square is a shovel ready project with all zoning approvals, environmental impact studies, bore sampling and preliminary construction cost analysis completed. Additionally, feasibility, market studies and financial modeling have been prepared.

It is anticipated that construction on the project will start in Spring 2011 and be complete during Summer 2012. RHS chose Northeast Construction Services, Inc. of Syracuse to complete the construction associated with this project. Once concluded, the hotels will accommodate over 85,000 guests annually. These hotel guests are estimated to spend in excess of $500 a day. Based on survey results supplied by the Greater Syracuse Chamber of Commerce, this would result in an additional $18 million of annual spending in the downtown area. Additionally, the project will result in 200 construction jobs and approximately 100 full- and part-time permanent jobs.

Financing Uses	Amount[1]	Financing Sources	Amount	Percent
Construction/Contingency	$16,012,772	ESD Grant	$500,000	2%
Building Permit, Bonding, Insurances, Winter Heat and CM Fee	1,007,649	ESD Grant/Loan - W340 (to be approved at a later date)	2,000,000	7%
Furniture, Fixtures & Equipment	2,394,000	Investor/Developer Equity	7,270,344	27%
Project Costs including Architectural/Inspection, Developer Fee, Legal, Start-up Capital, Marriot Franchise Fee, and	Advisor Fee 2,240,511	MT&T Bank Loans	17,000,000	64%
Land Acquisition	3,700,000			
Finance Costs	1,415,412			
Total Project Costs	$26,770,344	Total Project Financing	$26,770,344	100%

* Fixed rate equal to 450 basis points above M&T's 5-year cost of funds/18 month/10 year permanent financing with a 2-year amortization schedule

Environmental Review:
The City of Syracuse Planning Commission, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project to be an Unlisted Action that would not have a significant effect on the environment. The lead agency issued a Negative Declaration on June 30, 20008. ESDC staff reviewed the Negative Declaration and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

Due to the site's adjacency to the Armory Square Historic District, the project sponsor will continue consultation with the New York State Office of Parks, Recreation and Historic Preservation in developing the design, sitework, lighting, and signage in order to avoid an adverse effect on historic resources.

Affirmative Action:
ESD's Non-Discrimination and Affirmative Action policy will apply. The City of Syracuse Industrial Development Agency agrees to use its best efforts to include minorities and women in any job opportunities created by the project and to solicit and utilize Minority and Women-owned Business Enterprises for any contractual opportunities generated in connection with the project.

Statutory Basis - Section 10 Findings - Empire Opportunity Fund:
Land Use Improvement Findings

1. <u>That the area in which the project is to be located is a substandard or unsanitary area, or is in danger of becoming a substandard or unsanitary area and tends to impair or arrest the sound growth and development of the municipality.</u>
   The property that the project is located on is currently underutilized as a surface parking lot. While the adjacent Armory Square area is a vibrant mixed-use neighborhood, the area immediately surrounding the neighborhood, where the project is located, is at a crossroads. The project will ensure that the sound growth and development of Armory Square will not stop at its borders, but continue throughout the rest of the urban core.

2. <u>That the project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto.</u>
   This project is part of a comprehensive plan to redevelop downtown Syracuse, through the rehabilitation of vacant and underutilized properties, into a vibrant mixed-use neighborhood where people can live, work, learn, and play.

3. <u>That the plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.</u>
   The project is being undertaken by a private local company, contractor and

subcontractors, and will help the City of Syracuse continue to build towards its vision of a vibrant, mixed-use downtown core.

4. That the proposed facilities or project is consistent with any existing local or regional comprehensive plan.
   The project is consistent with the Downtown Master Plan component of the City of Syracuse Comprehensive Plan 2025, and the City of Syracuse's 2010 Housing Plan.

5. The requirements of Section 10(g) of the Act are satisfied.
   No residential relocation is required because there are no families or individuals residing on the site.

Empire Opportunity Fund Determinations:
The project is in compliance with Chapter 84 of the Laws of2002 and the Corporation's guidelines established thereunder. Individual project funding does not exceed 25 percent of the total of that project's costs, or if project funding does exceed 25 percent of that project's total costs, the Director of the Division of the Budget has authorized the provision of such amount.

Disclosure and Accountability Certifications:
The Grantee and the Beneficiary have provided ESD with the required Disclosure and Accountability Certifications. Grantee's and Beneficiary's certifications indicate that Grantee and Beneficiary have no conflict of interest or good standing violations and, therefore, staff recommends that the Corporation authorize the grant to the Grantee as described in these materials.

Attachments: ESD Directors' Materials dated April 17, 2008

EXHIBIT B
DISBURSEMENT TERMS

Disbursement:

Upon compliance with the terms of this Agreement, and upon receipt by Grantor of funds from ESDC in an amount equal to the Grant funds to be disbursed, and upon confirmation that ESDC and Grantor have received from Grantee its administrative fees, if any, Grantor shall disburse the Grant to the Grantee as follows:

Up to-500,000 will be disbursed to the Grantee upon completion of the project substantially as described in Exhibit A and as evidenced by a Certificate of Occupancy, documentation of list items project costs totaling $26,770,344, and verification of participation of other financing sources. Payment will be made upon presentation to Grantor of an invoice and such other documentation as Grantor may reasonably require, in the form attached to this Agreement as Exhibit D[1] and its attachments. Expenses must be incurred on or after April 1, 2007 to be considered eligible project costs.

Grantor reserves the right to require additional documentation to support payment requests.

Wire Transfer Information, substantiated in writing by the CFO of the Grantee or other authorized person:

Bank Name: _____

ABA #: _____

Acct. Name: _____

Acct. #: _____

[1] Grantee acknowledges that some or all of Exhibit D constitute documentation required by ESDC from Grantor. Grantee further acknowledges and agrees to assume the responsibility for providing the necessary information to Grantor in the form prescribed in Exhibit D to enable Grantor to submit same to ESDC. Grantee understands and acknowledges that submission of the information is a condition precedent to Grantor's funding of the Grant.

EXHIBIT C: OPINION OF COUNSEL

[Letterhead of Counsel to the Grantee]

[Date]

City of Syracuse Industrial Development Agency
333 West Washington Street, Suite 130
Syracuse, New York 13202
Attn: Chairman

Empire State Development Corporation
633 Third Avenue
New York, New York 10017
Attn: Jill Wolfeld

Re: The Inns at Armory Square EOF Capital, Project #X306

Ladies and Gentlemen:

We have acted as counsel to The Inns at Armory Square, LLC (the "***Beneficial Party***"), in connection with the execution and delivery of the Grant Disbursement Agreement dated [Date of Agreement] (the "***Grant Agreement***") between New York State Urban Development Corporation d/b/a Empire State Development Corporation ("***ESDC***") and the City of Syracuse Industrial Development Agency (the ***"Agency"***) as well as in connection with the execution of a grant disbursement agreement dated as of February 1, 2012 by and between the Agency and the Beneficial Party (the ***"Agreement"***).

This opinion letter is being furnished to you at our client's request pursuant to Section 3(a) of the Agreement. Capitalized terms used but not defined herein shall have the meanings assigned thereto in the Agreement.

In rendering the opinions set forth herein, we have examined originals, or copies certified or otherwise identified to our satisfaction, of such documents, corporate records and other instruments as we have deemed necessary or appropriate for the purposes of this opinion letter, including (a) the Agreement and the Grant Agreement, (b) the certificate of incorporation of the Grantee and (c) the by-laws of the Grantee. We have also examined and relied upon such other matters of law, documents, certificates of public officials and representations of officers and other representatives of the Grantee as we have deemed relevant, appropriate or necessary to the rendering of our opinions.

In rendering the opinions expressed below, we have assumed the legal capacity of all natural persons signing documents and that the signatures of persons signing all documents in connection with which this opinion letter is rendered are genuine, all documents submitted to us as originals or duplicate originals are authentic and all documents submitted to us as copies, whether certified or not, conform to authentic original documents. Additionally, we have assumed and relied upon the accuracy and completeness of all certificates and other statements, documents, records,

financial statements and papers reviewed by us, and the accuracy and completeness of all representations, warranties, confirmations, schedules and exhibits contained in the Agreement, with respect to the factual matters set forth therein.

As to any facts material to the opinions expressed herein that we did not independently establish or verify, we have relied upon oral or written statements and representations of officers and other representatives of the Grantee and of certain public officials. We have also assumed and relied upon the accuracy and completeness of all certificates and other statements, representations, documents, records, financial statements and papers reviewed by us, and the accuracy and completeness of all representations, warranties and exhibits contained in the Agreement with respect to the factual matters set forth therein.

Based upon the foregoing and subject to the assumptions, qualifications and other matters set forth herein, we are of the opinion that:

1. Grantee is validly existing and in good standing under the laws of the State of New York and has full power and authority to execute and deliver the Agreement and to perform its obligations thereunder.

2. The Agreement has been duly authorized, executed and delivered by the Grantee and (assuming its due authorization, execution and delivery by the Agency) is binding on and enforceable against the Grantee in accordance with its terms, subject to applicable bankruptcy, insolvency reorganization, arrangement, liquidation, moratorium, fraudulent conveyance or transfer and other similar laws relating to or affecting creditors' rights generally from time to time in effect and to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and except as rights under the Agreement to indemnity and contribution may be limited by federal or state laws.

We are admitted to practice in the State of New York and we express no opinion as to any matters governed by any laws other than the laws of the State of New York. The opinions expressed herein that are based on the laws of the State of New York are limited to the laws generally applicable in transactions of the type covered by the Agreement.

This opinion letter is for the benefit solely of the Agency and ESDC and not for the benefit of any other person. We are opining herein only as of the date hereof and we undertake no, and disclaim any, obligation to advise you of any changes in any matter set forth herein, regardless of whether changes in such matters come to our attention after the date hereof. No attorney-client relationship exists or has existed with the Agency or ESDC by reason of our preparation, execution and delivery of this opinion letter. By providing this opinion letter and permitting reliance hereon by you, we are not acting as your counsel and have not assumed any responsibility to advise you with respect to the adequacy of this opinion letter for your purposes. This opinion letter may not be relied upon by any other person or for any other purpose or used, circulated, quoted or otherwise referred to for any other purpose.

Very truly yours,

EXHIBIT D: CAPITAL GRANT PAYMENT REQUISITION FORM

Note to Grantee: Do not re-type this form. Fill in only the version included in the executed GDA.

Ben Walsh
City of Syracuse Industrial Development Agency
333 West Washington Street, Suite 130
Syracuse, New York 13202

RE: The Inns at Armory Square EOF Capital, Project #X306

Dear Mr. Walsh:

Enclosed please find our request for payment/reimbursement, in the amount of $_____

Grant funds may be applied by Grantee in payment or reimbursement of the following costs:

Minimum Expenses Incurred (per Exhibit E)	$26,770,334				
Eligible Expenses	A. Actual Costs Incurred (this request)	B. ESDC Share (this request)	C. Cumulative Amount Previously Received from ESDC	D. Grant Amount (Cumulative if multi-year grant)	E. (D-C-B) Grant Balance Remaining
Land Acquisition				$500,000	
TOTAL				$500,000	

CERTIFICATION

I hereby warrant and represent to the Grantor and ESDC that:

1) To the best of my knowledge, information and belief, the expenditures for which Gratnee is seeking payment and/or reimbursement comply with the requirements of the Grant Agreement as well as the Agreement, are eligible expenses, and that the payment and/or reimbursement of expenditures for which it is seeking payment and/or reimbursement from Grantor/ESDC does not duplicate reimbursement or disbursement of costs and/or expenses from any other source. These findings will be subject to audit by ESDC' s Internal Audit Department.

2) I have the authority to submit this invoice on behalf of the Grantee. The Project, or portion thereof for which this invoice relates, has been completed in the manner outlined in the Agreement.

3) I hereby attach the following documents for Grantor/ESDC approval, in support of this requisition:

_____ Exhibit F-1: Financial Condition Documentation

_____ Exhibit F-2: Project Cost Documentation

_____ A copy of the Certificate of Occupancy for projects involving construction ore renovation

_____ Employment Report

_____ Documentation indicating status of other lenders or funders participating in this Project

4) There has been no adverse material change in the financial condition of the Grantee, except as disclosed in writing to Grantor, from the date of submission of the Application to the date hereof.

Signature: _____ Date: _____

Print Name: _____ Title: _____

EXHIBIT D-1 Financial Condition Documentation

Grantee's financial statements for the most recently ended fiscal year.

Exhibit D-2: Documentation of Project Costs
Project Cost Summary

[CPA Letterhead]

Report of Independent Accountants

Date

Ben Walsh
Executive Director
City of Syracuse Industrial Development Agency
233 East Washington Street
312 City Hall
Syracuse, New York 13202

Re: The Inns at Armory Square EOF Capital, Project #X306
Verification of Project Costs

We have performed the procedures enumerated below, which were agreed to by City of Syracuse Industrial Development Agency (the "Grantee") and Empire State Development Corporation - ("ESD") (collectively the "specified parties"), solely to assist ESDC in determining whether cost expenditures were incurred in a manner established by the project documents as follows:

Construction/contingency, furniture fixtures and equipment, architectural/inspection, developer fee, legal, start-up capital, Marriott franchise fee, and advisor fee, land acquisition and financing project costs totaling $26,770,344. Expenses must be incurred on or after April 1, 2007.

Management is responsible for (City of Syracuse Industrial Development Agency) compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings are as follows:

1. Obtained the attached "Statement of Actual Costs" for the Project (The Inns at Armory Square EOF Capital, Project #X306) prepared by the Grantee.
2. Agreed the total per the Statement of Actual Costs to the Grantee's financial accounting records - the fixed asset subledger (....or name appropriate financial record report)
3. For costs and expenses appearing on the Statement of Actual Costs, selected a sample for detailed testing of underlying transactions. [CPA will indicate method of selection, dollar value and percentage of items sampled.]

4. For each asset or expense item selected, obtained the supporting documentation, such as purchase orders, receiving reports, invoices and cancelled checks as deemed appropriate [CPA will indicate which documentation was used].
5. Examined the supporting documentation for sampled items, noting the invoice date, invoice number and invoice amount. Agreed the dollar amount on the invoice to the Grantee's financial accounting records (fixed asset subledger - or appropriate report name) and the statement of actual costs.
6. For each invoice examined, obtained the related wire transfer documentation noting the wire transfer dale, number, and amount. Then, agreed the wire transfer amount to the vendor invoice amount.
7. For each asset or expense item selected, determined that such sampled item is a capital expense in accordance with applicable state and federal law.

[Summarize any exceptions, if applicable]

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties and is not intended to be and should not be used by anyone other than these specified parties.

(CPA)

Attachment: Statement of Actual Costs, (The Inns at Armory Square EOF Capital, Project #X306)

Specified Party Contact Information:
Empire State Development Corporation
633 Third Avenue
New York, New York 10017
(Jill Wolfeld)

EXHIBIT E: NON-DISCRIMINATION AND AFFIRMATIVE ACTION POLICY

It is the policy of the State of New York and ESDC, to comply with all federal, State and local law, policy, orders, rules and regulations which prohibit unlawful discrimination because of race, creed, color, national origin, sex, sexual orientation, age, disability or marital status, and to take affirmative action to ensure that Minority and Women-owned Business Enterprises (M/WBEs), Minority Group Members and women share in the economic opportunities generated by ESDC' s participation in projects or initiatives, and/or the use of ESDC funds.

1) The recipient of State funds represents that its equal employment opportunity policy statement incorporates, at a minimum, the policies and practices set forth below:

   a) Grantee shall (i) not unlawfully discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, sexual orientation, age, disability or marital status, (ii) undertake or continue existing programs of affirmative action to ensure that Minority Group Members and women are afforded equal employment opportunities, and (iii) make and document its conscientious and active efforts to employ and utilize M/WBEs, Minority Group Members and women in its workforce on contracts. Such action shall be taken with reference to, but not limited to, solicitations or advertisements for employment, recruitment, job assignment, promotion, upgrading, demotion, transfer, layoff or termination, rates of pay or other forms of compensation, and selection for training or retraining, including apprenticeship and on-the-job training.

   b) At the request of the AAO, the Grantee shall request each employment agency, labor union, or authorized representative of workers with whom it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, labor union, or representative does not unlawfully discriminate, and that such union or representative will affirmatively cooperate in the implementation of the Grantee's obligations herein.

2) The Grantee agrees to use its best efforts to include minorities and women in any job opportunities created by the Project; and to solicit and utilize M/WBE firms for any contractual opportunities generated in connection with the Project.

3) Grantee represents and warrants that, for the duration of the Agreement, it shall furnish all information and reports required by the AAO and shall permit access to its books and records by ESDC, or its designee, for the purpose of ascertaining compliance with provisions hereof.

4) Failure to comply with the terms and conditions of the Non-Discrimination and Affirmative Action Program set forth herein shall constitute an event of default as set forth in Section 9 of the Agreement.

5) Grantee shall include or cause to be included, paragraphs (1) through (4) herein, in every contract, subcontract or purchase order with a Contracting Party executed in connection with the Project, in such a manner that said provisions shall be binding upon each Contracting Party as to its obligations incurred in connection with the Project.

ESDC NON-DISCRIMINATION AND AFFIRMATIVE ACTION DEFINITIONS

Affirmative Action

Shall mean the actions to be undertaken by the Borrower, Grantee and any Contracting Party in connection with any project or initiative to ensure non-discrimination and Minority/Women-owned Business Enterprise and minority/female workforce participation, as set forth in paragraph 2) herein, and developed by ESDC.

Affirmative Action Officer (AA0)

Shall mean ESDC' s Affirmative Action Officer or his/her designee, managing the affirmative action program for ESDC.

Contract

Shall mean (i) a written agreement or purchase order instrument, or amendment thereto, executed by or on behalf of a Contracting Party, providing for a total expenditure in excess of $5,000 for labor, services, supplies, equipment, materials or any combination of the foregoing funded in whole or in part with ESDC funds and (ii) any loan or grant agreement funded in whole or in part with ESDC funds.

Contracting Party

Shall mean (i) any contractor, subcontractor, consultant, subconsultant or vendor supplying goods or services, pursuant to a contract or purchase order in excess of $1,500, in connection with any projects or initiatives funded in whole or in part by ESDC and (ii) any borrower or grantee receiving funds from ESDC pursuant to a loan or grant document.

Subcontract

Shall mean an agreement providing for a total expenditure in excess of $1,500 between a Contracting Party and any individual or business enterprise, for goods or services rendered in connection with any project or initiative funded in whole or in part with ESDC funds.

Minority Business Enterprise (MBE)

Shall mean a business enterprise, including a sole proprietorship, partnership or corporation that is: (i) at least fifty-one percent (51%) owned by one or more Minority Group Members; (ii) an enterprise in which such minority ownership is real, substantial and continuing; (iii) an enterprise in which such minority ownership has and exercises the authority to control and operate, independently, the day-to-day business decisions of the enterprise; (iv) an enterprise authorized to do business in the State of New York and is independently owned and operated; and (v) an enterprise certified by New York State as a minority business.

Minority Group Member

Shall mean a United States citizen or permanent resident alien who is and can demonstrate membership in one of the following groups: (i) Black persons having origins in any of the Black African racial groups; (ii) Hispanic persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American descent of either Indian or Hispanic origin, regardless of race; (iii) Asian and Pacific Islander persons having origins in any of the Far East countries. South East

Asia, the Indian subcontinent or the Pacific Islands; and (iv) Native American or Alaskan native persons having origins in any of the original peoples of North America.

Women-owned Business Enterprise (WBE)

Shall mean a business enterprise, including a sole proprietorship, partnership or corporation that is: (i) at least fifty-one percent (51%) owned by one or more citizens or permanent resident aliens who are women; (ii) an enterprise in which the ownership interest of such women is real, substantial and continuing; (iii) an enterprise in which such women ownership has and exercises the authority to control and operate, independently, the day-to-day business decisions of the enterprise; (iv) an enterprise authorized to do business in the State of New York and is independently owned and operated; and (v) an enterprise certified by New York State as woman-owned.

ESDC NON-DISCRIMINATION AND AFFIRMATIVE ACTION DEFINITIONS

Best Efforts - Minority and Women-owned Business Enterprise Participation

For the purposes of this Agreement, it is understood that (i) best efforts are not limited to the efforts specified herein, and (ii) the role of M/WBE firms are not restricted to that of a subcontractor/subconsultant. Where applicable, M/WBE firms should be considered for roles as prime contractors. Such best efforts shall include at least the following:

(a) Dividing the contract work into smaller portions in such a manner as to permit subcontracting to the extent that it is economically and technically feasible to do so;

(b) Actively and affirmatively soliciting bids from qualified M/WBEs, including circulation of solicitations to Minority and Women's trade associations. Each Contracting Party shall maintain records detailing the efforts made to provide for meaningful M/WBE participation in the work, including the names and addresses of all M/WBEs contacted and, if an M/WBE is the low bidder and is not selected for such work or portion thereof, the reasons for such decision;

(c) Making plans and specifications for prospective work available to M/WBEs in sufficient time for review;

(d) Utilizing the services and cooperating with those organizations providing technical assistance to the Contracting Party in connection with potential M/WBE participation on the Contract;

(e) Utilizing the resources of the AAO to identify New York State certified M/WBE firms for the purpose of soliciting bids and subcontracts;

(f) Encouraging the formation of joint ventures, associations, partnerships, or other similar entities, where appropriate, to ensure that the Contracting Party will meet its obligations herein; and

(g) Remitting payment in a timely fashion.

(g) A Contracting Party's best efforts will be assessed by examining the total dollar value of the work performed by M/WBEs. The total dollar value of the work performed by M/WBEs will be determined as: (i) the dollar value of the work subcontracted to M/WBEs; (ii) where the Contracting Party is a joint venture, association, partnership or other similar entity including one or more M/WBEs - the contract price multiplied by the percentage of the entity's profits/losses which are to accrue to M/WBE(s) under the Contracting Party's agreement; or (iii) where the M/WBE is the Contracting Party - the contract price.

Best Efforts - Minority Group Member and Female Workforce Participation

The Contracting Party shall use best efforts to provide for meaningful Minority Group Member and female workforce participation; such best efforts shall include at least the following in connection with the work:

(a) Ensure and maintain a working environment free of harassment, intimidation, and coercion at the premises. The Contracting Party shall specifically ensure that all foremen, superintendents, and other on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to Minority Group Member or female individuals working at the premises;

(b) State In all solicitations or advertisement for employees that all qualified applicants will receive consideration for employment without regard to race, creed, color, national origin, sex, sexual orientation, age disability or marital status;

(c) Send to each labor union or representative of workers with which a collective bargaining agreement or understanding is in place, a notice advising the said labor union or workers representative of commitments under this Section, and post copies of the notice In conspicuous places available to employees and applicants for employment;

(d) Establish and maintain a current list of Minority Group Member and female recruitment sources and community organizations, and provide written notification to them when employment opportunities are available. Maintain a record of the organizations responses;

(e) Maintain a current file of the, name, address and telephone number of each Minority Group Member and female applicant and any referrals from a union, recruitment source or community organization, and of the action taken with respect to each individual. If such individual was sent to the union hiring hall for referral and was not referred back by the union or, if referred, was not employed, this shall be documented in writing in the file with the reasons therefor, along with whatever additional actions the Contracting Party may have taken;

(f) Disseminate the Contracting Party's equal employment opportunity policy by providing notice of the policy to unions and training programs and requesting their cooperation in meeting its Equal Employment Opportunity obligations, by including it in any policy manual and collective bargaining agreement, by publicizing it in the company newspaper, annual report, and other similar items, by specific review o f the policy with all management personnel and with all Minority Group Member and female employees at least once a year, and by posting the company Equal Employment Opportunity policy on bulletin boards accessible to all employees at each location where work is performed under this Contract;

(g) Disseminate the Contracting Party's Equal Employment Opportunity policy externally by including it in any advertising in the news media, specifically including Minority Group Member and female news media, and providing written notification to and discussing the Equal Employment Opportunity policy with any contractor with whom the Contracting Party does or anticipates doing business; and,

(h) Ensure that all facilities and company activities are non-segregated except that separate or single-user toilets and necessary changing facilities shall be provided to assure privacy between the sexes.

(i) A Contracting Party's best efforts will be assessed by calculating a percentage equal to

the person hours of training and employment of minority or female workers, as the case may be, used by any Contracting Party, divided by the total person hours of training and employment of all workers (including supervisory personnel).

(j) The required participation for minority and female employment and training must be substantially uniform throughout the work.

(k) Contracting Party shall not participate in the transfer of minority or female employees or trainees from employer-to-employer or from project-to-project for the sole purpose of meeting the Contracting Party's obligations herein.

(l) In striving to provide for meaningful M/FWF participation, Contracting Party shall use its best efforts to identify and employ qualified minority and female supervisory personnel and journey persons.

(m) The non-working hours of trainees or apprentices may not be considered in measuring M/FWF participation unless: (i) such trainees or apprentices are employed by Contracting Party during the training period; (ii) the Contracting Party has made a commitment to employ the trainees or apprentices at the completion of their training, subject to the availability of employment opportunities; and (iii) the trainees are trained pursuant to an approved training program.

Record and Return to:

Joseph T. Mancuso, Esq.
Hancock Estabrook, LLP
1500 AXA Tower I
100 Madison Street
Syracuse, New York 13202

M&T Bank
Manufacturers and Traders Trust Company

MORTGAGE

Date: February 24, 2012

Debtor: THE INNS AT ARMORY SQUARE, LLC, a New York limited liability company with its chief executive office at 202 Walton Street, Suite 204, Syracuse, New York 13202.

Mortgagee: M&T BANK, a New York banking corporation having offices at One M&T Plaza, Buffalo, New York 14203, Attn: Office of General Counsel.

Agency: CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY, a New York public benefit corporation with an office at 333 West Washington Street, Suite 130, Syracuse, New York 13202.

The Debtor and the Agency shall be collectively referred to as the "Mortgagor".

WITNESSETH, to secure (a) the payment of an indebtedness in the principal sum of Twenty-Two Million Dollars and 00/100 ($22,000,000), lawful money of the United States, together with interest thereon and other charges with respect thereto, to be paid according to a certain Construction-To-Permanent Loan Note in the principal amount of Twenty-Two Million Dollars and 00/100 ($22,000,000) by the Debtor in favor of the Mortgagee (the "Note") and (b) if the Note is guaranteed by Debtor, to the extent of such principal sum and such interest and other charges, such guaranty (the "Guaranty"), Mortgagor hereby mortgages to Mortgagee, as continuing and collateral security for the payment of any and all indebtedness, liabilities and obligations of Debtor to Mortgagee, now existing or which may hereafter arise pursuant to or in connection with (as further described below) the Note, the Guaranty, this Mortgage or any amendments, renewals, extensions, modifications or substitutions of the Note, the Guaranty or this Mortgage (collectively, the "Indebtedness"), the premises described on the attached Schedule A.

TOGETHER with all buildings, structures and other improvements now or hereafter erected, constructed or situated upon said premises, and all fixtures and equipment and other personal property now or hereafter affixed to, or used in connection with, said premises and any and all replacements thereof and additions thereto, all of which shall be deemed to be and remain and form a part of said premises and are covered by the lien of this Mortgage (said premises, buildings, structures, other improvements, fixtures and equipment and other personal property being collectively referred to as the "Premises"),

TOGETHER with all strips and gores of land adjoining or abutting the Premises,

TOGETHER with all right, title and interest of Mortgagor in and to all streets, alleys, highways, waterways and public places open or proposed in front of, running through or adjoining the Premises, and all easements and rights of way, public and private, now or hereafter used in connection with the Premises,

TOGETHER with all tenements, hereditaments and appurtenances and all the estate and rights of Mortgagor in and to the Premises,

TOGETHER with all awards heretofore or hereafter made by any federal, state, county, municipal or other governmental authority, or by whomsoever made in any condemnation or eminent domain proceedings whatsoever, to the present or subsequent owners of the Premises or any portion thereof, for the acquisition for public purposes of the Premises or any portion thereof or any interest therein or any use thereof, or for consequential damages on account thereof, including any award for any change of grade of streets affecting the Premises or any portion thereof and any award for any damage to the Premises or any portion thereof or any interest therein or any use thereof.

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EXCEPTING THEREFROM, the Unassigned Rights as defined in that certain Agency Lease Agreement dated as of February 1, 2012 by and between the Debtor and the Agency (as amended and/or supplemented from time to time, the "Agency Lease").

DEBTOR AND AGENCY, ONLY WHERE SO NOTED, COVENANT WITH MORTGAGEE SO LONG AS THIS MORTGAGE IS IN EFFECT AS FOLLOWS:

1. **INDEBTEDNESS.** The Indebtedness shall be paid as provided in the Note or Guaranty, as the case may be, and as provided herein. Additionally, Debtor acknowledges and agrees that any amounts now or hereafter due and owing from Debtor to Mortgagee arising from or in connection with any interest rate swap agreement, now existing or hereafter entered into between the Debtor and Mortgagee, and any costs incurred by Mortgagee in connection therewith, including, without limitation, any interest, expenses, fees, penalties or other charges associated with any obligations undertaken by Mortgagee to hedge or offset Mortgagee's obligations pursuant to such swap agreement, or the termination of any such obligations, shall be (i) deemed additional interest and/or a related expense (to be determined in the sole and reasonable discretion of Mortgagee) due in connection with the principal amount of the Indebtedness secured by this Mortgage, (ii) included (in the manner described above) as part of the Indebtedness secured by this Mortgage, and secured by this Mortgage to the full extent thereof, and (iii) included in any judgment in any proceeding instituted by Mortgagee or its agents against Mortgagor for foreclosure of this Mortgage or otherwise.

2. **INSURANCE.** Debtor shall keep the Premises insured against each risk to which the Premises may from time to time be subject (including fire, vandalism and other risks covered by all risk insurance; if requested by Mortgagee, earthquake; if the Premises or any portion thereof are located in an area identified as an area having special flood hazards and in which flood insurance has been made available, flood; and loss of rents by reason of such risks) for the benefit of Mortgagee. Such insurance shall be provided in such amounts, for such periods, in such form, with such special endorsements, on such terms and by such companies and against such risks as shall be reasonably satisfactory to Mortgagee. Without limiting the generality of the preceding two sentences, each policy pursuant to which such insurance is provided shall contain a mortgagee clause, in form and substance satisfactory to Mortgagee, (a) naming Mortgagee as mortgagee and (b) providing that (i) all moneys payable pursuant to such insurance shall be payable to Mortgagee, (ii) such insurance shall not be affected by any act or neglect of Mortgagor or Mortgagee, any occupancy, operation or use of the Premises or any portion thereof for purposes more hazardous than permitted by the terms of such policy, any foreclosure or other proceeding or notice of sale relating to the Premises or any portion thereof or any change in the title to or ownership of the Premises or any portion thereof and (iii) such policy and such mortgagee clause may not be canceled or amended except upon thirty (30) days' prior written notice to Mortgagee. Debtor hereby assigns and shall deliver each policy pursuant to which any such insurance is provided to Mortgagee. The acceptance by Mortgagee of such policies from Debtor shall not be deemed or construed as an approval by Mortgagee of the form, sufficiency or amount of such insurance. Mortgagee does not in any way represent that such insurance, whether in scope or coverage or limits of coverage, is adequate or sufficient to protect the business or interest of Debtor. In the event of the foreclosure of this Mortgage, or a transfer of title to the Premises in extinguishment of the Indebtedness, all right, title and interest of Debtor in and to any such policies then in force shall pass to the purchaser or grantee of the Premises. All the provisions of this Section 2 and any other provisions of this Mortgage pertaining to insurance which may be required under this Mortgage shall be construed with Section 254, Subdivision 4 of the New York Real Property Law, but, said Section 254 to the contrary notwithstanding, Mortgagor consents that Mortgagee may, without qualification or limitation by virtue of said Section 254, retain and apply the proceeds of any such insurance in satisfaction or reduction of the Indebtedness, whether or not then due and payable, or it may pay the same, wholly or in part, to the Debtor for the repair or replacement of the Premises or for any other purpose satisfactory to Mortgagee, without affecting the lien of this Mortgage for the full amount of the Indebtedness before the making of such payment.

3. **ALTERATIONS, DEMOLITION OR REMOVAL.** No building, structure, other improvement, fixture or equipment or other personal property constituting any portion of the Premises shall be removed, demolished or substantially altered without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld, conditioned or delayed (unless an Event of Default has occurred and is continuing).

4. **WASTE AND CHANGE IN USE.** The Debtor shall not commit any waste on the Premises or make any change in the use of the Premises which may in any material way increase any ordinary fire, environmental or other risk arising out of construction or operation.

5. **MAINTENANCE AND REPAIRS.** Debtor shall keep and maintain all buildings, structures, other improvements, fixtures and equipment and other personal property constituting any portion of the Premises and the sidewalks and curbs

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abutting the Premises in good order and rentable and tenantable condition and state of repair. In the event that the Premises or any portion thereof shall be damaged or destroyed by fire or any other casualty, or in the event of the condemnation or taking of any portion of the Premises as a result of any exercise of the power of eminent domain, Debtor shall promptly restore, replace, rebuild or alter the same as nearly as possible to the condition immediately prior to such fire, other casualty, condemnation or taking without regard to the adequacy of any proceeds of any insurance or award received. Debtor shall give prompt written notice to Mortgagee of any such damage or destruction or of the commencement of any condemnation or eminent domain proceeding affecting the Premises or any portion thereof.

6. **EXISTENCE AND AUTHORITY.** Debtor and Agency (where indicated) represent and warrant, and continue to represent and warrant as long as this Mortgage is in effect, as follows: (a) Mortgagor is duly organized, validly existing and, with respect to the Debtor only, in good standing under the laws of the above-named state of organization and will do all things necessary to preserve and keep in full force and effect the existence, franchises, rights and privileges of Mortgagor as the type of business entity it was as of the date of this Mortgage, under the laws of the state of its organization; (b) Debtor and Agency each have the full power and authority to grant the mortgage lien hereunder and to execute, deliver and perform its respective obligations in accordance with this Mortgage; (c) the execution and delivery of this Mortgage will not (i) violate any applicable law of any governmental authority or any judgment or order of any court, other governmental authority or arbitrator; (ii) violate any agreement to which Mortgagor is a party; or (iii) result in a lien or encumbrance on any of its assets (other than the mortgage lien hereunder); (d) Debtor's and Agency's, as applicable, certificate of incorporation, by-laws, partnership agreement, articles of organization or other organizational or governing documents ("Governing Documents") do not prohibit any term or condition of this Mortgage; (d) each authorization, approval or consent from, each registration and filing with, each declaration and notice to, and each other act by or relating to, any party required as a condition of Mortgagor's execution, delivery or performance of this Mortgage (including any shareholder or board of directors or similar approvals) has been duly obtained and is in full force and effect and no other action is required under its Governing Documents or otherwise; and (e) Mortgagor has the power and authority to transact the business in which it is engaged and, with respect to the Debtor only, is duly licensed or qualified and in good standing in each jurisdiction in which the conduct of its business or ownership of property requires such licensing or such qualifications.

7. **TAXES AND ASSESSMENTS**. Unless paid from an escrow established pursuant to Section 8 of this Mortgage, Debtor shall pay all taxes, payments in lieu of taxes ("PILOT Payments"), general and special assessments and other governmental impositions with respect to the Premises before the end of any applicable grace period. Upon request by Mortgagee, Debtor shall promptly deliver to Mortgagee receipted bills showing payment of all such taxes, PILOT Payments, assessments and impositions within the applicable grace period.

8. **ESCROW FOR TAXES, ASSESSMENTS AND INSURANCE.** Upon request by Mortgagee, Debtor shall pay (a) monthly to Mortgagee on or before the first day of each and every calendar month, until the Indebtedness is fully paid, a sum equal to one-twelfth ($1/12^{th}$) of the yearly taxes, PILOT Payments, general and special assessments, other governmental impositions and other liens and charges with respect to the Premises to be imposed for the ensuing year, as estimated by Mortgagee in good faith, and annual premiums for insurance on the Premises and (b) an initial payment such that, when such monthly payments are added thereto, the total of such payments will be sufficient to pay such taxes, PILOT Payments, assessments, impositions and other liens and charges and such insurance premiums on or before the date when they become due. Absent manifest error, Mortgagee's calculation as to the amount to be paid into Escrow shall be deemed conclusive. So long as no Event of Default (as hereinafter defined) shall have occurred or exists, Mortgagee shall hold such payments in trust in an account maintained with Mortgagee without obligation to pay interest thereon, except such interest as may be agreed upon by Mortgagee or be mandatory by any applicable statute, regulation or other law, to pay, to the extent funds are available, such taxes, PILOT Payments, assessments, impositions and other liens and charges and such insurance premiums within a reasonable time after they become due; provided, however, that upon the occurrence or existence of any Event of Default, Mortgagee may apply the balance of any such payments held to the Indebtedness. If the total of such payments made by any Mortgagor shall exceed the amount of such payments made by Mortgagee, such excess shall be held or credited by Mortgagee for the benefit of Debtor. If the total of such payments made by the Debtor shall be less than the amount of such taxes, PILOT Payments, assessments, impositions and other liens and charges and such insurance premiums, then Debtor shall pay to Mortgagee any amount necessary to make up the deficiency on or before the date when any such amount shall be due.

9. **LEASES**. Pursuant to Section 291-f of the New York Real Property Law, Debtor shall not (a) amend, cancel, abridge, terminate, or otherwise modify any lease of the Premises or of any portion thereof or (b) accept any prepayment of installments of rent to become due thereunder for more than one month in advance, without the prior written consent of Mortgagee. Debtor shall not make any new lease in place of or any lease renewal or extension of any lease of the Premises or

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any portion thereof (other than those that Debtor as landlord may be required to grant by the terms of an existing lease) without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld, conditioned or delayed (unless an Event of Default has occurred and is continuing). Upon request by Mortgagee, Debtor shall promptly furnish to Mortgagee a written statement containing the names and mailing addresses of all lessees of the Premises or of any portion thereof, the terms of their respective leases, the space occupied and the rentals payable thereunder and copies of their respective leases and shall cooperate in effecting delivery of notice of this covenant to each affected lessee.

10. ASSIGNMENT OF LEASES AND RENTS. Mortgagor hereby assigns to Mortgagee all existing and future leases of the Premises or any portion thereof (including any amendments, renewals, extensions or modifications thereof) and the rents, issues and profits of the Premises (excluding the Unassigned Rights and the Agency Lease) including accounts receivable for use of the Premises for hotel and lodging services ("Accounts"), as further security for the payment of the Indebtedness, and Mortgagor grants to Mortgagee the right to enter upon and to take possession of the Premises for the purpose of collecting the same and to let the Premises or any portion thereof, and after payment of each cost and expense (including each fee and disbursement of counsel to Mortgagee) incurred by Mortgagee in such entry and collection, to apply the remainder of the same to the Indebtedness, without affecting its right to maintain any action theretofore instituted, or to bring any action thereafter, to enforce the payment of the Indebtedness. In the event Mortgagee exercises such rights, it shall not thereby be deemed a mortgagee in possession, and it shall not in any way be made liable for any act or omission. No Mortgagor shall assign such leases, rents, issues or profits or any interest therein or grant any similar rights to any other person without Mortgagee's prior written consent. Mortgagee hereby waives the right to enter upon and to take possession of the Premises for the purpose of collecting said rents, issues and profits, and Mortgagor shall be entitled to collect the same, until the occurrence or existence of any Event of Default, but such right of Mortgagor may be revoked by Mortgagee upon the occurrence or existence of any Event of Default. Upon the occurrence or existence of any Event of Default, Debtor shall pay monthly in advance to Mortgagee, or to any receiver appointed to collect said rents, issues and profits, a fair and reasonable monthly rental value for the use and occupation of the Premises, and upon default in any such payment shall vacate and surrender the possession of the Premises to Mortgagee or to such receiver, and in default thereof may be evicted by summary proceedings pursuant to Article 7 of the New York Real Property Actions and Proceedings Law. The rights and remedies under this section and any separately recorded assignment of rents and/or leases in favor of Mortgagee shall be cumulative. In the event of any irreconcilable inconsistencies between such agreements and this section, the separately recorded assignment of rents and/or leases shall control.

11. SECURITY AGREEMENT. This Mortgage constitutes a security agreement under the New York Uniform Commercial Code in effect in the State of New York, as amended from time to time (the "UCC"), and Mortgagor hereby grants to Mortgagee, to secure the Indebtedness, a continuing security interest in all personal property of Mortgagor used in connection with any portion of, or otherwise constituting a portion of, the Premises, including, without limitation, fixtures, goods that are or are to become fixtures, as-extracted items and timber to be cut, as such terms and categories may be defined or described in the UCC, as applicable, whether now existing or owned or hereafter arising or acquired, and in all proceeds, products, rents, issues, profits and accounts arising therefrom. Mortgagee shall have the right to file in any public office, without the signature of Mortgagor, any financing statement relating to such items of collateral. Mortgagee shall have each applicable right and remedy of a secured party under the UCC and each applicable right and remedy pursuant to any other law or pursuant to this Mortgage.

12. NO TRANSFER. Mortgagor shall not, without Mortgagee's prior written consent, sell, convey or transfer the Premises or any portion thereof or any interest therein or contract to do so except as may be provided (i) by the Agency's Unassigned Rights, and (ii) by the terms of the Management Agreement and the Franchise Agreements (as such terms are defined in the Building Loan Agreement dated the date hereof by and between the Debtor and the Mortgagee). If the Debtor or any endorser or guarantor of the Indebtedness (a "Guarantor") is a limited liability company, any change in the direct or indirect membership interest of any member or class of members of such Debtor, whether by operation of law or otherwise, other than a Permitted Transfer (as defined in that certain Building Loan Agreement dated the date hereof by and between the Debtor and the Mortgagee, as amended and/or supplemented from time to time, shall be deemed a sale, conveyance or transfer of the Premises within the meaning of this Section 12.

13. NO SECONDARY FINANCING OR OTHER LIENS. Mortgagor shall not, without Mortgagee's prior written consent, mortgage, pledge, assign, grant a security interest in or cause any other lien or encumbrance to be made or permit any other lien or encumbrance to exist upon the Premises or any portion thereof except for (a) taxes, PILOT Payments and assessments not yet delinquent and (b) any mortgage, pledge, security interest, assignment or other lien or encumbrance to Mortgagee or any affiliate of Mortgagee (an "Affiliate").

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14. COMPLIANCE WITH LAWS. Debtor represents and warrants to Mortgagee, and continues to represent and warrant as long as this Mortgage is in effect, as follows: (a) the buildings, structures and other improvements now constituting any portion of the Premises are in full compliance with all applicable statutes, regulations and other laws (including all applicable zoning, building, fire and health codes and ordinances and the Americans With Disabilities Act of 1990) and all applicable deed restrictions, if any, and is not and shall not be used for any illegal purpose; (b) such compliance is based solely upon Debtor's ownership of the Premises and not upon title to or interest in any other property. Debtor shall comply with or cause compliance with all statutes, regulations and other laws (including all applicable zoning, building, fire and health codes and ordinances and the Americans With Disabilities Acts of 1990), all other requirements of all governmental authorities whatsoever having jurisdiction over or with respect to the Premises or any portion thereof or the use or occupation thereof and with all applicable deed restrictions, if any; provided, however, that Debtor may postpone such compliance if and so long as the validity or legality of any such requirement or restriction shall be contested by Debtor, with diligence and in good faith, by appropriate legal proceedings and Mortgagee is satisfied in its reasonable discretion that such non-compliance will not materially and adversely affect the value of its security.

15. WARRANTY OF TITLE; TITLE INSURANCE. Debtor represents and warrants to Mortgagee, and continues to represent and warrant as long as this Mortgage is in effect, that Debtor holds good and marketable title in fee simple absolute to the Premises. Upon request by Mortgagee, Debtor shall furnish to Mortgagee at Debtor's own cost and expense a title insurance policy in the then amount of the Indebtedness, (a) naming Mortgagee as mortgagee, (b) covering the lien on the Premises granted pursuant to this Mortgage, (c) containing no exception not approved by Mortgagee, (d) issued by a title insurance company qualified to do business in the State of New York and satisfactory to Mortgagee and (e) otherwise in form and substance satisfactory to Mortgagee.

16. CERTAIN RIGHTS AND OBLIGATIONS.

(a) Mortgagee may take such action as Mortgagee deems appropriate to protect the Premises or the status or priority of the lien of this Mortgage, including: entry upon the Premises to protect the Premises from deterioration or damage, or to cause the Premises to be put in compliance with any governmental, insurance rating or contract requirements; payment of amounts due on liens having priority over this Mortgage; payment of any tax or charge for purposes of assuring the priority or enforceability of this Mortgage; obtaining insurance on the Premises (including flood insurance); or commencement or defense of any legal action or proceeding to assess or protect the validity or priority of the lien of this Mortgage. On demand, Debtor shall reimburse Mortgagee for all reasonable expenses in taking any such action, with interest, and the amount thereof shall be secured by this Mortgage and shall, to the extent permitted by law, be in addition to the maximum amount of the Indebtedness evidenced by the Note.

(b) Mortgagor authorizes Mortgagee, without notice, demand or any reservation of rights and without affecting this Mortgage, from time to time: (i) to accept from any person or entity and hold additional collateral for the payment of the Indebtedness or any part thereof, and to exchange, enforce or refrain from enforcing, or release such collateral or any part thereof; (ii) to accept and hold any endorsement or guaranty of payment of the Indebtedness or any part thereof, and to release or substitute any such obligation of any such Guarantor or any person or entity who has given any collateral as security for the payment of the Indebtedness or any part thereof, or any other person or entity in any way obligated to pay the Indebtedness or any part thereof, and to enforce or refrain from enforcing, or compromise or modify, the terms of any obligation of any such Guarantor, person or entity; (iii) upon the occurrence of an Event of Default, to direct the order or manner of the disposition of any and all collateral and the enforcement of any and all endorsements and guaranties relating to the Indebtedness or any part thereof as Mortgagee, in its sole discretion, may determine; and (iv) upon the occurrence of an Event of Default to determine the manner, amount and time of application of payments and credits, if any, to be made on all or any part of any component or components of the Indebtedness (whether principal, interest, costs and expenses, or otherwise) including if the amount of the Indebtedness secured by this Mortgage is less than the total amount of the obligations under the Note or the Guaranty, to make any such application to such obligations, if any, in excess of the amount of the Indebtedness secured by this Mortgage.

(c) Notwithstanding the occurrence of an Event of Default, this Mortgage shall remain valid, binding and enforceable: (i) without deduction by reason of any setoff, defense or counterclaim of Mortgagor or Guarantor, (ii) without requiring protest or notice of nonpayment or notice of default to Mortgagor, to Guarantor, or to any other person; (iii) without demand for payment or proof of such demand; (iv) without requiring Mortgagee to resort first to Debtor or to any other guaranty or any collateral which Mortgagee may hold; (v) without requiring notice of acceptance hereof or assent hereto by Mortgagee; and (vi) without requiring notice that any indebtedness has been incurred or of the reliance by Mortgagee upon this Mortgage; all of which Mortgagor hereby waives.

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(d) The enforceability of this Mortgage shall not be affected by: (i) any failure to perfect or continue the perfection of any security interest in or other lien on any other collateral securing payment of the Indebtedness; (ii) the invalidity, unenforceability, or loss or change in priority of any such security interest or other lien; (iii) any failure to protect, preserve or insure any such collateral; (iv) any defense arising by reason of the cessation from any cause whatsoever of liability of Debtor or any Guarantor; (v) any compromise of any obligation of Debtor or any Guarantor; (vi) the invalidity or unenforceability of any of the Indebtedness; or (vii) any renewal, extension, acceleration, or other change in the time for payment of, or the terms of the interest on the Indebtedness or any part thereof; all of which Mortgagor hereby waives.

(e) If Mortgagee shall receive from or on behalf of Debtor any sum less than the full amount then due and payable, Mortgagee may, but shall not be obligated to, accept the same and, if it elects to accept any such payment, it may without waiving any Event of Default: (i) apply such payment on account of the Indebtedness or any amount payable hereunder, or (ii) hold same or any part thereof, without liability for interest (unless otherwise agreed upon by Mortgagee), in a special account and from time to time apply same or any part thereof as specified in subsection (i) of this subsection.

17. LIEN LAW COVENANT. Mortgagor shall receive the advances secured by this Mortgage and shall hold the right to receive such advances as a trust fund in accordance with the provisions of Section 13 of the New York Lien Law.

18. APPLICATION OF AND INTEREST ON CONDEMNATION AWARD. Mortgagor consents that Mortgagee may retain and apply the proceeds of any award by a condemning authority in satisfaction or reduction of the Indebtedness, whether or not then due and payable, or it may pay the same, wholly or in part, to Debtor for the restoration or alteration of the Premises or for any other purpose satisfactory to Mortgagee, without affecting the lien of this Mortgage for the full amount of the Indebtedness before the making of such payment. In the event of the condemnation or taking by eminent domain of the Premises or any portion thereof, Mortgagee shall not be limited to the interest paid on the award by the condemning authority, but shall be entitled to receive out of the award interest on the Indebtedness in accordance with its terms.

19. APPOINTMENT OF RECEIVER. In addition to any other remedy, upon the occurrence of any Event of Default, Mortgagee, in any action to foreclose this Mortgage, shall be entitled, without notice or demand and without regard to the adequacy of any security for the Indebtedness or the solvency or insolvency of any person liable for the payment thereof, to the appointment of a receiver of the rents, issues and profits of the Premises.

20. SALE IN ONE OR MORE PARCELS. In case of a foreclosure sale, the Premises may be sold in one or more parcels, any provision of any statute, regulation or other law to the contrary notwithstanding.

21. ESTOPPEL STATEMENT. Upon request by Mortgagee, Debtor shall furnish to Mortgagee, within five (5) New York Business Days (as defined in the Note) if such request is made in person or within ten (10) New York Business Days if such request is otherwise made, a written statement duly acknowledged of the amount of the Indebtedness and whether any offsets or defenses exist against the Indebtedness.

22. RIGHT TO INSPECT AND EXAMINE. Upon request by Mortgagee, Debtor shall immediately permit Mortgagee and each officer, employee, accountant, attorney and other agent of Mortgagee (each, a "Representative") to enter and inspect the Premises and to examine, audit, copy and extract each record of the Debtor relating to the Premises or any portion thereof; provided, that each such Representative complies in all material respects with the reasonable safety rules and regulations applicable to the Premises.

23. FINANCIAL STATEMENTS. Debtor shall provide, shall cause each Guarantor to provide, and shall use its best efforts to cause each lessee of the Premises or any material portion thereof (a "Material Lessee") to provide, to Mortgagee, in form satisfactory to Mortgagee, promptly upon request by Mortgagee, all information relating to such Guarantor, Debtor or Material Lessee or to such Guarantor's, Debtor's or Material Lessee's business, operations, assets, affairs or condition (financial or otherwise) or to the Premises or any portion thereof that is so requested. Without limiting the generality of the preceding sentence, Debtor shall so provide (a) if such Debtor is a natural person, at least once during each period of twelve (12) consecutive months, a personal financial statement of such Debtor for a year ending not more than sixty (60) days earlier, in reasonable detail and certified by such Debtor to be complete and accurate and (b) if such Debtor is not an individual, (i) promptly copies of all annual reports, proxy statements and similar information distributed to shareholders, partners or other owners and of all filings with the Securities and Exchange Commission and the Pension Benefit Guaranty Corporation, (ii) within thirty (30) days after the end of each of its first three fiscal quarters, consolidating and consolidated

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statements of income and cash flows for the quarter for the Debtor and all of its affiliates, for the corresponding quarter in the previous fiscal year and for the period from the end of the previous fiscal year, with a consolidating and consolidated balance sheet as of the quarter end, together with balance sheets, income and operating expense statements specifically relating to the Premises and, if applicable, certified rent rolls and lease summaries containing the names of all tenants together with a statement of the terms of the respective leases, (iii) within one hundred twenty (120) days after the end of each fiscal year, consolidating and consolidated statements of income and cash flows for the Debtor and all of its affiliates and its consolidating and consolidated balance sheet as of the end of such fiscal year, setting forth comparative figures for the preceding fiscal year audited by an independent certified public accountant acceptable to Mortgagee, all such statements to be certified by such Debtor's chief financial officer or manager to be correct and in accordance with such Debtor's records and to present fairly the results of the Debtor's and its affiliates' operations and cash flows and its and their financial position at year end in conformity with generally accepted accounting principles, together with a report of historical performances of the Premises, including number of rooms, average daily rates and occupancy rates, (iv) within thirty (30) days of the filing thereof, the as-filed Federal, state and local (if applicable) tax returns of the Debtor and its affiliates for such fiscal year certified to be correct by the chief financial officer of Debtor or other financial officer satisfactory to Mortgagee, and (v) with each statement of income, a certificate executed by such Debtor's chief executive and chief financial officers or manager (A) stating that the signers of the certificate have reviewed this Mortgage and the operations and condition (financial or other) of such Debtor and any affiliates during the relevant period and (B) stating that no Event of Default occurred during the period, or if an Event of Default did occur, describing its nature, the date(s) of its occurrence or period of existence and what action Debtor has taken with respect thereto.

24. AUTHORIZATION AND POWER OF ATTORNEY. Mortgagee is irrevocably and unconditionally authorized to take, and Mortgagor irrevocably and unconditionally appoints Mortgagee as the attorney-in-fact of such Mortgagor, with full power of substitution and of revocation, to take, in the name of such Mortgagor or otherwise at the sole option of Mortgagee, each action relating to the Premises or any portion thereof that, subject to this Mortgage, such Mortgagor could take in the same manner, to the same extent and with the same effect as if such Mortgagor were to take such action; provided, however, that Mortgagee shall not have the right, pursuant to such authorization or as such attorney-in-fact, to sell or otherwise dispose of the Premises or any portion thereof. Such power of attorney is coupled with an interest in favor of Mortgagee, and shall not be terminated or otherwise affected by the death, disability or incompetence of any Mortgagor.

25. FURTHER ASSURANCES. Promptly upon request by Mortgagee, Mortgagor shall, at the sole cost and expense of Debtor, execute and deliver each writing, and take each other action, that Mortgagee shall deem necessary or desirable at the sole option and in the reasonable discretion of Mortgagee (a) to perfect or accomplish any lien or security interest granted, or assignment made, pursuant to this Mortgage; (b) otherwise to accomplish any purpose of this Mortgage; (c) in connection with any transaction contemplated by this Mortgage; or (d) in connection with the Premises or any portion thereof.

26. ENVIRONMENTAL REPRESENTATIONS, WARRANTIES AND INDEMNIFICATION. Debtor represents and warrants, and continues to represent and warrant as long as this Mortgage is in effect, to Mortgagee that (a) Debtor and the Premises are in compliance with each statute, regulation or other law and each judgment, order or award of any court, agency or other governmental authority or of any arbitrator (individually an "Environmental Requirement") relating to the protection of any water, water vapor, land surface or subsurface, air, fish, wildlife, biota or other natural resources or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of any chemical, natural or synthetic substance, waste, pollutant or contaminant (collectively "Regulated Materials"), (b) Debtor has not been charged with, or has received any notice that Debtor is under investigation for, the failure to comply with any Environmental Requirement, nor has Debtor received any notice that Debtor has or may have any liability or responsibility under any Environmental Requirement with respect to the Premises or otherwise, (c) the Premises have never been used for (i) the storage, treatment, generation, transportation, processing, handling, production or disposal of Regulated Materials, except as permitted by law, (ii) a landfill or other waste disposal site or (iii) military purposes, (d) no underground storage tanks are located on the Premises, (e) the environmental media at the Premises do not contain Regulated Materials beyond any legally permitted level, (f) there has never been any release, threatened release, migration or uncontrolled presence of any Regulated Materials on, at or from the Premises or, to the knowledge of Debtor, within the immediate vicinity of the Premises and (g) Debtor has not received any notice of any such release, threatened release, migration or uncontrolled presence. Debtor shall not cause or permit the Premises to be used in any way that would result in any of the representations and warranties contained in the preceding sentence to be false or misleading at any future time. To the extent any such representation or warranty at any time is or becomes false or misleading, Debtor shall promptly notify Mortgagee thereof. If at any time Debtor obtains any evidence or information which suggests that potential environmental problems may exist on, at or about the Premises, Mortgagee may request Debtor, at Debtor's own cost and expense, to conduct and complete investigations, studies, sampling and testing with respect to the Premises requested by Mortgagee. Debtor shall promptly

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furnish to Mortgagee copies of all such investigations, studies, samplings and tests. Debtor shall (a) conduct and complete all such investigations, studies, samplings and testing, and all remedial, removal and other actions necessary with respect to the Premises, in accordance with all applicable Environmental Requirements and promptly furnish to Mortgagee copies of all documents generated in connection therewith and (b) defend, reimburse, indemnify and hold harmless Mortgagee, its employees, agents, officers and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, the violation of, or other liability or responsibility under, any Environmental Requirements, or the release, threatened release, migration or uncontrolled presence of any Regulated Materials on, at or from the Premises including attorney and consultant fees, investigation and laboratory fees, court costs and litigation expenses. In the event this Mortgage is foreclosed, or Debtor tenders a deed in lieu of foreclosure which Mortgagee agrees to accept, Debtor shall be responsible to deliver the Premises to Mortgagee free of any and all Regulated Materials other than any that are (a) normally used in Debtor's business and (b) located and maintained thereon in compliance with all applicable Environmental Requirements and in a condition that conforms with all applicable Environmental Requirements. The provisions of this Section 26 shall be in addition to any and all other obligations and liabilities Debtor may have to Mortgagee at common law or any other agreement with Mortgagee, and shall survive the transactions contemplated in this Mortgage and the termination of this Mortgage.

27. EVENTS OF DEFAULT.

(a) Any of the following events or conditions shall constitute an "Event of Default": (i) failure by Debtor to pay within ten (10) days of when due (whether at the stated maturity, by acceleration, upon demand or otherwise) the Indebtedness, or any part thereof, or there occurs any event or condition which after notice, lapse of time or after both notice and lapse of time will permit acceleration of the Indebtedness; (ii) default by Debtor in the performance of any obligation, term or condition of this Mortgage or any other agreement with Mortgagee or any of its Affiliates and such default continues for a period of ten (10) days after Debtor receives written notice of such default from Mortgagee; (iii) failure by Debtor to pay when due (whether at the stated maturity, by acceleration, upon demand or otherwise) any indebtedness or obligation owing to any third party or any Affiliate, the occurrence of any event which could result in acceleration of payment of any such indebtedness or obligation or the failure to perform any agreement with any third party or any Affiliate; (iv) Debtor is dissolved, becomes insolvent, generally fails to pay or admits in writing its inability generally to pay its debts as they become due; (v) failure to pay, withhold or collect any tax as required by law; (vi) Debtor makes a general assignment, arrangement or composition agreement with or for the benefit of its creditors or makes, or sends notice of any intended, bulk sale; the sale, assignment, transfer or delivery of all or substantially all of the assets of Debtor to a third party; or the cessation by Debtor as a going business concern; (vii) Debtor files a petition in bankruptcy or institutes any action under federal or state law for the relief of debtors or seeks or consents to the appointment of an administrator, receiver, custodian or similar official for the wind up of its business (or has such a petition or action filed against it and such petition action or appointment is not dismissed or stayed within sixty (60) days); (viii) the reorganization, merger, consolidation or dissolution of Debtor (or the making of any agreement therefor); (ix) the death or judicial declaration of incompetency of Debtor, if a natural person; (x) the entry of any judgment in excess of Fifty Thousand Dollars and 00/100 ($50,000) or order of any court, other governmental authority or arbitrator against Debtor; (xi) falsity, omission or inaccuracy of facts submitted to Mortgagee or any Affiliate (whether in a financial statement or otherwise); (xii) a material adverse change in the Premises, Debtor, its business, operations, affairs or condition (financial or otherwise) from the status shown on any financial statement or other document submitted to Mortgagee, and which change Mortgagee determines will have a material adverse affect on (a) Debtor, the Premises, its business, operations or condition (financial or otherwise), or (b) the ability of Debtor to pay the Indebtedness or perform its obligations hereunder or the Note; (xiii) there occurs any change in the management or ownership of Debtor which is, in the reasonable opinion of Mortgagee, materially adverse to its interest and which remains uncorrected for thirty (30) days after Mortgagee notifies Mortgagor of its opinion; (xiv) any pension plan of Debtor fails to comply with applicable law or has vested unfunded liabilities that, in the opinion of Mortgagee, might have a material adverse effect on Debtor's ability to repay its debts; (xv) any indication or evidence received by Mortgagee that Debtor may have directly or indirectly been engaged in any type of activity which, in Mortgagee's discretion, might result in the forfeiture of the Premises to any governmental authority; (xvi) the occurrence of any event described in Section 27(a)(i) through and including 27(a)(xv) with respect to any Guarantor or Debtor (if Mortgagor and Debtor are not the same); or (xvii) Mortgagee in good faith believes that the prospect of payment of all or any part of the Indebtedness or performance of Debtor's or Agency's obligations under this Mortgage or any other agreement now or hereafter in effect between Agency, Debtor or Guarantor and Mortgagee or its Affiliates is materially impaired.

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(b) Mortgagee, at its sole election, may declare all or any part of any Indebtedness not payable on demand to be immediately due and payable without demand or notice of any kind upon the happening of any uncured Event of Default. All or any part of any Indebtedness not payable on demand shall be automatically and immediately due and payable, without demand or notice of any kind, upon the commencement of Agency's or Debtor's bankruptcy if voluntary and upon the lapse of sixty (60) days without dismissal if involuntary, unless an order for relief is entered sooner. The provisions of this paragraph are not intended in any way to affect any rights of Mortgagee with respect to any Indebtedness which may now or hereafter be payable on demand.

(c) Upon the happening of an Event of Default, whether or not foreclosure proceedings have been instituted, Debtor shall, upon demand, surrender possession of the Premises to Mortgagee. If Debtor remains in possession of the Premises after the happening of an Event of Default and demand by Mortgagee, the possession shall be as tenant of Mortgagee and Debtor agrees to pay in advance upon demand to Mortgagee a reasonable monthly rental for the Premises or portion so occupied. Mortgagee may dispossess, by summary proceedings or otherwise, any tenant of Debtor defaulting in the payment of rent. If a receiver is appointed, this covenant shall inure to the benefit of such receiver. Notwithstanding any provision of law to the contrary, Mortgagee may, at its option, foreclose this Mortgage subject to the rights of tenants of the Premises which are subordinate to the lien of this Mortgage.

(d) If the Indebtedness, as evidenced by a single note or other written instrument shall exceed the amount secured by this Mortgage, or as evidenced by a combination of same that singularly or in part collectively may be less than said secured amount but combined exceed said secured amount, Mortgagee, in any foreclosure hereof, shall have the right to sue and collect the excess in the same action as commenced for the foreclosure hereof, and recover a money judgment for said excess with all the rights attendant thereto, including the issuance of an execution to the Sheriff for collection thereof, and Mortgagor hereby waives any defense based upon a claim that in doing so, Mortgagee is splitting its cause of action if it seeks to foreclose this Mortgage for part of the indebtedness and recover at law for another part.

(e) Upon the happening of an Event of Default, Mortgagee may pursue, take or refrain from pursuing any remedy for collection of the Indebtedness, including foreclosure of this Mortgage.

(f) Mortgagee may, either with or without entry or taking possession of the Premises as provided in this Mortgage or otherwise, personally or by its agents or attorneys, and without prejudice to the right to bring an action of foreclosure of this Mortgage: (A) sell the Premises or any part thereof pursuant to any procedures provided by applicable law including the procedures set forth in Article 14 of the New York Real Property Actions and Proceedings Law (and any amendments or substitute statutes in regard thereto) allowing non-judicial foreclosure of Mortgage by sale, and all estate, right, title, interest, claim and demand therein, and right of redemption thereof, at one or more sales as an entity or in parcels, and at such time and place upon such terms and after such notice thereof as may be required or permitted by applicable law or (B) take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Note or in this Mortgage, or in aid of the execution of any power granted in this Mortgage, or for any foreclosure under this Mortgage, or for the enforcement of any other appropriate legal or equitable remedy or otherwise as Mortgagee may elect. Any reference in this Mortgage to an action or right of Mortgagee in regard to or in connection with a "foreclosure proceeding" shall be deemed to include a sale and/or proceeding under this subsection, including a non-judicial foreclosure of mortgage by sale.

28. EXPENSES. Debtor shall pay to Mortgagee and Agency, as applicable, on demand all costs and expenses (including reasonable attorneys' fees and disbursements of outside counsel) incurred by Mortgagee or the Agency in connection with the Indebtedness or the Mortgage including costs of collection, of preserving or exercising any right or remedy of Mortgagee under this Mortgage or any related security agreement or guaranty, of workout or bankruptcy proceedings by or against Mortgagor, of defending against any claim asserted as a direct or indirect result of the Indebtedness or of performing any obligation of any Mortgagor pursuant to this Mortgage or otherwise (including payment of any amount Debtor is obligated to pay pursuant to this Mortgage and performance of any obligation of Mortgagor pursuant to this Mortgage). Debtor agrees to defend and indemnify Mortgagee from any and all third party claims arising from Mortgagor's duties as owner and/or occupant of the Premises, and further agrees to pay, upon demand, any reasonable expense that Mortgagee and/or the Agency may incur (including attorneys' fees and disbursements whether for internal or outside counsel) due to Debtor's failure to provide appropriate defense and indemnification to Mortgagee and/or the Agency in a timely manner. Mortgagee reserves the right to have Debtor pay, upon demand, administrative fee(s) in regard to any administrative action Mortgagee is required or requested to take including the preparation of discharges, releases or assignments to third parties. Costs and expenses shall accrue interest at the default rate set forth in the Note from the date of demand until payment is actually received by Mortgagee. Each such cost and expense and any interest thereon shall

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constitute part of the Indebtedness and be secured by this Mortgage and may be added to the judgment in any suit brought by Mortgagee or its agents against Debtor on this Mortgage.

29. NOTICES. Any demand or notice hereunder or under any applicable law pertaining hereto (including Article 14 of New York Real Property Actions and Proceedings Law) shall be in writing and duly given if delivered to the Debtor or the Agency, as applicable, (at their respective addresses listed on page one hereof) or to Mortgagee (at the address on page one and separately to Mortgagee officer responsible for Debtor's relationship with Mortgagee). Such notice or demand shall be deemed sufficiently given for all purposes when delivered (i) by personal service and shall be deemed effective when delivered, or (ii) by mail or courier and shall be deemed effective three (3) New York Business Days (as defined in the Note) after deposit in an official depository maintained by the United States Post Office for the collection of mail or one (1) New York Business Day after delivery to a nationally recognized overnight courier service (*e.g.*, Federal Express). Notice by e-mail is not valid notice under this or any other agreement between Mortgagor and Mortgagee.

30. LITIGATION. Debtor shall promptly notify Mortgagee in writing of any litigation, proceeding, or counterclaim against, or of any investigation of, Debtor (or the threat thereof) if: (i) the outcome of such litigation, proceeding, counterclaim, or investigation may materially and adversely affect the finances or operations of Mortgagor or title to, or the value of, any assets secured by the Mortgage or (ii) such litigation, proceeding, counterclaim, or investigation questions the validity of the Mortgage, the Note or any document executed in connection therewith including any guaranties or any action taken, or to be taken, pursuant to any such documents. Debtor shall furnish to Mortgagee such information regarding any such litigation, proceeding, counterclaim, or investigation as Mortgagee shall request.

31. APPRAISED VALUE. In no event will the Indebtedness exceed fifty-five percent (55%) of the "as completed" appraised value of the Premises after the Completion Date (as defined in the Building Loan Agreement of even date herewith by and between the Debtor and the Mortgagee) (the "Loan to Value Ratio"). Upon the reasonable request of the Mortgagee, Debtor agrees, at its cost, to provide to the Mortgagee updated appraisals from an appraiser acceptable to the Mortgagee. If Debtor fails to provide the Mortgagee with such an appraisal, then the Mortgagee may obtain its own appraisal and Debtor shall reimburse the Mortgagee for the cost of same. In the event the Indebtedness exceeds the Loan to Value Ratio, the Debtor agrees, upon notice from the Mortgagee, (a) to pay the Mortgagee an amount equal to the portion of the Indebtedness which exceeds the Loan to Value Ratio, (b) to provide the Mortgagee with liens and security interests in such additional collateral, satisfactory to the Mortgagee, as will reinstate the Loan to Value Ratio, or (c) to pay off the entire amount of the Indebtedness then due including any prepayment premiums, if applicable, as set forth in the Note.

32. NOTICE OF NON-COMPLIANCE. Debtor shall notify Mortgagee in writing of any failure by Mortgagor to comply with any provision of the Note, the Mortgage or any document executed in connection therewith immediately upon learning of such non-compliance, or if any representation, warranty or covenant contained in any such document is no longer true. Debtor shall also immediately notify Mortgagee in writing if there is any material adverse change in any of the information or financial statements supplied to Mortgagee to induce Mortgagee to extend credit to Mortgagor or if such information or financial statement is required under this Mortgage or any other document executed in connection therewith.

33. COVENANTS SHALL RUN WITH THE LAND. The covenants contained in this Mortgage shall run with the land and bind Mortgagor, each heir, legal representative, successor and assign of Mortgagor and each subsequent owner, encumbrancer, tenant and subtenant of the Premises or any portion thereof, and shall inure to the benefit of, and be enforceable by, Mortgagee and each successor and assign of Mortgagee.

34. NONWAIVER BY MORTGAGEE. All rights and remedies of Mortgagee under this Mortgage and its other agreements with Mortgagor are cumulative, and no right or remedy shall be exclusive of any other right or remedy. No single, partial or delayed exercise by Mortgagee or its agents of any right or remedy shall preclude full and timely exercise by Mortgagee or its agents at any time of any right or remedy of Mortgagee without notice or demand, at Mortgagee's sole option. No course of dealing or other conduct, no oral agreement or representation made by Mortgagee or its agents or usage of trade shall operate as a waiver of any right or remedy of Mortgagee. No waiver of any right or remedy of Mortgagee hereunder shall be effective unless made specifically in writing by Mortgagee. No notice or demand on Mortgagor, Debtor or Guarantor in any case shall entitle Mortgagor, Debtor or Guarantor to any other or further notice in similar or other circumstances.

35. RIGHT OF SETOFF. If an Event of Default occurs, Mortgagee and Affiliates shall also have the right to setoff against the indebtedness any property held in a deposit or other account or otherwise owing by Mortgagee or Affiliates including, in any capacity to Debtor or Guarantor in any capacity whether or not the Indebtedness or the obligation to pay

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such moneys owed by Mortgagee is then due, and Mortgagee shall be deemed to have exercised such right of setoff immediately at the time of such election.

36. TERM; SURVIVAL. The term of this Mortgage and Mortgagor's obligations hereunder shall continue, with respect to the Debtor, until the Indebtedness has been fully paid to Mortgagee's reasonable satisfaction and, with respect to the Agency, until it no longer has an interest in the Premises. Debtor's obligation to pay the costs and expenses hereunder shall survive the term of this Mortgage and the entry of any judgment of foreclosure. Mortgagor's representations, warranties, covenants and agreements shall survive during the term of this Mortgage and shall be presumed to have been relied upon by Mortgagee. If after receipt of any payment of all or any part of the Indebtedness, Mortgagee is for any reason compelled to surrender such payment to any person or entity because such payment is determined to be void or voidable as a preference, impermissible set-off, or a diversion of trust funds, or for any other reason, this Mortgage shall continue in full force notwithstanding any contrary action which may have been taken by Mortgagee in reliance upon such payment, and any such contrary action so taken shall be without prejudice to Mortgagee's rights under this Mortgage and shall be deemed to have been conditioned upon such payment having become final and irrevocable.

37. MISCELLANEOUS. This Mortgage is absolute and unconditional. This Mortgage and all documents, including the Note, any Guaranty and any other document required to be executed by Debtor or Guarantor in connection with the transaction contemplated hereby constitute the entire agreement and understanding between the parties hereto with respect to such transaction and supersedes all prior negotiations, courses of dealing, understandings, and agreements between such parties with respect to such transactions. This Mortgage is a binding obligation enforceable against Mortgagor and its heirs and legal representatives and its successors and assigns and shall inure to the benefit of Mortgagee and its successors and assigns. Any reference herein to "Mortgagee" shall be deemed to include and apply to every subsequent holder of this Mortgage and any reference herein to "Debtor" or "Guarantor" shall include; (i) any successor individual or individuals, association, partnership, limited liability company or corporation to which all or substantially all of the business or assets of Debtor or Guarantor, as the case may be, shall have been transferred; (ii) in the case of a partnership Debtor or Guarantor (as the case may be) any new partnership which shall have been created by reason of the admission of any new partner or partners therein, or by reason of the dissolution of the existing partnership by voluntary agreement or the death, resignation or other withdrawal of any partner; and (iii) in the case of a corporate or limited liability company, Debtor or Guarantor (as the case may be) any other entity into or with which Debtor or Guarantor (as the case may be) shall have been merged, consolidated, reorganized, or absorbed. It is the intent of Mortgagor and Mortgagee that the provisions of this Mortgage, other than those included in the New York statutory form of mortgage, shall be construed as affording to Mortgagee rights additional to, and not exclusive of, the rights conferred under the provisions contained in such statutory form. Unless the context otherwise clearly requires, references to plural includes the singular and references to the singular include the plural; the word "or" has the inclusive meaning represented by the phrase "and/or"; the word "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; and captions or section headings are solely for convenience and not part of the substance of this Mortgage. Any representation, warranty, covenant or agreement herein shall survive execution and delivery of this Mortgage and shall be deemed continuous. Each provision of this Mortgage shall be interpreted as consistent with existing law and shall be deemed amended to the extent necessary to comply with any conflicting law. If any provision nevertheless is held invalid, the other provisions shall remain in effect. Mortgagor agrees that in any legal proceeding, a photocopy of this Mortgage kept in Mortgagee's course of business may be admitted into evidence as an original.

38. JOINT AND SEVERAL. If there is more than one Debtor, each of them shall be jointly and severally liable for all amounts and obligations which become due or should be performed under this Mortgage and the term "Debtor" shall include each as well as all of them.

39. GOVERNING LAW; JURISDICTION. This Mortgage has been delivered to and accepted by Mortgagee and will be deemed to be made in the State of New York. This Mortgage will be interpreted in accordance with the laws of the State of New York excluding its conflict of laws rules. **MORTGAGOR HEREBY IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT IN NEW YORK STATE IN ONONDAGA COUNTY AND CONSENTS THAT MORTGAGEE MAY EFFECT ANY SERVICE OF PROCESS IN THE MANNER AND AT MORTGAGOR'S ADDRESS SET FORTH ABOVE FOR PROVIDING NOTICE OR DEMAND; PROVIDED THAT NOTHING CONTAINED IN THIS MORTGAGE WILL PREVENT MORTGAGEE FROM BRINGING ANY ACTION, ENFORCING ANY AWARD OR JUDGMENT OR EXERCISING ANY RIGHTS AGAINST DEBTOR INDIVIDUALLY, AGAINST ANY SECURITY OR AGAINST ANY PROPERTY OF DEBTOR WITHIN ANY OTHER COUNTY, STATE OR OTHER FOREIGN OR DOMESTIC JURISDICTION.** Mortgagor acknowledges and agrees that the venue provided above is the most convenient forum for both Mortgagee and

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Mortgagor. Mortgagor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Mortgage.

40. WAIVER OF JURY TRIAL. MORTGAGOR AND MORTGAGEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY EACH WAIVE ANY RIGHT TO TRIAL BY JURY THEY MAY HAVE IN ANY ACTION OR PROCEEDING, IN LAW OR IN EQUITY, IN CONNECTION WITH THIS MORTGAGE OR THE TRANSACTIONS RELATED THERETO. MORTGAGOR REPRESENTS AND WARRANTS THAT NO REPRESENTATIVE OR AGENT OF MORTGAGEE HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT MORTGAGEE WILL NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THIS RIGHT TO JURY TRIAL WAIVER. MORTGAGOR ACKNOWLEDGES THAT MORTGAGEE HAS BEEN INDUCED TO ACCEPT THIS MORTGAGE BY, AMONG OTHER THINGS, THE PROVISIONS OF THIS SECTION.

41. EXCULPATION OF AGENCY. The Agency has executed this instrument solely for the purpose of subjecting its interest in the Premises to the lien of this instrument and to evidence its consent to the terms, covenants and agreements contained in this instrument. The Agency shall not be obligated to perform any such terms, covenants or agreements, and the Mortgagee shall have no recourse to the Agency for any breach thereof. No provision, covenant or agreement contained in this instrument or any obligation herein imposed upon the Agency or the breach thereof shall constitute or give rise to a pecuniary liability to the Agency or a charge upon the Agency's general credit. The obligations and agreements of the Agency contained in this Mortgage and in any other instrument or document executed in connection herewith, and any instrument or document supplemental hereto, shall be deemed the obligations and agreements of the Agency and not of any member, officer, agent (other than the Debtor), or employee of the Agency in his individual capacity; and the members, officers, agents (other than the Debtor), and employees of the Agency shall not be liable personally hereon or thereon or be subject to any personal liability or accountability based upon or in respect hereof or thereof or of any transaction contemplated hereby or thereby. The obligations and agreements of the Agency contained herein or therein shall not constitute or give rise to an obligation of the State of New York or of the City of Syracuse, and neither the State of New York nor the City of Syracuse shall be liable hereon or thereon. Further, such obligations and agreements shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute limited obligations of the Agency, payable solely from the revenues of the Agency derived from the lease, sale or other disposition of the Premises. No order or decree of specific performance with respect to any of the obligations of the Agency hereunder or thereunder shall be sought or enforced against the Agency unless:

(a) The party seeking such order or decree shall first have requested the Agency in writing to take the action sought in such order or decree of specific performance, and fifteen (15) New York Business Days shall have elapsed from the date of receipt of such request, and the Agency shall have refused to comply with such request (or if compliance therewith would reasonably be expected to take longer than fifteen (15) New York Business Days, shall have failed to institute and diligently pursue action to cause compliance with such request) or failed to respond within such notice period;

(b) If the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree shall have placed in an account with the Agency an amount or undertaking sufficient to cover such reasonable fees and expenses; and

(c) If the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it or any of its members, officers, agents (other than the Debtor), or employees shall be subject to potential liability, the party seeking such order or decree shall (i) agree to indemnify and hold harmless the Agency and its members, officers, agents (other than the Debtor), and employees against any liability incurred as a result of its compliance with such demand; and (ii) if requested by the Agency, furnish to the Agency satisfactory security to protect the Agency and its members, officers, agents (other than Debtor), and employees against all liability expected to be incurred as a result of compliance with such request.

42. DEBTOR'S OBLIGATIONS TO COMPLY WITH COMPANY LEASE, THE AGENCY LEASE AND THE PILOT AGREEMENT. Debtor shall (i) pay all other sums of money due and payable at any time and from time to time under the Company Lease, the Agency Lease and the PILOT Agreement (as each such term is defined in the Agency Lease) as and when such sums become due and payable, but in any event before the expiration of any grace period provided in the Company Lease, the Agency Lease and/or the PILOT Agreement for the payment of any such sum, and (ii) at all times fully perform, observe and comply with all other terms, covenants and conditions of the Company Lease, the Agency Lease and the PILOT Agreement to be performed, observed or complied with by Debtor as lessor under the Company Lease and lessee under the Agency Lease and as a party to the PILOT Agreement, as applicable. If the Company Lease, the Agency Lease and

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the PILOT Agreement do not provide for a grace period for the payment of a sum of money, Debtor shall make the payment on or before the date on which the payment becomes due and payable. Debtor shall deliver evidence of the payment to Mortgagee within ten (10) days after receipt of a written request from Mortgagee for evidence of the payment.

43. AGENCY EXECUTING AT THE DIRECTION OF DEBTOR. The Debtor directs the Agency to execute and deliver this Mortgage to the Mortgagee, and further agrees to indemnify the Agency (and its members, officers, directors, agents (other than the Debtor), servants and employees) for all fees and costs incurred in connection with the execution, delivery, recording, performing and enforcing of this Mortgage, including but not limited to reasonable attorney's fees.

44. HOLD HARMLESS PROVISIONS. The Debtor hereby releases the Agency and its members, officers, agents and employees from, agrees that the Agency and its members, officers, agents and employees shall not be liable for, and agrees to indemnify, defend, and hold the Agency and its members, officers, agents (other than the Debtor) and employees harmless from and against any and all claims arising as a result of the Agency's execution of this Mortgage.

45. SUBORDINATION PROVISIONS. Notwithstanding anything herein to the contrary, Mortgagee by accepting this Mortgage acknowledges and agrees that the rights of Mortgagee hereunder shall be subordinate to the rights of the Agency to receive payments in lieu of taxes pursuant to the PILOT Agreement and that such payments in lieu of taxes to be made by Debtor to the Agency shall have the same force, priority and effect as a real property tax lien under State law against the Mortgaged Property and/or the Premises.

46. COUNTERPARTS. This Mortgage may be executed in counterparts, each of which is deemed to be an original and all of which constitute but one and the same instrument.

[*Signature Page Follows*]

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IN WITNESS WHEREOF, this Mortgage has been duly executed by Mortgagor the day and year first above written.

THE INNS AT ARMORY SQUARE, LLC

By: _____
Richard H. Sykes, Manager

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
William M. Ryan, Chairman

ACKNOWLEDGMENT

STATE OF NEW YORK)
: SS.
COUNTY OF ONONDAGA)

On the ___ day of February, in the year 2012, before me, the undersigned, a Notary Public in and for said State, personally appeared Richard H. Sykes, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Edward J. Moses
Notary Public
EDWARD J. MOSES
Notary Public, State of New York
No. 34-8034924
Qualified in Onondaga County
Commission Expires Sept. 30, 20 14

ACKNOWLEDGMENT

STATE OF NEW YORK)
: SS.
COUNTY OF ONONDAGA)

On the ___ day of February, in the year 2012, before me, the undersigned, a Notary Public in and for said State, personally appeared William M. Ryan, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

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IN WITNESS WHEREOF, this Mortgage has been duly executed by Mortgagor the day and year first above written.

THE INNS AT ARMORY SQUARE, LLC

By:_____
Richard H. Sykes, Manager

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By:_____
William M. Ryan, Chairman

ACKNOWLEDGMENT

STATE OF NEW YORK)
: SS.
COUNTY OF ONONDAGA)

On the ___ day of February, in the year 2012, before me, the undersigned, a Notary Public in and for said State, personally appeared Richard H. Sykes, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

ACKNOWLEDGMENT

STATE OF NEW YORK)
: SS.
COUNTY OF ONONDAGA)

On the 23rd day of February, in the year 2012, before me, the undersigned, a Notary Public in and for said State, personally appeared William M. Ryan, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Lori L McRobbie
Notary Public

LORI L. McROBBIE
Notary Public, State of New York
Qualified in Onondaga Co. No. 01MC5055591
Commission Expires on Feb. 12, 20 14

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SCHEDULE "A"

Property Description

BEGINNING AT A POINT, said point being the intersection of the northerly line of West Fayette Street and the westerly line of South Franklin Street.

THENCE North 89 degrees 44 minutes 00 seconds West for a distance of 361.65 feet along the northerly line of West Fayette Street to a point;

THENCE North 00 degrees 09 minutes 30 seconds East for a distance of 120.21 feet to a point;

THENCE South 89 degrees 35 minutes 52 seconds East for a distance of 89.08 feet to a point;

THENCE North 00 degrees 16 minutes 00 seconds East for a distance of 12.00 feet to a point;

THENCE South 89 degrees 44 minutes 00 seconds East for a distance of 10.37 feet to a point;

THENCE North 00 degrees 05 minutes 00 seconds East for a distance of 20.42 feet to a point;

THENCE South 89 degrees 44 minutes 00 seconds East for a distance of 262.00 feet to a point;
THENCE South 00 degrees 05 minutes 00 seconds West for a distance of 152.42 feet TO THE POINT AND PLACE OF BEGINNING.

Together with and subject to covenants, easements, and restrictions of record.

Said property contains 1.27 Acres (55,406 Sq. Ft.) more or less.

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MORTGAGE

THE INNS AT ARMORY SQUARE, LLC
and
CITY OF SYRACUSE
INDUSTRIAL DEVELOPMENT AGENCY

To

M&T BANK

Dated: February 24, 2012

STATE OF NEW YORK

County of Onondaga SS.

RECORDED

On the

_____day of February, 2012

at _____o'clock _____M

In Liber _____of Mortgages at Page _____and

examined.

M&T Bank
Manufacturers and Traders Trust Company

Record and Return to:

Joseph T. Mancuso, Esq.
Hancock Estabrook, LLP
1500 AXA Tower I
100 Madison Street
Syracuse, New York 13202

GENERAL ASSIGNMENT OF RENTS

Date: February 24, 2012

Borrower: THE INNS AT ARMORY SQUARE, LLC, a New York limited liability company with its chief executive office at 202 Walton Street, Suite 204, Syracuse, New York 13202.

Agency: CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY, a New York public benefit corporation with an office at 333 West Washington Street, Suite 130, Syracuse, New York 13202.

The Borrower and the Agency shall be collectively referred to herein as the "Assignor".

Assignee: M&T BANK, a New York banking corporation having its offices at One M&T Plaza, Buffalo, New York 14203, Attn: Office of General Counsel.

WHEREAS, Assignee has extended credit to, or that is guaranteed by, Borrower and that is secured in part by a Mortgage dated on or about the date of this Assignment (together with any extensions, supplements, modifications, amendments, and consolidations thereof, collectively referred to herein as the "Mortgage") encumbering the Premises (as defined in the Mortgage) (including the land described on the attached Schedule A) and securing the Indebtedness (as defined in the Mortgage); and

WHEREAS, Assignee has required Assignor in connection with the Indebtedness to make the assignments and grant to Assignee the rights set forth in this Assignment; and

WHEREAS, Assignee desires to grant Assignor a conditional license to collect and use the income derived from the Premises and to take certain leasing actions in the ordinary course of business.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt of which is acknowledged, Assignor covenants with Assignee so long as this Assignment is in effect as follows:

1. DEFINITIONS.

a. "Business Day" means any day other than Saturday, Sunday or other day in which commercial banking institutions in New York, New York are authorized or required by law or other governmental action to remain closed for business.

b. "Default" under this Assignment shall exist (i) if any representation made by any Assignor in this Assignment is found to have been untrue or misleading in any material respect at the time it was made, (ii) if any Assignor fails to observe any covenant made in this Assignment and (A) fails, upon notice from Assignee advising such Assignor of such failure, to cure the failure within thirty (30) days, (B) ceases to pursue diligently the cure of the failure or (C) repudiates its obligation to cure the failure, or (iii) if an "Event of Default" exists beyond any applicable notice and cure periods under the terms of the Mortgage or any other Loan Document.

c. "Leases" means all of Assignor's right, title and interest, now or in the future, under any leases or other agreements, written or oral, conferring any tenancy or right to occupy, possess or use any portion of the Premises other than the short-term rental of hotel rooms and conference facilities which shall not be deemed to be "Leases" hereunder (together with all extensions, renewals and modifications of any Lease), all guaranties of the tenants' performance of obligations under any Lease, Assignor's interest in any further leases, subleases, lettings or agreements upon or covering use or occupancy of all or any part of the Premises, and all other agreements conferring any right to collect Rents, including Assignor's rights to cancel, modify, terminate, or accept the surrender of any Lease, to remove and evict the tenants under any Lease, or to increase or reduce Rents, excluding therefrom the Unassigned Rights of the Agency as defined in the Agency Lease Agreement dated as of February 1, 2012 by and between the Borrower and the Agency, as amended and/or supplemented from time to time (the "Agency Lease").

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d. "Leasing Actions" means all executions, modifications, terminations, and extensions of any Lease, all grants of purchase options or rights of first refusal, and all other actions taken by any Assignor in exercising its rights as landlord under any Lease.

e. "Loan Documents" means all documents entered into in connection with the Indebtedness, the Mortgage, the Note (as defined in the Mortgage) or this Assignment.

f. "Rents" means all rents, income, receipts, issues and profits and other benefits paid or payable for using, leasing, subleasing, licensing, possessing, operating from or in, residing in, selling, mining, extracting minerals from, or otherwise enjoying the Premises, whether presently existing or arising in the future, to which any Assignor may now or hereafter become entitled or may demand or claim, including security deposits, amounts drawn under letters of credit securing tenant obligations, minimum rents, additional rents, parking revenues, deficiency rents, termination payments, space contraction payments, liquidated damages following default under any Lease, premiums payable by tenants upon their exercise of cancellation privileges, proceeds from lease guarantees, proceeds payable under any policy of insurance covering loss of rents resulting from untenantability caused by destruction or damage to the Premises, all rights and claims of any kind which any Assignor has or may in the future have against the tenants under the Leases, lease guarantors, or any subtenants and other occupants of the Premises; all proceeds of any sale of the Premises in violation of the Loan Documents, any future award granted any Assignor in any court proceeding involving any tenant in any bankruptcy, insolvency, or reorganization proceedings in any state or federal court; and any and all payments made by any tenant in lieu of rent, excluding from the foregoing the Agency's Unassigned Rights (as defined in the Agency Lease).

2. ASSIGNMENT.

a. Assignor does hereby grant, sell, transfer, set over, deliver, and absolutely, unconditionally and irrevocably assign unto Assignee the Leases and the Rents, to have and to hold the same unto Assignee and unto its successors and assigns forever.

b. This Assignment is made in support of the Indebtedness and in support of the payment, observance, performance and discharge of all obligations, conditions covenants, and warranties contained in the Mortgage and the other Loan Documents. This Assignment is and shall be primary and on a parity with the real estate conveyed by the Mortgage.

3. LICENSE TO COLLECT AND USE RENTS. Assignee grants to Assignor a conditional license, subject to Assignee's rights under Section 5 of this Assignment, to collect the Rents, in trust for Assignee, to use them solely for the maintenance of the Premises and the repayment of the Indebtedness and, so long as no Default exists, to make the balance of the Rents available for use of and distribution to Assignor. This license extends only to Rents collected no more than one month in advance.

4. LICENSE TO TAKE CERTAIN LEASING ACTIONS.

a. Assignee grants to Assignor a conditional license, subject to Assignee's rights under this Assignment, to take all Leasing Actions, as trustee for Assignee, provided such Leasing Actions are not excluded from the scope of such Assignor's license under Section 4(b) of this Assignment and are taken in strict compliance with the terms of this Assignment.

b. The license granted by Assignee under this Section 4 does not extend to (i) the execution of any new Lease (other than, in the case of residential property, a residential lease entered into in the ordinary course of business and not described in clause (v) of this Section 4(b)), (ii) any modification of any Lease in a way potentially materially adverse to the economic position of the landlord under such Lease including, but not limited to, any reduction in term or rental rate or any release of any liability, security or other assurance of payment with respect thereto, (iii) the acceptance of any space contraction payment, any termination payment, or any Rent delivered more than one month in advance of the related period (other than a security deposit), (iv) the grant of any option to purchase any part of the Premises or any right of first refusal or (v) any Leasing Action that results in a Lease (A) to an affiliate of Borrower, (B) with a rental rate which is less than a reasonable market rental rate, (C) permitting prepayment of rent more than one month in advance or (D) demising more than twenty percent (20%) of the rentable space of the Premises or such higher or lower percentage as Assignee may from time to time agree to in writing.

c. Notwithstanding anything herein to the contrary, the foregoing provisions of this Section 4 do not apply to the Agency Lease, the Company Lease or the PILOT Agreement.

5. ASSIGNEE'S APPROVAL OF LEASING ACTIONS. In accordance with Section 291-f of the New York Real Property Law, Leasing Actions that Assignor is not expressly licensed to take under Section 4 of this Assignment require Assignee's advance written approval, which approval shall not be unreasonably withheld, conditioned or delayed (unless an Event of Default has occurred and is continuing). Borrower shall request such approval in a writing. The request shall be

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accompanied by (i) a copy of the form of lease, lease amendment or other written instrument that is to effect the proposed Leasing Action and (ii) any financial materials (such as credit reports, tenant financial statements, or retail tenant sales information) used by any Assignor in arriving at its decision to take the proposed Leasing Action. Assignee may, in the exercise of its reasonable discretion, request any additional documentation required to permit its analysis of the proposed Leasing Action.

6. **DELIVERY OF LEASE DOCUMENTS.** Upon request of Assignee from time to time, Borrower shall promptly deliver to Assignee complete documentation evidencing those Leasing Actions taken by such Assignor pursuant to its license not previously delivered. Borrower shall certify to Assignee that all such Leasing Actions have been taken in compliance with terms of this Assignment.

7. **BORROWER'S REPRESENTATIONS AND WARRANTIES.** Borrower represents and warrants as follows:

   a. Borrower is the owner in fee simple absolute of the Premises, has good title to the Leases and Rents and has good right to assign them. No other natural or legal person has any right, title or interest to any Borrower's interest in the Leases and Rents.

   b. Borrower has duly and punctually performed in all material respects all of the landlord's obligations, covenants, conditions and warranties under the terms of the Leases.

   c. To Borrower's best knowledge as a duly diligent property owner, no tenant under any Lease is in material default in the performance of its terms.

   d. Borrower has not previously sold, assigned, transferred, mortgaged, or pledged the Leases or the Rents except to Assignee under documents which have been discharged and released in full.

   e. The Leases delivered to Assignee in connection with the execution and delivery of the Mortgage are valid, unmodified (except pursuant to modifications that have been delivered to Assignee) and are in full force and effect.

   f. No Rent that will accrue under any Lease has been waived, released, discounted, set off or otherwise discharged or compromised.

   g. No Assignor has received any funds or deposits from the tenant under any Lease in excess of one month's Rent, other than security deposits or advance rents in respect of periods of the rental term that have elapsed.

8. **BORROWER'S COVENANTS.** Assignor hereby covenants as follows:

   a. Assignor shall observe, perform and discharge, duly and punctually, such Assignor's obligations, covenants, conditions and warranties under the terms of the Leases, the Mortgage, this Assignment and the other Loan Documents.

   b. Borrower shall use commercially reasonable efforts to cause the tenants under the Leases to perform their obligations under the Leases.

   c. No Assignor shall take any Leasing Action without Assignee's advance written approval as provided in Section 5 hereof, except as expressly permitted under the license granted to such Assignor under Section 4 of this Assignment.

   d. Borrower shall appear in and defend any action or proceeding arising under, or in any manner connected with the Leases or the obligations, duties or liabilities of such Assignor and the tenants under the Leases.

   e. Assignor shall execute and deliver to Assignee from time to time such further assignments and instruments as Assignee reasonably may request in order to effectuate the intent of this Assignment.

   f. Borrower shall, promptly upon execution, send Assignee a full and complete copy of any new Lease as to which Assignee's approval was required under the terms of this Assignment.

   g. If Borrower receives any written or oral notice from any tenant asserting a material default by the landlord under any Lease, or advising Borrower that a condition exists which may become a material default with the passage of time, Borrower shall send a copy or memorandum of the notice to Assignee.

   h. Borrower agrees, upon written request of Assignee, to notify the tenants under the Leases of this Assignment, to direct them in writing to send Assignee, simultaneously, copies of all notices of default that they serve on Borrower, and, subject to the conditional license granted to Assignor under Section 3 hereof, to require them, at Assignee's request, to pay all future Rent directly to Assignee. The Rents and copies of such notices shall be sent to Assignee at such address as is specified by Assignee from time to time.

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i. Borrower shall not create or permit any lien, charge, or encumbrance of the Leases or of the Rents or pledge, transfer, or otherwise assign the Leases or the Rents unless at Assignee's request.

j. Borrower shall consent to neither an assignment of the tenant's interest in any Lease nor to any tenant's subletting all or any portion of the Premises leased by it except to the extent such consent expressly may be required by the terms and conditions of any Lease in effect on the date of this Assignment or entered into in strict compliance with the terms of this Assignment.

9. ASSIGNEE'S RIGHTS UPON DEFAULT.

a. Upon Default, Assignee may by notice to any Assignor immediately terminate such Assignor's licenses under either or both of Sections 3 and 4 of this Assignment, regardless of whether the Premises or any other collateral adequately secures the eventual repayment of the Indebtedness. Upon the termination of any Assignor's license under Section 3 of this Assignment, Borrower shall immediately deliver to Assignee all Rents then in Borrower's possession, and all Rents then due or accruing thereafter shall be payable by tenants directly to Assignee. This Assignment shall constitute a direction to and full authority to any tenant of the Premises, upon Assignee's written request, to pay all Rents to Assignee, without requiring Assignee to prove to the tenant the existence of Default. Borrower agrees to deliver immediately to Assignee any Rents received by Borrower after the termination of the Assignor's license under Section 3 of this Assignment. At Assignee's written request, Assignor shall execute, at Borrower's sole cost and expense, such further assignments to Assignee of any Lease as Assignee may in its sole judgment request. This Assignment is given in connection with the Mortgage and in support of the performance of such Assignor's obligations under the Loan Documents, and nothing herein contained shall be construed as constituting Assignee as a "mortgagee-in-possession" of the Premises.

b. Assignee shall apply Rents it collects as follows: (i) first, to the payment of late and other charges, if any, due and payable under the Loan Documents; (ii) second, to the repayment of any sums advanced by Assignee for the payment of any insurance premiums, taxes, assessments or other impositions or charges against the Premises; (iii) third, to the payment of any other sums due from any Assignor to Assignee pursuant to the Loan Documents (other than the amounts described in clauses (v) and (vi) below); (iv) fourth, to the payment of any obligations of any Assignor under any environmental indemnity agreement; (v) fifth, to the payment of interest and principal then due with respect to the Indebtedness; (vi) sixth, to the establishment and maintenance of an escrow account for the payment of impositions on the Premises in accordance with the Loan Documents; (vii) seventh, to the payment to unaffiliated third parties of ordinary expenses incurred in connection with operation of the Premises, including reasonable and customary third-party management fees not exceeding four percent (4%) of effective gross income; (viii) eighth, to establish a fund to be held by Assignee in its general account, without interest (unless otherwise agreed upon by Assignee), as additional security for the Indebtedness pending the cure of all Defaults, and to be disbursed by Assignee in its reasonable discretion to permit such Defaults to be cured; and (ix) ninth, after the cure of all Defaults and only thereafter, the balance of the Rents shall be distributed to any Assignor or to the order of any Assignor.

c. Assignor agrees that Assignee's exercise of its rights under this Section 9 shall give rise to neither (i) an accord and satisfaction with respect to any obligation not fully performed by such Assignor or completely satisfied through the application of Rents by Assignee nor (ii) a waiver of any rights or remedies of Assignee.

d. Upon the cure of all Defaults, Assignee may, in its sole and absolute discretion, by notice to Borrower, reinstate either or both of the licenses granted to such Assignor under Sections 3 and 4 of this Assignment.

10. EXPENSES. Borrower shall pay to Assignee on demand all costs and expenses (including but not limited to reasonable attorneys' fees and disbursements for outside counsel) incurred by Assignee in connection with this Assignment, the Indebtedness or the Mortgage including costs of collection, of preserving or exercising any right or remedy of Assignee under this Assignment or any related assignment or guaranty, of workout or bankruptcy proceedings by or against Borrower, of defending against any claim asserted as a direct or indirect result of the Indebtedness or of performing any obligation of any Assignor pursuant to this Assignment or otherwise (including but not limited to payment of any amount any Assignor is obligated to pay pursuant to this Assignment and performance of any obligation of Assignor pursuant hereto). Assignee reserves the right to have Borrower pay, upon demand, administrative fee(s) in regard to any administrative action Assignee is required or requested to take including the preparation of discharges, releases or assignments to third parties. Costs and expenses shall accrue interest at the default rate set forth in the Note from the date of demand until payment is actually received by Assignee. Each such cost and expense and any interest thereon shall constitute part of the Indebtedness and be secured by this Assignment and may be added to the judgment in any suit brought by Assignee or its agents against any Assignor on this Agreement.

11. NOTICES. Any demand or notice hereunder or under any applicable law pertaining hereto shall be in writing and duly given if delivered to Borrower or Agency, as applicable, (at their respective addresses listed on page one hereof) or to Assignee (at the address on page one and separately to Assignee officer responsible for Borrower's relationship with

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Assignee). Such notice or demand shall be deemed sufficiently given for all purposes when delivered (i) by personal service and shall be deemed effective when delivered, or (ii) by mail or courier and shall be deemed effective three (3) Business Days after deposit in an official depository maintained by the United States Post Office for the collection of mail or one (1) Business Day after delivery to a nationally recognized overnight courier service (*e.g.*, Federal Express). Notice by e-mail is not valid notice under this or any other assignment between any Assignor and Assignee.

12. **NOTICE OF NON-COMPLIANCE.** Borrower shall notify Assignee in writing of any failure by any Assignor to comply with any provision of this Assignment or any Loan Document immediately upon learning of such non-compliance, or if any representation, warranty or covenant contained in any such document is no longer true. Borrower shall also immediately notify Assignee in writing if there is any material adverse change in any of the information or financial statements supplied to Assignee to induce Assignee or any affiliate of Assignee ("Affiliate") to extend credit to Borrower or any party which Borrower has guarantied the debt of or if such information or financial statement is required under this Assignment or any Loan Document.

13. **COVENANTS SHALL RUN WITH THE LAND.** The covenants and Borrower's, Agency's and Assignor's obligation hereunder, as applicable, shall run with the land and bind Borrower, Agency and Assignor, as applicable, each heir, legal representative, successor and assign of Borrower, Agency and Assignor and each subsequent owner, encumbrancer, tenant and subtenant of the Premises or any portion thereof, and shall inure to the benefit of, and be enforceable by, Assignee and each successor and assign of Assignee.

14. **NONWAIVER.** All rights and remedies of Assignee under this Assignment and the Loan Documents are cumulative, and no right or remedy shall be exclusive of any other right or remedy. No single, partial or delayed exercise by Assignee or its agents of any right or remedy shall preclude full and timely exercise by Assignee or its agents at any time of any right or remedy of Assignee without notice or demand, at Assignee's sole option. No course of dealing or other conduct, no oral assignment or representation made by Assignee or its agents or usage of trade shall operate as a waiver of any right or remedy of Assignee. No waiver of any right or remedy of Assignee hereunder shall be effective unless made specifically in writing by Assignee. No notice or demand on an Assignor in any case shall entitle such Assignor to any other or further notice in similar or other circumstances.

15. **TERM; SURVIVAL.** The term of this Assignment and Assignor's obligations hereunder shall continue, with respect to the Borrower, until the Indebtedness has been fully and irrevocably paid to Assignee's satisfaction and, with respect to the Agency, until it no longer has an interest in the Premises. Borrower's obligation to pay the costs and expenses hereunder shall survive the term of this Assignment. If after receipt of any payment of all or any part of the Indebtedness, Assignee is for any reason compelled to surrender such payment to any person or entity because such payment is determined to be void or voidable as a preference, impermissible set-off, or a diversion of trust funds, or for any other reason, this Assignment shall continue in full force notwithstanding any contrary action which may have been taken by Assignee in reliance upon such payment, and any such contrary action so taken shall be without prejudice to Assignee's rights under this Assignment and shall be deemed to have been conditioned upon such payment having become final and irrevocable.

16. **MISCELLANEOUS.** This Assignment is absolute and unconditional. All documents, including the Loan Documents and any other document required to be executed by an Assignor, Debtor (defined in the Mortgage) or Guarantor (defined in the Mortgage) in connection with the transaction contemplated hereby constitute the entire assignment and understanding between the parties hereto with respect to such transaction and supersedes all prior negotiations, courses of dealing, understandings, and agreements between such parties with respect to such transaction. This Assignment is a binding obligation enforceable against Assignor and its heirs and legal representatives and its successors and assigns and shall inure to the benefit of Assignee and its successors and assigns. Any reference herein to "Assignee" shall be deemed to include and apply to every subsequent holder of this Assignment and any reference herein to "Assignor" shall include; (i) any successor individual or individuals, association, partnership, limited liability company or corporation to which all or substantially all of the business or assets of Assignor shall have been transferred; (ii) in the case of a partnership Assignor, any new partnership which shall have been created by reason of the admission of any new partner or partners therein, or by reason of the dissolution of the existing partnership by voluntary assignment or the death, resignation or other withdrawal of any partner; and (iii) in the case of a corporate or limited liability company Assignor, any other entity into or with which Assignor shall have been merged, consolidated, reorganized, or absorbed. Unless the context otherwise clearly requires, references to plural includes the singular and references to the singular include the plural; the word "or" has the inclusive meaning represented by the phrase "and/or"; the word "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; and captions or section headings are solely for convenience and not part of the substance of this Assignment. Any representation, warranty, covenant or assignment therein shall survive execution and delivery of this Assignment and shall be deemed continuous. Each provision of this Assignment shall be interpreted as consistent with existing law and shall be deemed amended to the extent necessary to comply with any conflicting law. If any provision nevertheless is held invalid, the other provisions shall remain in effect. Assignor agrees that in any legal proceeding, a photocopy of this Assignment kept in Assignee's course of business may be admitted into evidence as an original.

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17. **JOINT AND SEVERAL.** If there is more than one Borrower, each of them shall be jointly and severally liable for all amounts and obligations which become due or should be performed under this Assignment and the term "Borrower" shall include each as well as all of them.

18. **GOVERNING LAW; JURISDICTION.** This Assignment has been delivered to and accepted by Assignee and will be deemed to be made in the State of New York. This Assignment will be interpreted in accordance with the laws of the State of New York excluding its conflict of laws rules. ASSIGNOR HEREBY IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT IN NEW YORK STATE IN ONONDAGA COUNTY AND CONSENTS THAT ASSIGNEE MAY EFFECT ANY SERVICE OF PROCESS IN THE MANNER AND AT ASSIGNOR'S ADDRESS SET FORTH ABOVE FOR PROVIDING NOTICE OR DEMAND; PROVIDED THAT NOTHING CONTAINED IN THIS ASSIGNMENT WILL PREVENT ASSIGNEE FROM BRINGING ANY ACTION, ENFORCING ANY AWARD OR JUDGMENT OR EXERCISING ANY RIGHTS AGAINST BORROWER INDIVIDUALLY, AGAINST ANY SECURITY OR AGAINST ANY PROPERTY OF BORROWER WITHIN ANY OTHER COUNTY, STATE OR OTHER FOREIGN OR DOMESTIC JURISDICTION. Assignor acknowledges and agrees that the venue provided above is the most convenient forum for both Assignee and Assignor. Assignor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Assignment.

19. **WAIVER OF JURY TRIAL.** ASSIGNOR AND ASSIGNEE HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY EACH WAIVE ANY RIGHT TO TRIAL BY JURY THEY MAY HAVE IN ANY ACTION OR PROCEEDING, IN LAW OR IN EQUITY, IN CONNECTION WITH THIS ASSIGNMENT OR THE TRANSACTIONS RELATED THERETO. ASSIGNOR REPRESENTS AND WARRANTS THAT NO REPRESENTATIVE OR AGENT OF ASSIGNEE HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT ASSIGNEE WILL NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THIS RIGHT TO JURY TRIAL WAIVER. ASSIGNOR ACKNOWLEDGES THAT ASSIGNEE HAS BEEN INDUCED TO ACCEPT THIS ASSIGNMENT BY, AMONG OTHER THINGS, THE PROVISIONS OF THIS SECTION.

20. The Agency has executed this instrument solely for the purpose of subjecting its interest in the Premises to the lien of this instrument and to evidence its consent to the terms, covenants and agreements contained in this instrument. The Agency shall not be obligated to perform any such terms, covenants or agreements, and the Assignee shall have no recourse to the Agency for any breach thereof. No provision, covenant or agreement contained in this instrument or any obligation herein imposed upon the Agency or the breach thereof shall constitute or give rise to a pecuniary liability to the Agency or a charge upon the Agency's general credit. The obligations and agreements of the Agency contained in this Assignment and in any other instrument or document executed in connection herewith, and any instrument or document supplemental hereto, shall be deemed the obligations and agreements of the Agency and not of any member, officer, agent (other than the Borrower), or employee of the Agency in his individual capacity; and the members, officers, agents (other than the Borrower), and employees of the Agency shall not be liable personally hereon or thereon or be subject to any personal liability or accountability based upon or in respect hereof or thereof or of any transaction contemplated hereby or thereby. The obligations and agreements of the Agency contained herein or therein shall not constitute or give rise to an obligation of the State of New York or of the City of Syracuse, and neither the State of New York nor the City of Syracuse shall be liable hereon or thereon. Further, such obligations and agreements shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute limited obligations of the Agency, payable solely from the revenues of the Agency derived from the lease, sale or other disposition of the Premises. No order or decree of specific performance with respect to any of the obligations of the Agency hereunder or thereunder shall be sought or enforced against the Agency unless:

    a. The party seeking such order or decree shall first have requested the Agency in writing to take the action sought in such order or decree of specific performance, and fifteen (15) Business Days shall have elapsed from the date of receipt of such request, and the Agency shall have refused to comply with such request (or if compliance therewith would reasonably be expected to take longer than fifteen (15) Business Days, shall have failed to institute and diligently pursue action to cause compliance with such request) or failed to respond within such notice period;

    b. If the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree shall have placed in an account with the Agency an amount or undertaking sufficient to cover such reasonable fees and expenses; and

    c. If the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it or any of its members, officers, agents (other than the Borrower), or employees shall be subject to potential liability, the party seeking such order or decree shall (i) agree to indemnify and hold harmless the Agency and its members, officers, agents (other than the Borrower), and employees against any liability incurred as a result of its compliance with such demand; and (ii) if requested by the Agency, furnish to the Agency satisfactory security to protect the Agency and its members, officers, agents (other than Borrower), and employees against all liability expected to be incurred as a result of compliance with such request.

21. **AGENCY EXECUTING AT THE DIRECTION OF BORROWER.** The Borrower directs the Agency to execute and deliver this Assignment to the Assignee, and further agrees to indemnify the Agency (and its members, officers, directors,

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agents (other than the Borrower), servants and employees) for all fees and costs incurred in connection with the execution, delivery, recording, performing and enforcing of this Assignment, including but not limited to reasonable attorney's fees.

22. **HOLD HARMLESS PROVISIONS.** The Borrower hereby releases the Agency and its members, officers, agents and employees from, agrees that the Agency and its members, officers, agents and employees shall not be liable for, and agrees to indemnify, defend, and hold the Agency and its members, officers, agents (other than the Borrower) and employees harmless from and against any and all claims arising as a result of the Agency's execution of this Assignment.

23. **COUNTERPARTS.** This Assignment may be executed in counterparts, each of which is deemed to be an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, Assignor has executed this Assignment as of the day and year first above written.

THE INNS AT ARMORY SQUARE, LLC

By:_____
Richard H. Sykes, Manager

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By:_____
William M. Ryan, Chairman

ACKNOWLEDGMENT

STATE OF NEW YORK)
: SS.
COUNTY OF ONONDAGA)

On the ___ day of February, in the year 2012, before me, the undersigned, a Notary Public in and for said State, personally appeared Richard H. Sykes, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Edward J. Moses
Notary Public

EDWARD J. MOSES
Notary Public, State of New York
No. 34-8034924
Qualified in Onondaga County
Commission Expires Sept. 30, 20 14

ACKNOWLEDGMENT

STATE OF NEW YORK)
: SS.
COUNTY OF ONONDAGA)

On the ___ day of February, in the year 2012, before me, the undersigned, a Notary Public in and for said State, personally appeared William M. Ryan, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

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agents (other than the Borrower), servants and employees) for all fees and costs incurred in connection with the execution, delivery, recording, performing and enforcing of this Assignment, including but not limited to reasonable attorney's fees.

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THE INNS AT ARMORY SQUARE, LLC

By:_____
Richard H. Sykes, Manager

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By:_____
William M. Ryan, Chairman

ACKNOWLEDGMENT

STATE OF NEW YORK)
: SS.
COUNTY OF ONONDAGA)

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_____
Notary Public

ACKNOWLEDGMENT

STATE OF NEW YORK)
: SS.
COUNTY OF ONONDAGA)

On the 23rd day of February, in the year 2012, before me, the undersigned, a Notary Public in and for said State, personally appeared William M. Ryan, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Lori L McRobbie
Notary Public

LORI L. McROBBIE
Notary Public, State of New York
Qualified in Onondaga Co. No. 01MC5055591
Commission Expires on Feb. 12, 20 14

Manufacturers and Traders Trust Company, 2004

SCHEDULE A

Property Description

BEGINNING AT A POINT, said point being the intersection of the northerly line of West Fayette Street and the westerly line of South Franklin Street.

THENCE North 89 degrees 44 minutes 00 seconds West for a distance of 361.65 feet along the northerly line of West Fayette Street to a point;

THENCE North 00 degrees 09 minutes 30 seconds East for a distance of 120.21 feet to a point;

THENCE South 89 degrees 35 minutes 52 seconds East for a distance of 89.08 feet to a point;

THENCE North 00 degrees 16 minutes 00 seconds East for a distance of 12.00 feet to a point;

THENCE South 89 degrees 44 minutes 00 seconds East for a distance of 10.37 feet to a point;

THENCE North 00 degrees 05 minutes 00 seconds East for a distance of 20.42 feet to a point;

THENCE South 89 degrees 44 minutes 00 seconds East for a distance of 262.00 feet to a point;
THENCE South 00 degrees 05 minutes 00 seconds West for a distance of 152.42 feet TO THE POINT AND PLACE OF BEGINNING.

Together with and subject to covenants, easements, and restrictions of record.

Said property contains 1.27 Acres (55,406 Sq. Ft.) more or less.

© Manufacturers and Traders Trust Company, 2004

ASSIGNMENT OF RENTS

THE INNS AT ARMORY SQUARE, LLC
and
CITY OF SYRACUSE
INDUSTRIAL DEVELOPMENT AGENCY

To

M&T BANK

Dated: February 24, 2012

STATE OF NEW YORK

County of Onondaga SS.

RECORDED

On the

_____day of February, 2012

at _____o'clock _____M

In Liber _____of Mortgages at Page _____
_____and

examined.

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME: The Inns at Armory Square, LLC

OR

1b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

1c. MAILING ADDRESS: 202 Walton Street, Suite 204 | CITY: Syracuse | STATE: NY | POSTAL CODE: 13202 | COUNTRY: USA

1d. SEE INSTRUCTIONS: Not Applicable | ADD'L INFO RE ORGANIZATION DEBTOR | 1e. TYPE OF ORGANIZATION: limited liability co. | 1f. JURISDICTION OF ORGANIZATION: New York | 1g. ORGANIZATIONAL ID #, if any: ☑ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME: City of Syracuse Industrial Development Agency

OR

2b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

2c. MAILING ADDRESS: 333 West Washington Street, Suite 130 | CITY: Syracuse | STATE: NY | POSTAL CODE: 13202 | COUNTRY: USA

2d. SEE INSTRUCTIONS: Not Applicable | ADD'L INFO RE ORGANIZATION DEBTOR | 2e. TYPE OF ORGANIZATION: public benefit corp. | 2f. JURISDICTION OF ORGANIZATION: New York | 2g. ORGANIZATIONAL ID #, if any: ☑ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME: M&T Bank

OR

3b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

3c. MAILING ADDRESS: One M&T Plaza | CITY: Buffalo | STATE: NY | POSTAL CODE: 14203 | COUNTRY: USA

4. This FINANCING STATEMENT covers the following collateral:

See Schedules "A" and "B" attached hereto.

5. ALTERNATIVE DESIGNATION [if applicable]: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA

1716325.pdf (NYS SOS/Mortgage)

SCHEDULE "A"

TO UCC FINANCING STATEMENT
between
THE INNS AT ARMORY SQUARE, LLC, as Debtor
and
CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY, as Agency
and
M&T BANK, as Secured Party

All capitalized terms used in this Schedule "A" and not otherwise defined herein shall have the meanings assigned to such terms as set forth in that certain Mortgage, dated as of February 24, 2012 by the Debtor and the Agency in favor of Secured Party, as amended and/or supplemented from time to time.

All of the Debtor's and the Agency's right, title and interest in and to the premises described on the attached Schedule "B".

TOGETHER with all buildings, structures and other improvements now or hereafter erected, constructed or situated upon said premises, and all fixtures and equipment and other personal property now or hereafter affixed to, or used in connection with, said premises and any and all replacements thereof and additions thereto, all of which shall be deemed to be and remain and form a part of said premises and are covered by the lien of the Mortgage (said premises, buildings, structures, other improvements, fixtures and equipment and other personal property being collectively referred to as the "**Premises**").

TOGETHER with all strips and gores of land adjoining or abutting the Premises,

TOGETHER with all right, title and interest of the Debtor and the Agency in and to all streets, alleys, highways, waterways and public places open or proposed in front of, running through or adjoining the Premises, and all easements and rights of way, public and private, now or hereafter used in connection with the Premises,

TOGETHER with all tenements, hereditaments and appurtenances and all the estate and rights of the Debtor and the Agency, if any, in and to the Premises,

TOGETHER with all awards heretofore or hereafter made by any federal, state, county, municipal or other governmental authority, or by whomsoever made in any condemnation or eminent domain proceedings whatsoever, to the present or subsequent owners of the Premises or any portion thereof, for the acquisition for public purposes of the Premises or any portion thereof or any interest therein or any use thereof, or for consequential damages on account thereof, including any award for any change of grade of streets affecting the Premises or any portion thereof and any award for any damage to the Premises or any portion thereof or any interest therein or any use thereof,

TOGETHER with all extensions, replacements, additions, substitutions and accessions with respect to any of the foregoing.

SCHEDULE "B"

TO UCC FINANCING STATEMENT
between
THE INNS AT ARMORY SQUARE, LLC, as Debtor
and
CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY, as Agency
and
MANUFACTURERS AND TRADERS TRUST COMPANY, as Secured Party

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Together with and subject to covenants, easements, and restrictions of record.

Said property contains 1.27 Acres (55,406 Sq. Ft.) more or less.

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

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THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

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OR

1b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

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1d. SEE INSTRUCTIONS: Not Applicable | ADD'L INFO RE ORGANIZATION DEBTOR | 1e. TYPE OF ORGANIZATION: limited liability co. | 1f. JURISDICTION OF ORGANIZATION: New York | 1g. ORGANIZATIONAL ID #, if any: ☑ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME: City of Syracuse Industrial Development Agency

OR

2b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

2c. MAILING ADDRESS: 333 West Washington Street, Suite 130 | CITY: Syracuse | STATE: NY | POSTAL CODE: 13202 | COUNTRY: USA

2d. SEE INSTRUCTIONS: Not Applicable | ADD'L INFO RE ORGANIZATION DEBTOR | 2e. TYPE OF ORGANIZATION: public benefit corp. | 2f. JURISDICTION OF ORGANIZATION: New York | 2g. ORGANIZATIONAL ID #, if any: ☑ NONE

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3a. ORGANIZATION'S NAME: M&T Bank

OR

3b. INDIVIDUAL'S LAST NAME | FIRST NAME | MIDDLE NAME | SUFFIX

3c. MAILING ADDRESS: One M&T Plaza | CITY: Buffalo | STATE: NY | POSTAL CODE: 14203 | COUNTRY: USA

4. This FINANCING STATEMENT covers the following collateral:

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6. ☐ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA

1716346.pdf (Onondaga County/Mortgage)

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

9a. ORGANIZATION'S NAME

OR **The Inns at Armory Square, LLC**

9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME, SUFFIX

10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one name (11a or 11b) - do not abbreviate or combine names

11a. ORGANIZATION'S NAME

OR

11b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

11d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	11e. TYPE OF ORGANIZATION	11f. JURISDICTION OF ORGANIZATION	11g. ORGANIZATIONAL ID #, if any
				☐ NONE

12. ☐ ADDITIONAL SECURED PARTY'S or ☐ ASSIGNOR S/P'S NAME - insert only one name (12a or 12b)

12a. ORGANIZATION'S NAME

OR

12b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

12c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

13. This FINANCING STATEMENT covers ☐ timber to be cut or ☐ as-extracted collateral, or is filed as a ☑ fixture filing.

14. Description of real estate:

See Schedule "B" attached hereto.

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

16. Additional collateral description:

17. Check only if applicable and check only one box.

Debtor is a ☐ Trust or ☐ Trustee acting with respect to property held in trust or ☐ Decedent's Estate

18. Check only if applicable and check only one box.

☐ Debtor is a TRANSMITTING UTILITY

☐ Filed in connection with a Manufactured-Home Transaction — effective 30 years

☐ Filed in connection with a Public-Finance Transaction — effective 30 years

1716372.pdf Onondaga County

SCHEDULE "A"

TO UCC FINANCING STATEMENT
between
THE INNS AT ARMORY SQUARE, LLC, as Debtor
and
CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY, as Agency
and
M&T BANK, as Secured Party

All capitalized terms used in this Schedule "A" and not otherwise defined herein shall have the meanings assigned to such terms as set forth in that certain Mortgage, dated as of February 24, 2012 by the Debtor and the Agency in favor of Secured Party, as amended and/or supplemented from time to time.

All of the Debtor's and the Agency's right, title and interest in and to the premises described on the attached Schedule "B".

TOGETHER with all buildings, structures and other improvements now or hereafter erected, constructed or situated upon said premises, and all fixtures and equipment and other personal property now or hereafter affixed to, or used in connection with, said premises and any and all replacements thereof and additions thereto, all of which shall be deemed to be and remain and form a part of said premises and are covered by the lien of the Mortgage (said premises, buildings, structures, other improvements, fixtures and equipment and other personal property being collectively referred to as the "**Premises**").

TOGETHER with all strips and gores of land adjoining or abutting the Premises,

TOGETHER with all right, title and interest of the Debtor and the Agency in and to all streets, alleys, highways, waterways and public places open or proposed in front of, running through or adjoining the Premises, and all easements and rights of way, public and private, now or hereafter used in connection with the Premises,

TOGETHER with all tenements, hereditaments and appurtenances and all the estate and rights of the Debtor and the Agency, if any, in and to the Premises,

TOGETHER with all awards heretofore or hereafter made by any federal, state, county, municipal or other governmental authority, or by whomsoever made in any condemnation or eminent domain proceedings whatsoever, to the present or subsequent owners of the Premises or any portion thereof, for the acquisition for public purposes of the Premises or any portion thereof or any interest therein or any use thereof, or for consequential damages on account thereof, including any award for any change of grade of streets affecting the Premises or any portion thereof and any award for any damage to the Premises or any portion thereof or any interest therein or any use thereof,

TOGETHER with all extensions, replacements, additions, substitutions and accessions with respect to any of the foregoing.

SCHEDULE "B"

TO UCC FINANCING STATEMENT
between
THE INNS AT ARMORY SQUARE, LLC, as Debtor
and
CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY, as Agency
and
MANUFACTURERS AND TRADERS TRUST COMPANY, as Secured Party

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Together with and subject to covenants, easements, and restrictions of record.

Said property contains 1.27 Acres (55,406 Sq. Ft.) more or less.

GENERAL CERTIFICATE OF THE

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

This certificate is made in connection with the execution by the City of Syracuse Industrial Development Agency (the "***Agency***") of the Company Lease, the Agency Lease, the Mortgage and any other document now or hereafter executed by the Agency (collectively, the "***Agency Documents***") with respect to a project (the "***Project***") undertaken at the request of The Inns at Armory Square, LLC (the "***Company***") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-332 and 334-344 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of a grant in an amount not to exceed $500,000 from certain funds allocated to the Agency from the Empire State Development Corporation (the "***Grant***") as well as exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement.

Capitalized terms used herein which are not otherwise defined herein and which are defined in the Agency Lease Agreement dated as of February 1, 2012 (the "***Agency Lease***"), between the Agency and the Company, and shall have the meanings ascribed to such terms in the Agency Lease except that, for purposes of this certificate, (A) all definitions with respect to any document shall be deemed to refer to such document only as it exists as of the date of this certificate and not as of any future date, and (B) all definitions with respect to any Person shall be deemed to refer to such Person only as it exists as of the date of this certificate and not as of any future date or to any successor or assign.

I, the undersigned Vice Chairman of the Agency, Do Hereby Certify:

1. I am an officer of the Agency and am duly authorized to execute and deliver this certificate in the name of the Agency.

2. The Agency is an industrial development agency duly established under Title 1 of Article 18-A of the General Municipal Law of the State of New York (the "***State***"), as amended (the "***Enabling Act***") and Chapter 641 of the Laws of 1979 of the State (said Chapter with the Enabling Act, the "***Act***") (a certified copy of Chapter 641 of the Laws of 1979 of the State is attached hereto as **Exhibit "A"**), and it is a corporate governmental agency constituting a public benefit corporation of the State.

3. The Act empowers the Agency, among other things, to acquire, construct reconstruct, lease, improve, maintain, equip, sell and dispose of land and any building or other improvement, and all real and personal property, including, but not limited to, machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial, recreation or industrial facilities, including industrial pollution control facilities, in order to advance job opportunities, health, general prosperity and the economic welfare of the people of the City of Syracuse and the State and to improve their standard of living. The Act further authorizes the Agency to lease any and all of its facilities on such terms and conditions as it deems advisable, to acquire, construct, lease, improve, and equip one or more projects as defined in the Act, to mortgage any or all of its facilities and to pledge the revenues and receipts from the sale or transfer of its facilities.

4. The Agency has full legal power and authority to own its property, conduct its business and execute, deliver, and perform its obligations under the Agency Documents and has taken all actions and obtained all approvals required in connection therewith by the Act and any other applicable laws and regulations, and no legislation has been enacted affecting the powers or authority of the Agency to execute, deliver and perform the Agency Documents, affecting the financing of the Project, or affecting the validity thereof or of the Agency Documents, or contesting the existence and powers of the Agency or the appointment of the members and officers of the Agency to their respective offices.

5. Pursuant to the Act, the governing body of the City of Syracuse, New York, for whose benefit the Agency was established, duly filed or caused to be filed within six (6) months after the effective date of Chapter 641 of the Laws of 1979 of the State in the office of the Secretary of State of the State the Certificate of Establishment of the Agency pursuant to Section 926 of the New York General Municipal Law. The Certificate of Establishment of the Agency described in the preceding sentence also named the members and officers of the Agency as appointed by the Mayor of the City of Syracuse. Attached hereto as **Exhibit "B"** are certified copies of said Certificates of Establishment and certified copies of the Certificates of Appointment relating to all of the current members of the Agency, who are:

William M. Ryan	Chairman
M. Catherine Richardson	Vice Chairman
John Gamage	Secretary
Donald Schoenwald	Treasurer
Darin Price	Member

6. The individual named below is a member of the Agency; was and is duly appointed, qualified, and acting as such member; was and is duly elected or appointed, qualified and an acting officer of the Agency; and has been a member of the Agency since at least January 15, 2010:

NAME	SIGNATURE	OFFICE
William M. Ryan		Chairman

7. Attached hereto as **Exhibit "C"** is a true, correct, and complete copy of the by-laws of the Agency, together with all amendments thereto or modifications thereof; and said by-laws as so amended and modified are in full force and effect in accordance with their terms as of the date of this certificate.

8. Attached hereto as **Exhibit "D"** are proofs of publication of notices of the public hearings with respect to the Project (the "***Public Hearing***"), required pursuant to Section 859-a of the Act and held on April 19, 2011 and December 20, 2011, and proof of mailing of notice thereof pursuant to Section 859-a of the Act to the chief executive officers of the affected tax jurisdictions (as defined in Section 854(16) of the Act).

9. Attached hereto as **Exhibit "E"** is proof of mailing of notice to the chief executive officers of the affected tax jurisdictions of the meeting at which the Agency considered the request of the Company for a schedule of payments in lieu of real property taxes which deviates from the Issuer's Uniform Tax Exemption Policy ("**UTEP**") pursuant to Section 874(4) of the Act.

10. That a resolution classifying the acquisition, construction and equipping of the Project as a Type I Action pursuant to SEQRA, declaring the Agency as Lead Agency for the purposes of a coordinated review (the "***Lead Agency Resolution***") was adopted by the Agency on March 15, 2011 and remains in full force and effect and has not been rescinded, repealed or modified. A copy of the Lead Agency Resolution is attached hereto at **Exhibit "F."**

11. That a resolution determining that the acquisition, construction and equipping of the Project will not have a significant effect on the environment pursuant to SEQRA (the "***SEQRA Resolution***") was adopted by the Agency on March 15, 2011 and remains in full force and effect and has not been rescinded, repealed or modified. A copy of the SEQRA Resolution is attached hereto at **Exhibit "G."**

12. That a resolution taking official action toward the acquisition, construction and equipping of the Project, appointing the Company agent of the Agency for the purpose of the acquisition, construction and equipping of the Project and authorizing the execution and delivery of an agreement between the Agency and the Company (the "***Inducement Resolution***") was adopted by the Agency on July 26, 2011 and remains in full force and effect and has not been rescinded, repealed or modified. A copy of the Inducement Resolution is attached hereto at **Exhibit "H."**

13. That a resolution approving a payment in lieu of tax schedule and authorizing the execution and delivery of certain documents by the Agency (the "***PILOT Resolution***") was adopted by the Agency on July 26, 2011 and remains in full force and effect and has not been rescinded, repealed or modified. A copy of the PILOT Resolution is attached hereto at **Exhibit "I."**

14. That a resolution authorizing the execution and delivery of certain documents by the Agency in connection with the Project was adopted by the Agency on July 26, 2011 (the

"***Final Approving Resolution***") and remains in full force and effect and has not been rescinded, repealed or modified. A copy of the Final Approving Resolution is attached hereto at **Exhibit "J."**

15. That a resolution approving a grant to the Company in an amount not to exceed $500,000 and the execution of a grant agreement by the Agency in accordance with the terms of the resolution, to be used solely in conjunction with the Project (the "***Grant Resolution***") was adopted by the Agency on December 20, 2011 and remains in full force and effect and has not been rescinded, repealed or modified. A copy of the Grant Resolution is attached hereto at **Exhibit "K."**

16. That a clarifying resolution was adopted on December 20, 2011 with respect to the name of the Company ("***Clarifying Resolution***") and remains in full force and effect and has not been rescinded, repealed or modified. A copy of the Clarifying Resolution is attached hereto at **Exhibit "L".**

17. The execution, delivery and performance of all Agency Documents, certificates and documents required to be executed, delivered and performed by the Agency in order to carry out, give effect to and consummate the transactions contemplated by the Agency Documents have been duly authorized by all necessary action of the Agency, and the Agency Documents have been duly authorized, executed and delivered. The Agency Documents are in full force and effect on and as of the date hereof, and no authority or proceeding for the execution, delivery or performance of the Agency Documents has been materially amended, repealed, revoked or rescinded; and no event or circumstance has occurred or exists which constitutes, or with the giving of notice or the passage of time would constitute, a default on the part of the Agency under the Agency Documents.

18. The execution, delivery, and performance of the Agency Documents, the consummation of the transactions therein contemplated and compliance with the provisions of each do not and will not (a) violate the Act or the by-laws of the Agency, (b) require consent (which has not heretofore been received) under or result in a breach or default of any credit agreement, purchase agreement, indenture, deed of trust, commitment, guaranty, lease, or other agreement or instrument to which the Agency is a party or by which the Agency may be bound or affected, or (c) conflict with or violate any existing law, rule, regulation, judgment, order, writ, injunction, or decree of any government, governmental instrumentality, or court, domestic or foreign, having jurisdiction over the Agency or any of its Property.

19. The Agency has not received written notice that any event of default has occurred and is continuing, or that any event has occurred which with the lapse of time or the giving of notice or both would constitute an event of default, by any party to the Agency Documents.

20. There is no action, suit, proceeding or investigation at law or in equity, before or by any court, public board or body of the United States of America or the State of New York, pending or, to the best of my knowledge, threatened against or affecting the Agency (or to my knowledge any basis therefor), (a) wherein an unfavorable decision or finding would adversely affect (i) the Public Hearing Resolution, the Lead Agency Resolution, the SEQRA Resolution, Inducement Resolution, the PILOT Resolution, the Final Approving Resolution, the Grant Resolution, the Company Lease, the Agency Lease, the Mortgage, the Grant Agreement, the

Pledge and Assignment, the PILOT Agreement or the other Agency Documents or (ii) the existence or organization of the Agency, or (iii) restrain or enjoin the financing, acquisition or construction of the Project or the performance by the Agency of the Agency Documents; or (b) in any manner questioning the proceedings or authority of the financing of the Project, or affecting the validity thereof or of the Agency Documents, or contesting the existence and powers of the Agency or the appointment of the directors and officers of the Agency to their respective offices.

21. February 24, 2012 has been duly designated as the date for the Closing.

22. The Agency has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Date.

23. In accordance with the Act, the Agency has determined:

(a) to assist the Company's acquisition, construction and equipping of the Project Facility;

(b) to grant the Financial Assistance to the Company, including the granting of the Mortgage; and

(c) to designate the Company as the Agency's agent for the acquisition, construction and equipping of the Project Facility.

24. That I did officially cause all certificates necessary for the financing and to be included in the Official Transcript of Closing, to be executed, as required, in the name of the Agency by the signing of each of such certificates with the signature of the (Vice) Chairman of the Agency.

25. That I did officially cause the following Agency Documents to be executed in the name of the Agency by the signing of each of such Agency Documents with the signature of William M. Ryan, Chairman of the Agency:

(a) a Company Lease from the Company to the Agency pursuant to which the Company agrees to lease the Land and the Facility to the Agency;

(b) an Agency Lease from the Agency to the Company pursuant to which the Agency agrees to sublease the Project Facility to the Company;

(c) the Grant Agreement by and between the Agency and the Company pursuant to which the Agency agrees to grant certain monies to the Company;

(d) the Mortgage pursuant to which the Mortgagee has been granted a security interest in the Project Facility;

(e) a General Assignment of Rents dated February 24th, 2012 from the Company and the Agency to the Mortgagee.

(f) Pledge and Assignment whereby the Agency has assigned to the Mortgagee its rights under the Agency Lease (other than Unassigned Rights) as security for the payments due under the Mortgage.

26. No member, officer or employee of the Agency having power to (i) negotiate, prepare, authorize or approve any of the Agency Documents, (ii) audit bills or claims under any of the Agency Documents, or (iii) appoint an officer or employee who has any of the powers or duties set forth in (i) or (ii):

(a) directly or indirectly owns any stock of the Company;

(b) is a partner, director or employee of the Company;

(c) is related to the Company within the meaning of Section 800.3(a) of the New York General Municipal Law.

No member, officer, or employee of the Agency has publicly disclosed, in a writing included as part of the official minutes of the Agency, any Interest (as defined in Section 800.3 of the New York General Municipal Law), direct or indirect, in the Company.

(SIGNATURE PAGE TO FOLLOW)

WITNESS, as of the 14th day of February, 2012.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: M. Catherine Richardson
M. Catherine Richardson, Vice Chairman

EXHIBIT "A"

CHAPTER 641 OF THE LAWS OF 1979
OF THE STATE OF NEW YORK

LAWS OF NEW YORK, 1979

CHAPTER 641

AN ACT to amend the general municipal law, in relation to creating and establishing for the city of Syracuse industrial development agency and, providing for its functions and duties

Became a law July 11, 1979, with the approval of the Governor. Passed on Home Rule request pursuant to Article IX, section 2 (b) (2) of the Constitution, by a majority vote, three-fifths being present.

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The general municipal law is amended by adding a new section nine hundred twenty-six to read as follows:

§ *926. City of Syracuse industrial development agency. (a) For the benefit of the city of Syracuse and the inhabitants thereof, an industrial development agency, to be known as the CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY, is hereby established for the accomplishment of any or all of the purposes specified in title one of article eighteen-A of this chapter. It shall constitute a body corporate and politic, and be perpetual in duration. It shall consist of five members who shall be appointed by the mayor of the city of Syracuse and its chairman shall be designated by such mayor. It shall have the powers and duties now or hereafter conferred by title one of article eighteen-A of this chapter upon industrial development agencies. It shall organize in a manner prescribed by and be subject to the provisions of title one of article eighteen-A of this chapter. The agency, its members, officers and employees, and its operations and activities shall in all respects be governed by the provisions of title one of article eighteen-A of this chapter.*

(b) The city shall have the power to make, or contract to make grants or loans, including but not limited to grants or loans of money, to the agency in such amounts, upon such terms and conditions and for such period or periods of time as in the judgment of the city and the agency are necessary or appropriate for the accomplishment of any of the purposes of the agency.

§ 2. This act shall take effect immediately.

EXHIBIT "B"

AGENCY'S CERTIFICATE OF ESTABLISHMENT
AND
CERTIFICATES OF APPOINTMENT OF CURRENT MEMBERS

CERTIFICATE OF THE CITY OF SYRACUSE
INDUSTRIAL DEVELOPMENT AGENCY

Pursuant to Article 18-A of the General Municipal Law, Lee Alexander, Mayor of the City of Syracuse, certifies as follows:

1) The name of the industrial development agency herein is the City of Syracuse Industrial Development Agency.

2) Chapter 641 of the Laws of 1979, the special act of the New York State Legislature establishing the City of Syracuse Industrial Development Agency, was adopted by the New York State Legislature on June 16, 1979 and signed by the Governor on July 18, 1979.

3) The names of the Chairman and the Members, respectively, of the City of Syracuse Industrial Development Agency and their terms of office are as follows:

(a)

Frank L. Canino	Chairman
David M. Garber	Member
David S. Michel	Member
Erwin G. Schultz	Member
Irwin L. Davis	Member

(b) The term of office of the Chairman and of the Members of the City of Syracuse Industrial Development Agency is at the pleasure of the Mayor and continues until a successor is appointed and has qualified.

4) The facts establishing the need for the creation of a City of Syracuse Industrial Development Agency are as follows:

Expansion of its industrial-commercial base is essential to the City of Syracuse, especially in a time of mounting economic pressures. To achieve this goal of expansion, the City has designed a comprehensive economic development program, requiring an Industria Development Agency.

The existing potential for economic development will be augmented by the financial incentives of an Industrial Development Agency. Various City agencies and departments, such as the Department of Community Development and the Office of Federal and State Aid Coordination will interface with the Syracuse Industrial Develop ment Agency to strengthen the business and industrial climate of the community.

Access to the Department of Community Development will make available to the Syracuse Industrial Development Agency an array of staff assistance, technical expertise, and various other development services. The City's Office of Federal and State Aid Coordination will provide assistance to it in locating, analyzing, and obtaining various forms of federal and state assistance and participation.

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED JUL 20 1979
Secretary of State

The Syracuse Industrial Development Agency, in combination with, and utilizing these and other resources, will greatly enhance the City's ability to compete for, and successfully attract the commercial and industrial enterprises necessary for continued economic health and growth.

July 20, 1979

Lee Alexander
Mayor

STATE OF NEW YORK
DEPARTMENT OF STATE

FILED JUL 20 1979

Secretary of State

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CITY OF SYRACUSE
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DEPARTMENT OF STATE

OFFICE OF THE MAYOR

Stephanie A. Miner, Mayor

CERTIFICATE OF APPOINTMENT TO THE
CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

Pursuant to Article 18-A of the General Municipal Law of the State of New York, Stephanie A. Miner, Mayor of the City of Syracuse, hereby certifies the appointment of the following person as a Member and officer of the City of Syracuse Industrial Development Agency:

Mr. William Ryan - Member/Chairman

The following Member and Officer of the City of Syracuse Industrial Development Agency shall no longer serve as Member or Officer of said Agency:

Mr. Irwin Davis -Member/Chairman

No Member or Officer of the City of Syracuse Industrial development Agency shall receive any compensation for the discharge of their duties as Member or Officer of the Agency, but shall be entitled to necessary expenses incurred in the discharge of their duties as such Member or Officer.

The appointment herein set forth shall be effective as of January 15, 2010.

Stephanie A. Miner
Mayor, City of Syracuse

203 CITY HALL • SYRACUSE, N.Y. 13202-1473 • (315) 448-8005 • FAX: (315) 448-8067
WEB PAGE: www.syracuse.ny.us

OFFICE OF THE MAYOR

Stephanie A. Miner

RECEIVED
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DEPARTMENT OF STATE

CERTIFICATE OF APPOINTMENT TO THE
CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

Pursuant to Article 18-A of the General Municipal Law of the State of New York, Stephanie A. Miner, Mayor of the City of Syracuse, hereby certifies the appointment of the following person as ~~a Member~~ AN OFFICER of the City of Syracuse Industrial Development Agency:

M. Catherine Richardson - Member/Vice Chair

No Member or Officer of the City of Syracuse Industrial development Agency shall receive any compensation for the discharge of their duties as Member or Officer of the Agency, but shall be entitled to necessary expenses incurred in the discharge of their duties as such Member or Officer.

The appointment herein set forth shall be effective as of February 12, 2010.

Stephanie A. Miner
Mayor, City of Syracuse

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WEB PAGE: www.syracuse.ny.us

OFFICE OF THE MAYOR

Stephanie A. Miner, Mayor

CERTIFICATE OF APPOINTMENT TO THE
CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

Pursuant to Article 18-A of the General Municipal Law of the State of New York, Stephanie A. Miner, Mayor of the City of Syracuse, hereby certifies the appointment of the following person as a Member of the City of Syracuse Industrial Development Agency:

Mr. Donald Schoenwald - Member

The following Member and Officer of the City of Syracuse Industrial Development Agency shall no longer serve as Member or Officer of said Agency:

Mr. Kenneth Mokrzycki - Member

No Member or Officer of the City of Syracuse Industrial Development Agency shall receive any compensation for the discharge of their duties as Member or Officer of the Agency, but shall be entitled to necessary expenses incurred in the discharge of their duties as such Member or Officer.

The appointment herein set forth shall be effective as of March 1, 2011.

Stephanie A. Miner
Mayor, City of Syracuse

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WEB PAGE: www.syracuse.ny.us

OFFICE OF THE MAYOR

Stephanie A. Miner, Mayor

RECEIVED
MISC. RECORDS
MAR 14 2011
DEPARTMENT OF STATE

CERTIFICATE OF APPOINTMENT TO THE
CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

Pursuant to Article 18A of the General Municipal Law of the State of New York, Stephanie A. Miner, Mayor of the City of Syracuse, hereby certifies the appointment of the following person as a Member and Officer of the City of Syracuse Industrial Development Agency:

Mr. John Gamage - Member/Secretary

No Member or Officer of the City of Syracuse Industrial Development Agency shall receive any compensation for the discharge of their duties as Member or Officer of the Agency, but shall be entitled to necessary expenses incurred in the discharge of their duties as such Member or Officer.

The appointment herein set forth shall be effective as of March 8, 2011.

Stephanie A. Miner
Mayor, City of Syracuse

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WEB PAGE: www.syracuse.ny.us

OFFICE OF THE MAYOR

Stephanie A. Miner, Mayor

CERTIFICATE OF APPOINTMENT TO THE
CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

Pursuant to Article 18-A of the General Municipal Law of the State of New York, Stephanie A. Miner, Mayor of the City of Syracuse, hereby certifies the appointment of the following person as a Member of the City of Syracuse Industrial Development Agency:

Mr. Darin L. Price - Member

The following Member and Officer of the City of Syracuse Industrial Development Agency shall no longer serve as Member or Officer of said Agency:

Mr. Nicholas Ciotti - Member

No Member or Officer of the City of Syracuse Industrial Development Agency shall receive any compensation for the discharge of their duties as Member or Officer of the Agency, but shall be entitled to necessary expenses incurred in the discharge of their duties as such Member or Officer.

The appointment herein set forth shall be effective as of February 1, 2012.

Stephanie A. Miner
Mayor, City of Syracuse

1.24.12

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EXHIBIT "C"

AGENCY'S BY-LAWS

BY-LAWS OF
THE CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY
(as amended August 18, 2009)

Article I

THE AGENCY

Section 1. Name

The name of the agency shall be "City of Syracuse Industrial Development Agency", and it shall be referred to in these by-laws as the Agency.

Section 2. Seal

The seal of the Agency shall be in such form as may be determined by the members of the Agency.

Section 3. Office

The principal office of the Agency shall be located in the City of Syracuse, New York, County of Onondaga, and State of New York. The Agency may have such other offices at such other places as the members of the Agency may, from time to time, designate by resolution.

Article II

MEMBERS

Section 1. Members

(a) There shall be five members of the Agency. All references in these by-laws to members shall be references to Members of the Agency. The persons designated in the certificates of appointment filed in the office of the Secretary of State as members of the Agency and their successors in office and such other persons as may, from time to time, be appointed as

Members of the Agency by the Mayor of the City of Syracuse, or by special act of the Legislature, shall constitute all the members.

(b) Members shall hold office at the pleasure of the Mayor and shall continue to hold office until his or her successor is appointed and has qualified. The Mayor may remove any Member at his discretion, with or without cause.

(c) Upon the resignation or removal of a Member, a successor shall be selected by the Mayor.

(d) Members may resign at any time by giving written notice to the Mayor and to the Chairman of the Agency. Unless otherwise specified in the notice the resignation shall take effect upon receipt of the notice by the Chairman or the Mayor. Acceptance of the resignation shall not be necessary to make it effective.

Section 2. Meeting of the Members

(a) The Annual Meeting of the members shall be held on such date or dates as shall be fixed, from time to time, by the Members of the Agency. The first Annual Meeting of Members shall be held on a date within twelve (12) months after the filing of the Certificate of the Agency with the Secretary of State as required by General Municipal Law §856 (l) (a). Each successive Annual Meeting of Members shall be held on a date not more than twelve (12) months following the preceding Annual Meeting of Members.

(b) Regular meetings of the Agency may be held at such time and place as, from time to time, may be determined by the Members.

(c) Upon the written request of the Mayor, the Chairman or two (2) Members of the Agency, the Chairman of the Agency shall call a special meeting of the Members. Special meetings may be held on such date or dates as may be fixed in the call for such special meetings.

The call for a special meeting may be personally delivered to each Member of the Agency or may be mailed to the business or home address of such Member. A waiver of notice may be signed by any Member failing to receive a proper notice.

Section 3. Procedure at Meetings of Members

(a) The Chairman shall preside over the meetings of the Agency. In the absence of the Chairman, the Vice-Chairman shall preside. In the absence of both the Chairman and Vice-Chairman, any Member directed by the Chairman may preside.

(b) At all meetings of Members, a majority of the Members of the Agency shall constitute a quorum for the purpose of transacting business. If less than a quorum is present for any meeting, the Members then present may adjourn the meeting to such other time or until a quorum is present. Except to the extent provided for by law, all actions shall be by a majority of the votes cast, provided that the majority of the votes cast shall be at least equal to a quorum.

(c) When determined by the Agency that a matter pending before it is confidential in nature, it may, upon motion, establish an executive session and exclude any non-member from such session.

(d) Order of business

At all meetings of the Agency, the following shall be the order of business:

(1) Roll Call;

(2) Proof of Notice of Meeting;

(3) Reading and approval of the minutes of the previous meeting;

(4) bills and communications;

(5) Report of the Treasurer;

(6) Reports of Committees;

(7) Unfinished business;

(8) New business;

(9) Adjournment.

The order of business may be altered or suspended at any meeting by the Members of the Agency.

(e) All resolutions shall be in writing and shall be recorded in the journal of the proceedings of the Agency.

Article III

OFFICERS AND PERSONNEL

Section 1. Officers

The officers of the Agency shall be Chairman or Co-Chairman, Vice-Chairman, Secretary and Treasurer and such other offices as may be prescribed, from time to time, by the Agency. The Chairman or Co-Chairman and other officers shall be appointed by the Mayor of the City of Syracuse and may be removed with or without cause at his discretion. Each officer shall be a Member of the Agency during his or her term of office.

Section 2. Chairman or Co-Chairmen

The Chairman shall be chief executive officer of the Agency, and shall serve as an ex officio member of all duly constituted committees, shall supervise the general management and the affairs of the Agency, and shall carry out the orders and resolutions of the Agency. Except as otherwise authorized by resolution of the Agency, the Chairman shall execute (manually and by facsimile signature) all agreements, contracts, deeds, bonds, notes or other evidence of indebtedness and any other instruments of the Agency on behalf of the Agency. The Mayor may from time to time appoint two Co-Chairmen in place of the Chairman. During their term of office the Co-

Chairmen shall share equally the duties, rights, powers and responsibilities of the Chairman. The action of either Co-Chairman or execution (manually or by facsimile signature) by either Co-Chairman of any agreement, contract, deed, bond, note or other evidence of indebtedness or any other instrument of the Agency on behalf of the Agency shall have the same force and effect as such action or execution by the Chairman.

Section 3. Vice-Chairman

The Vice-Chairman shall have all the powers and functions of the Chairman or Co-Chairmen in the absence or disability of the Chairman or Co-Chairmen, as the case may be. The Vice-Chairman shall perform such other duties as the Members of the Agency shall prescribe or as delegated by the Chairman or Co-Chairmen.

Section 4. Secretary

The Secretary shall keep the minutes of the Agency, shall have the custody of the seal of the Agency and shall affix and attest the same to documents when duly authorized by the Agency, shall attest to the giving or serving of all notices of the Agency, shall have charge of such books and papers as the Members of the Agency may order, shall attest to such correspondence as may be assigned, and shall perform all the duties incidental to his office.

Section 5. Treasurer

The Treasurer shall have the care and custody of all the funds and securities of the Agency, shall deposit such funds in the name of the Agency, in such bank or trust company as the members of the Agency may elect, shall sign such instrument as may require the Treasurer's signature, but only with the approval of the Chairman or Co-Chairman, as the case may be, shall at all reasonable times exhibit the books and accounts of the Agency to the Mayor or any Member of

the Agency, and at the end of each fiscal year shall present an annual report setting forth in full the financial condition of the Agency.

Section 6. Additional Personnel

The Agency, with the consent of the Mayor, may appoint an Administrative or Executive Director to supervise the administration of the business and affairs of the Agency, subject to the direction of the Agency. The Agency may, from time to time, employ such other personnel as it deems necessary to execute its powers, duties and functions as prescribed by the New York State Industrial Development Agency Act (General Municipal Law, Article 18-A), as amended, and all other laws of the State of New York applicable thereto.

Section 7. Compensation of Chairman, Co-Chairmen, Members, Officers, and Other Personnel

The Chairman, Co-Chairmen, Members and Officers shall receive no compensation for their services but shall be entitled to the necessary expenses, including traveling expenses, incurred in the discharge of their duties. The compensation of other personnel, including the Administrative Director, shall be determined by the Members of the Agency.

Article IV

AMENDMENTS

Section 1. Amendments to By-Laws

These by-laws may be amended or revised, from time to time, by a two-third (2/3) vote of the Agency, but no such amendment or revision shall be adopted unless written notice of the proposed action shall have been given by mail to each Member and the Mayor at least ten (10) days prior to the date of the meeting at which it is proposed that such action be taken; provided, however,

that this provision and other provisions relating to the appointment, renewal and terms of office of Members and officers may be amended only with the prior written approval of the Mayor.

Article V

MISCELLANEOUS

Section 1. Sureties and Bonds

In case the Agency shall so require, any officer, employee or agent of the Agency shall execute to the Agency a bond in such sum and with such surety or sureties as the Agency may direct, conditioned upon the faithful performance of his or her duties to the Agency and including responsibility for negligence and for the accounting for all property, funds or securities of the Agency which may come into the hands of the officer, employee or agent.

Section 2. Indemnification

(a) Upon compliance by a Member or Officer of the Agency (including a former Member or Officer, the estate of a Member or Officer or a judicially appointed personal representative thereof) (referred to in this Section 2 collectively as "Member") with the provisions of subdivision (i) of this Section 2, the Agency shall provide for the defense of the Member in any civil action or proceeding, state or federal, arising out of any alleged act or omission which occurred or allegedly occurred while the Member was acting within the scope of the public employment or duties of such Member. This duty to provide for a defense shall not arise where such civil action or proceeding is brought by or at the behest of the Agency.

(b) Subject to the conditions set forth in paragraph (a) of this subdivision, the Member shall be entitled to be represented by private counsel of the Member's choice in any civil action or proceeding whenever the chief legal officer of the Agency or other counsel designated by the

Agency determines that a conflict of interest exists, or whenever a court, upon appropriate motion or otherwise by a special proceeding, determines that a conflict of interest exists and that the Member is entitled to be represented by counsel of the Member's choice, provided, however, that the chief legal officer or other counsel designated by the Agency may require, as a condition to payment of the fees and expenses of such representation, that appropriate groups of such Members be represented by the same counsel. Reasonable attorneys' fees and litigation expenses shall be paid by the Agency to such private counsel from time to time during the pendency of the civil action or proceeding with the approval of a majority of the Members of the Agency eligible to vote thereon.

(c) Any dispute with respect to representation of multiple Members by a single counsel or the amount of litigation expenses or the reasonableness of attorneys' fees shall be resolved by the court upon motion or by way of a special proceeding.

(d) Where the Member delivers process and a written request for a defense to the Agency under subdivision (i) of this Section 2, the Agency shall take the necessary steps on behalf of the Member to avoid entry of a default judgment pending resolution of any question pertaining to the obligation to provide for a defense.

(e) The Agency shall indemnify and save harmless its Members in the amount of any judgment obtained against such Members in a State or Federal court, or in the amount of any settlement of a claim, provided that the act or omission from which such judgment or claim arose occurred while the Member was acting within the scope of the Member's public employment or duties; provided further that in the case of a settlement, the duty to indemnify and save harmless shall be conditioned upon the approval of the amount of settlement by a majority of the Members of the Agency eligible to vote thereon.

(f) Except as otherwise provided by law, the duty to indemnify and save harmless prescribed by this Section 2 shall not arise where the injury or damage resulted from intentional wrongdoing or recklessness on the part of the Member seeking indemnification.

(g) Nothing in this subdivision shall authorize the Agency to indemnify or save harmless any Member with respect to punitive or exemplary damages, fines or penalties; provided, however, that the Agency shall indemnify and save harmless its Members in the amount of any costs, attorneys' fees, damages, fines or penalties which may be imposed by reason of an adjudication that the Member, acting within the scope of the Member's public employment or duties, has, without willfulness or intent on the Member's part, violated a prior order, judgment, consent decree or stipulation of settlement entered in any court of the State or of the United States.

(h) Upon entry of a final judgment against the Member, or upon the settlement of the claim, the Member shall serve a copy of such judgment or settlement, personally or by certified or registered mail within thirty (30) days of the date of entry or settlement, upon the Chairman and the chief administrative officer of the Agency; and if not inconsistent with the provisions of this Section 2, the amount of such judgment or settlement shall be paid by the Agency.

(i) The duty to defend or indemnify and save harmless prescribed by this Section 2 shall be conditioned upon: (i) delivery by the Member to the Chairman of the Agency and the chief legal officer of the Agency or to its chief administrative officer of a written request to provide for such Member's defense together with the original or a copy of any summons, complaint, process, notice, demand or pleading within ten (10) days after the Member is served with such document, and (ii) the full cooperation of the Member in the defense of such action or

proceeding and in defense of any action or proceeding against the Agency based upon the same act or omission, and in the prosecution of any appeal.

(j) The benefits of this Section shall inure only to Members as defined in subdivision (a) of this Section 2 and shall not enlarge or diminish the rights of any other party.

(k) This Section 2 shall not in any way affect the obligation of any claimant to give notice to the Agency under Section 10 of the Court of Claims Act, Section 880 of the General Municipal Law, or any other provision of law.

(l) The Agency is hereby authorized and empowered to purchase insurance from any insurance company created by or under the laws of the State, or authorized by law to transact business in the State, against any liability imposed by the provisions of this Section 2, or to act as a self-insurer with respect thereto. The provisions of this Section 2 shall not be construed to impair, alter, limit or modify the rights and obligations of any insurer under any policy of insurance.

(m) All payments made under the terms of this Section 2, whether for insurance or otherwise, shall be deemed to be for a public purpose and shall be audited and paid in the same manner as other public charges.

(n) Except as otherwise specifically provided in this Section 2, the provisions of this Section 2 shall not be construed in any way to impair, alter, limit, modify, abrogate or restrict any immunity to liability available to or conferred upon any Member of the Agency by, in accordance with, or by reason of, any other provision of State or Federal statutory or common law. The benefits under this Section 2 shall supplement, and be available in addition to, defense or indemnification protection conferred by any law or enactment. This Section 2 is intended to confer upon Members of the Agency all of the benefits of Section 18 of the Public Officers Law

and to impose upon the Agency liability for costs incurred under the provisions hereof and thereof.

Section 3. Fiscal Year

The fiscal year of the Agency shall be fixed by the Members, subject to the applicable law.

Section 4. Powers of the Agency

The Agency shall have all the powers of an Industrial Development Agency authorized by Article 18-A of the General Municipal Law and shall have the power to do all things necessary or convenient to carry out its purposes and exercise the powers authorized herein.

EXHIBIT "D"

NOTICE OF PUBLIC HEARING WITH EVIDENCE OF PUBLICATION AND COPIES OF LETTERS TO AFFECTED TAX JURISDICTIONS PURSUANT TO SECTIONS 859-a OF THE ACT

The Post-Standard

PROOF OF PUBLICATION

State of New York, County of Onondaga ss. Pamela Gallagher, of the City of Syracuse, in said County, being duly sworn, doth depose and says: this person is the Principal Clerk in the office of THE POST-STANDARD, a public newspaper, published in the City of Syracuse, Onondaga County, New York and that the notice, is an accurate and true copy of the ad as printed in said newspaper, was printed and published in the regular edition and issue of said newspaper on the following days, viz.:

Advertiser: HISCOCK & BARCLAY LLP

Reference #: 0000276146 PO #:

Product: Post-Standard-Full Run Start Date: 04/01/2011 End Date: 04/01/2011

Insertions: 1 Run Dates: 04/01/2011

Pamela Gallagher

Pamela Gallagher
Principal Clerk
Subscribed and Sworn to before me, this 04/01/2011

LAURA M. SCALES
Notary Public, State of New York
No. 01SC6210783
Qualified In Onondaga County
My Commission Expires: 8/31/13

Laura M Scales

NOTARY PUBLIC, ONONDAGA COUNTY, NY Commission Expires

HISCOCK & BARCLAY LLP

ONE PARK PLACE
300 SOUTH STATE STREET
SYRACUSE, NEW YORK 13202
T 315.425.2700 • F 315.425.2701

SUSAN R. KATZOFF
PARTNER

DIRECT DIAL 315.425.2880
DIRECT FAX 315.425.8597
SKATZOFF@HBLAW.COM

March 29, 2011

BY HAND DELIVERY and CERTIFIED MAIL

Honorable Stephanie A. Miner
Mayor, City of Syracuse
City Hall
233 East Washington Street
Syracuse, New York 13202

BY HAND DELIVERY and CERTIFIED MAIL

Honorable Joanne M. Mahoney
County Executive, Onondaga County
John Mulroy Civic Center, 14th Floor
421 Montgomery Street
Syracuse, New York 13202

Re: City of Syracuse Industrial Development Agency
The Inns at Armory Square Project (RHS Holdings, LLC)

Dear Mayor and County Executive:

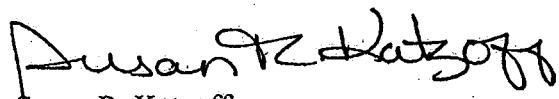
Enclosed herewith please find a Notice of Public Hearing in relation to the above-referenced project. The proposed project (the "Project") consists of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-335 West Fayette Street (the "Land"); (ii) the construction of an approximate 130,000 square foot seven story building to house a 102 room Marriott Courtyard and a 78 room Residence Inn, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "Facility"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "Equipment", together with the Land and the Facility, the "Project Facility"); (B) the granting of certain financial assistance in the form of exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "Financial

Assistance"); and (C) the lease of the Project Facility by the Agency pursuant to a lease agreement and the lease of the Project Facility back to the Company pursuant to a sublease agreement.

General Municipal Law Section 859-a requires that notice of the Public Hearing be given to the chief executive officer of each affected tax jurisdiction in which the Project is located.

As stated in the notice, the public hearing is scheduled for **April 19, 2011** at 8:30 a.m. in the Common Council Chambers at City Hall.

Very truly yours,



Susan R. Katzoff

SRK/llm
Enclosure

cc: William Ryan, City of Syracuse Industrial Development Agency (w/Enclosure)
Thomas Babilon, Assistant Corporation Counsel, City of Syracuse (w/Enclosure)
Ben Walsh, City of Syracuse (w/Enclosure)

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing pursuant to Section 859-a of the New York General Municipal Law, will be held by the City of Syracuse Industrial Development Agency (the "*Agency*") on the 19th day of April, 2011, at 8:30 o'clock a.m., local time, at 233 East Washington Street, Common Council Chambers, City Hall, Syracuse, New York, in connection with the following matter:

RHS Holdings, LLC, a New York State limited liability company, or an entity to be formed (the "Company"), has requested that the Agency undertake a project (the "Project") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-335 West Fayette Street (the "Land"); (ii) the construction of an approximate 130,000 square foot seven story building to house a 102 room Marriott Courtyard and a 78 room Residence Inn, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "Facility"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "Equipment", together with the Land and the Facility, the "Project Facility"); (B) the granting of certain financial assistance in the form of exemptions from real property tax, mortgage recording tax and sales and use taxation (collectively, the "Financial Assistance"); and (C) the lease of the Project Facility by the Agency pursuant to a lease agreement and the lease of the Project Facility back to the Company pursuant to a sublease agreement.

The Company shall be the initial owner or operator of the Project Facility.

The Agency will at the above-stated time and place hear all persons with views with respect to the proposed Financial Assistance to the Company, the proposed owner or location of the Project Facility, and/or the nature of the Project.

A copy of the application filed by the Company with the Agency with respect to the Project, including an analysis of the costs and benefits of the Project, is available for public inspection during business hours at the office of the Agency located at 233 East Washington Street in Syracuse, New York.

Dated: March 29, 2011

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

SENDE

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Hon. Stephanie Miner
Mayor
City Hall
233 E. Washington St.
Syracuse, NY 13202

X M. Muramm

☐ Agent
☐ Addressee

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1. Article Addressed to:

Hon. Joanne Mahoney
County Executive
Civic Center
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A. Signature
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City, State, ZIP+4

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The Post-Standard

PROOF OF PUBLICATION

State of New York, County of Onondaga ss. Pamela Gallagher, of the City of Syracuse, in said County, being duly sworn, doth depose and says: this person is the Principal Clerk in the office of THE POST-STANDARD, a public newspaper, published in the City of Syracuse, Onondaga County, New York and that the notice, is an accurate and true copy of the ad as printed in said newspaper, was printed and published in the regular edition and issue of said newspaper on the following days, viz.:

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Reference #: 0000336867

PO #: billing matter #3032055

Product: Post-Standard-Full Run

Start Date: 12/05/2011 End Date: 12/05/2011

Insertions: 1

Run Dates: 12/05/2011

Pamela Gallagher

Pamela Gallagher
Principal Clerk
Subscribed and Sworn to before me, this 12/05/2011

Laura M Scales

NOTARY PUBLIC, ONONDAGA COUNTY, NY Commission Expires

LAURA M. SCALES
Notary Public, State of New York
No. 01SC6210783
Qualified In Onondaga County
My Commission Expires: 8/31/13

HISCOCK & BARCLAY LLP

SUSAN R. KATZOFF
PARTNER

ONE PARK PLACE
300 SOUTH STATE STREET
SYRACUSE, NEW YORK 13202
T 315.425.2700 • F 315.425.2701

DIRECT DIAL 315.425.2880
DIRECT FAX 315.425.8597
SKATZOFF@HBLAW.COM

December 2, 2011

BY HAND DELIVERY and CERTIFIED MAIL

Honorable Stephanie A. Miner
Mayor, City of Syracuse
City Hall
233 East Washington Street
Syracuse, New York 13202

BY HAND DELIVERY and CERTIFIED MAIL

Honorable Joanne M. Mahoney
County Executive, Onondaga County
John Mulroy Civic Center, 14th Floor
421 Montgomery Street
Syracuse, New York 13202

Re: City of Syracuse Industrial Development Agency
Inns at Armory Square, LLC Project

Dear Mayor and County Executive:

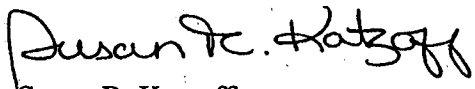
Enclosed herewith please find a Notice of Public Hearing in relation to the above-referenced project. The proposed project (the "***Project***") consists of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-335 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement.

In addition to the Financial Assistance requested in its original application, as same may have been amended from time to time, the Company has requested certain additional financial assistance in the form of a grant in an amount not to exceed $500,000 (the "***Additional Financial Assistance***").

General Municipal Law Section 859-a requires that notice of the Public Hearing be given to the chief executive officer of each affected tax jurisdiction in which the Project is located.

As stated in the notice, the public hearing is scheduled for **December 20, 2011** at 8:30 a.m. in the Common Council Chambers at City Hall.

Very truly yours,



Susan R. Katzoff

SRK/llm
Enclosure

cc: William Ryan, City of Syracuse Industrial Development Agency (w/Enclosure)
Meghan Gaffey, Assistant Corporation Counsel, City of Syracuse (w/Enclosure)
Ben Walsh, City of Syracuse (w/Enclosure)

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing pursuant to Section 859-a of the New York General Municipal Law, will be held by the City of Syracuse Industrial Development Agency (the "Agency") on the 20th day of December, 2011, at 8:30 o'clock a.m., local time, at 233 East Washington Street, Common Council Chambers, City Hall, Syracuse, New York, in connection with the following matter:

RHS Holdings, LLC, a New York limited liability company, its designee, subsidiary or member (the "Company"), requested the Agency undertake a project (the "Project") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-335 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement;.

In addition to the Financial Assistance requested in its original application, as same may have been amended from time to time, the Company has requested certain additional financial assistance in the form of a grant in an amount not to exceed $500,000 (the "Additional Financial Assistance").

The initial owner or operator of the project will be RHS Holdings, LLC or its designee, subsidiary or member (including but not limited to The Inns at Armory Square, LLC).

The Agency will at the above-stated time and place hear all persons with views with respect to the proposed Additional Financial Assistance to the Company, the proposed owner/operator and location of the Project Facility, and/or the nature of the Project.

A copy of the application filed by the Company with the Agency with respect to the Project, including an analysis of the costs and benefits of the Project, is available for public inspection during business hours at the office of the Agency located at 333 West Washington Street, Suite 130 in Syracuse, New York.

Dated: November 30, 2011

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

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1. Article Addressed to:

Honorable Joanne M. Mahoney
County Executive, Onondaga County
John Mulroy Civic Center, 14th Floor
421 Montgomery Street
Syracuse, New York 13202

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X Ecca Cunnk ☐ Agent ☐ Addressee

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2. Article Number (Transfer from service label) 7010 3090 0002 4917 5118

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1. Article Addressed to:

Honorable Stephanie A. Miner
Mayor, City of Syracuse
233 East Washington Street
Syracuse, New York 13202

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X [signature] ☐ Agent ☐ Addressee

B. Received by (Printed Name) | C. Date of Delivery 10/5

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EXHIBIT "E"

LETTERS TO TAX JURISDICTIONS REGARDING DEVIATION FROM UTEP

HISCOCK & BARCLAY LLP

SUSAN R. KATZOFF
PARTNER

ONE PARK PLACE
300 SOUTH STATE STREET
SYRACUSE, NEW YORK 13202
T 315.425.2700 • F 315.425.2701

DIRECT DIAL 315.425.2880
DIRECT FAX 315.425.8597
SKATZOFF@HBLAW.COM

July 14, 2011

VIA HAND DELIVERY

Honorable Stephanie A. Miner
Mayor, City of Syracuse
City Hall
233 East Washington Street
Syracuse, New York 13202

Honorable Joanne M. Mahoney
County Executive, Onondaga County
John Mulroy Civic Center, 14th Floor
421 Montgomery Street
Syracuse, New York 13202

Re: City of Syracuse Industrial Development Agency ("***SIDA***")
The Inns at Armory Square Project (RHS Holdings, LLC)

Dear Mayor and County Executive,

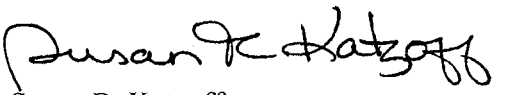
We are counsel to the City of Syracuse Industrial Development Agency (the "***Agency***"). On behalf of the Agency we hereby notify you that on July 26, 2011 the Agency will consider whether to approve the request by RHS Holdings, LLC (the "***Company***") for deviation from the Agency's Uniform Tax Exemption Policy with respect to the above-referenced project to be located in the City of Syracuse. Attached as Schedules "A" and "B" respectively are: (i) a description of the proposed deviation and the reasons therefor; and (ii) the proposed PILOT schedule. If approved, the Agency, the City of Syracuse and the Company will enter into a Payment in Lieu of Tax Agreement to evidence the proposed payment in lieu of tax schedule.

The Agency will review and respond to any correspondence received from any affected tax jurisdiction regarding the proposed deviation and allow any representative of an affected tax jurisdiction present at such meeting to address the Agency regarding the proposed deviation.

Should you wish to discuss this matter or the attachments, please feel free to contact me directly at 425-2880.

Honorable Stephanie A. Miner
Honorable Joanne M. Mahoney
July 14, 2011

Very truly yours,



Susan R. Katzoff

SRK:llm
Enclosures
cc: Thomas Babilon, Esq. (w/Enclosures)
Ben Walsh (w/Enclosures)

5467176.1

Schedule A

RHS Holdings, LLC (the "***Company***") has requested that the Agency undertake a project (the "***Project***") consisting of: A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-335 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house a 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement.

The Company has requested that the Agency consider a payment in lieu of tax ("***PILOT***") schedule which deviates from the Agency's Uniform Tax Exemption Policy pursuant to General Municipal Law Section 874(4). The Agency has not yet made a determination with respect to such request.

The requested PILOT schedule, attached as Schedule B hereto, varies from the schedule to which the Project would be subject under the Uniform Tax Exemption Policy of the Agency. The Project Facility would be subject to the Class 1 schedule under the Uniform Tax Exemption Policy which provides for exemption equivalent to that available under Section 485(b) of the Real Property Tax Law based on an exemption term of ten (10) years.

The Company has provided the following as justification for the requested deviation:

The Project consists of the construction of the Inns at Armory Square, a seven (7) story Marriott Hotel complex and an approximate 185 space on-site parking lot and deck located on prime site situated in the center of Downtown Syracuse's historical retail and entertainment district. Upon completion, the hotel will accommodate over 85,000 guests annually. These guests will have a major impact on Armory Square and Downtown Syracuse. Based upon survey results supplied by the Greater Syracuse Chamber of Commerce, this development will create an additional approximately $18 million of annual spending in downtown. The Project will result in approximately 200 construction jobs and approximately 100 full and part-time permanent jobs. The Project expects to generate more than $2 million in sales tax revenue annually.

The PILOT is critical to the overall feasibility of this development effort. Without the PILOT, the Project will not be financially viable resulting in the loss of new jobs and economic infusion to the community.

Schedule B

PROPOSED PILOT SCHEDULE

300 West Fayette PILOT Schedule

year	assessment		PILOT Payment
1		$1,440,900 times the tax rate =	
2		$1,440,900 times the tax rate =	
3		$1,440,900 times the tax rate =	
4		$1,440,900 times the tax rate =	
5		$1,440,900 times the tax rate =	
6		$1,440,900 times the tax rate =	
7		$1,440,900 times the tax rate =	
8		$1,440,900 times the tax rate =	
9		$1,440,900 times the tax rate =	
10		$1,440,900 times the tax rate =	
11		$1,440,000 times the tax rate =	
12		$1,440,000 times the tax rate =	
13		$1,440,000 times the tax rate =	
14		$1,440,000 times the tax rate =	
15		times the tax rate =	
16	(full assessment less $1,440,900)*25% plus $1,440,900	times the tax rate =	
17	(full assessment less $1,440,900)*50% plus $1,440,900	times the tax rate =	
18	(full assessment less $1,440,900)*75% plus $1,440,900	times the tax rate =	

EXHIBIT "F"

LEAD AGENCY RESOLUTION

RESOLUTION

A meeting of the City of Syracuse Industrial Development Agency was convened in public session on March 15, 2011, at 8:30 o'clock a.m., at Common Council Chambers, City Hall, 233 East Washington Street, Syracuse, New York.

The meeting was called to order by the Chairman and, upon the roll being duly called, the following members were:

PRESENT: William Ryan, John Gamage, Nicholas Ciotti

ABSENT: M. Catherine Richardson, Esq., Donald Schoenwald, Esq.

The following persons were **ALSO PRESENT:** Ben Walsh, Susan R. Katzoff, Esq., Thomas Babilon, Esq., Judith DeLaney, Dian Sherwood, Greg Streeter, Juanita Perez-Williams, Esq., Paul Driscoll, Lindsay McClusky, Kate Auwaerter, Babette Baker, Richard Sykes, Jr., John Sidd, Esq., Rick Moriarty, Jessica Cain

The following Resolution was offered by John Gamage and seconded by Nicholas Ciotti:

RESOLUTION CLASSIFYING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A CERTAIN PROJECT AT THE REQUEST OF RHS HOLDINGS, LLC AS A TYPE I ACTION AND DECLARING THE INTENT OF THE CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY TO BE LEAD AGENCY FOR PURPOSES OF A COORDINATED REVIEW PURSUANT TO THE STATE ENVIRONMENTAL QUALITY REVIEW ACT

WHEREAS, the City of Syracuse Industrial Development Agency (the "Agency") is authorized and empowered by Title 1 of Article 18-A of the General Municipal Law of the State of New York (the "State"), as amended, together with Chapter 641 of the Laws of 1979 of the State of New York, as amended from time to time (collectively, the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research and recreation facilities, including industrial pollution control facilities, railroad facilities and certain horse racing facilities, for the purpose of promoting, attracting, encouraging and developing recreation and economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State, to improve their recreation opportunities, prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, lease and sell real property and interests therein and grant financial assistance in connection with one or more "projects" (as defined in the Act); and

WHEREAS, by application dated May 23, 2008 (the "***Application***") and supplemental letter dated March 7, 2011, RHS Holdings, LLC, a New York State limited liability company (the "***Company***"), has requested that the Agency undertake a project (the "***Project***") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-335 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 130,000 square foot seven story building to house a 102 room Marriott Courtyard and a 78 room Residence Inn, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); and (C) the lease of the Project Facility by the Agency pursuant to a lease agreement and the lease of the Project Facility back to the Company pursuant to a sublease agreement; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law of the State of New York, as amended, and the regulations of the Department of Environmental Conservation of the State of New York promulgated thereunder (collectively referred to hereinafter as "***SEQRA***"), the Agency is required to make a determination whether the "action" (as said quoted term is defined in SEQRA) to be taken by the Agency may have a "significant impact on the environment" (as said quoted term is utilized in SEQRA) and the preliminary agreement of the Agency to undertake the Project constitutes such an action; and

WHEREAS, to aid the Agency in determining whether undertaking the Project may have a significant impact upon the environment, the Company has prepared and submitted to the Agency a full Environmental Assessment Form (the "***EAF***") with respect to the Project, a copy of which is attached here as Exhibit A, with a copy of the EAF on file at the office of the Agency; and

WHEREAS, the Agency has examined the full EAF in order to classify the Project; and

WHEREAS, the Agency has not approved the Project or the grant of Financial Assistance to the Project; and

NOW, THEREFORE, be it resolved by the members of the City of Syracuse Industrial Development Agency as follows:

(1) Based upon an examination of the EAF prepared by the Company, the criteria contained in 6 NYCRR §617.7(c), and based further upon the Agency's knowledge of the area surrounding the Project Facility, all the representations made by the Company in connection with the Project, and such further investigation of the Project and its environmental impacts as the Agency has deemed appropriate, the Agency makes the following findings and determinations with respect to the Project pursuant to SEQRA:

(A) The Project consists of the components described above in the third WHEREAS clause of this resolution; and

(B) The Project constitutes a "Type I Action" (as said quoted term is defined in SEQRA); and

(C) As a consequence of the foregoing, the Agency hereby declares its intent to act as "Lead Agency" (as said term is defined in SEQRA) with respect to a coordinated agency review of the Project pursuant to SEQRA; and

(D) The Agency's counsel shall arrange for publication and distribution of its notice of intent to be "Lead Agency" and is hereby authorized to take such actions as are necessary and appropriate to assist the Agency in fulfilling the requirements under SEQRA for the Project and to work with the Company's environmental consultant in connection therewith.

(2) This Resolution shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to vote on a roll call, which resulted as follows:

	AYE	**NAY**
William Ryan	X	
John Gamage	X	
Nicholas Ciotti	X	

The foregoing Resolution was thereupon declared duly adopted.

STATE OF NEW YORK)
) **SS.:**
COUNTY OF ONONDAGA)

I, the undersigned Secretary of the City of Syracuse Industrial Development Agency, **DO HEREBY CERTIFY** that I have compared the annexed extract of the minutes of the meeting of the City of Syracuse Industrial Development Agency (the "Agency") held on March 15, 2011, with the original thereof on file in my office, and that the same (including all exhibits) is a true and correct copy of the proceedings of the Agency and of the whole of such original insofar as the same relates to the subject matters referred to therein, and the EAF attached hereto as Exhibit "A".

I FURTHER CERTIFY that (i) all members of the Agency had due notice of such meeting; (ii) pursuant to Section 104 of the Public Officers Law (Open Meetings Law), such meeting was open to the general public and public notice of the time and place of such meeting was duly given in accordance with such Section 104; (iii) the meeting was in all respects duly held; and (iv) there was a quorum present throughout.

I FURTHER CERTIFY that, as of the date hereof, the attached Resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this 16TH day of August, 2011.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
John Gamage, Secretary

(S E A L)

5213861.1

EXHIBIT A

ENVIRONMENTAL ASSESSMENT FORM

617.20
Appendix A
State Environmental Quality Review
FULL ENVIRONMENTAL ASSESSMENT FORM

Purpose: The full EAF is designed to help applicants and agencies determine, in an orderly manner, whether a project or action may be significant. The question of whether an action may be significant is not always easy to answer. Frequently, there are aspects of a project that are subjective or unmeasurable. It is also understood that those who determine significance may have little or no formal knowledge of the environment or may not be technically expert in environmental analysis. In addition, many who have knowledge in one particular area may not be aware of the broader concerns affecting the question of significance.

The full EAF is intended to provide a method whereby applicants and agencies can be assured that the determination process has been orderly, comprehensive in nature, yet flexible enough to allow introduction of information to fit a project or action.

Full EAF Components: The full EAF is comprised of three parts:

Part 1: Provides objective data and information about a given project and its site. By identifying basic project data, it assists a reviewer in the analysis that takes place in Parts 2 and 3.

Part 2: Focuses on identifying the range of possible impacts that may occur from a project or action. It provides guidance as to whether an impact is likely to be considered small to moderate or whether it is a potentially-large impact. The form also identifies whether an impact can be mitigated or reduced.

Part 3: If any impact in Part 2 is identified as potentially-large, then Part 3 is used to evaluate whether or not the impact is actually important.

THIS AREA FOR LEAD AGENCY USE ONLY

DETERMINATION OF SIGNIFICANCE -- Type 1 and Unlisted Actions

Identify the Portions of EAF completed for this project: ☑ Part 1 ☑ Part 2 ☐ Part 3

Upon review of the information recorded on this EAF (Parts 1 and 2 and 3 if appropriate), and any other supporting information, and considering both the magnitude and importance of each impact, it is reasonably determined by the lead agency that:

☐ A. The project will not result in any large and important impact(s) and, therefore, is one which **will not** have a significant impact on the environment, therefore a **negative declaration will be prepared.**

☐ B. Although the project could have a significant effect on the environment, there will not be a significant effect for this Unlisted Action because the mitigation measures described in PART 3 have been required, therefore **a CONDITIONED negative declaration will be prepared.***

☐ C. The project may result in one or more large and important impacts that may have a significant impact on the environment, therefore **a positive declaration will be prepared.**

*A Conditioned Negative Declaration is only valid for Unlisted Actions

_____
Name of Action

_____
Name of Lead Agency

_____ _____
Print or Type Name of Responsible Officer in Lead Agency | Title of Responsible Officer

_____ _____
Signature of Responsible Officer in Lead Agency | Signature of Preparer (If different from responsible officer)

_____
Date

hsite

PART 1--PROJECT INFORMATION
Prepared by Project Sponsor

NOTICE: This document is designed to assist in determining whether the action proposed may have a significant effect on the environment. Please complete the entire form, Parts A through E. Answers to these questions will be considered as part of the application for approval and may be subject to further verification and public review. Provide any additional information you believe will be needed to complete Parts 2 and 3.

It is expected that completion of the full EAF will be dependent on information currently available and will not involve new studies, research or investigation. If information requiring such additional work is unavailable, so indicate and specify each instance.

Name of Action Inns at Armory Square

Location of Action (include Street Address, Municipality and County)

300-332 and 334-344 Fayette Street, Syracuse, New York (Onondaga County)

Name of Applicant/Sponsor Schopfer Architects LLP

Address 1111 James Street

City / PO Syracuse State NY Zip Code 13203

Business Telephone (315) 474-6501

Name of Owner (if different) RHS Holdings, LLC (Owner Under Contract)

Address 108 W Jefferson Street, Suite 300

City / PO Syracuse State NY Zip Code 13202

Business Telephone (315) 442-5947

Description of Action:

Construction of a seven story, 180 room hotel (130,000 SF) and parking deck on an existing 1.27 acre parcel within the City of Syracuse Central Business District. The concepts are as set forth in plans prepared by Schopfer Architects dated January 25, 2011.

Please Complete Each Question--Indicate N.A. if not applicable

A. SITE DESCRIPTION

Physical setting of overall project, both developed and undeveloped areas.

1. Present Land Use: ☐ Urban ☐ Industrial ☑ Commercial ☐ Residential (suburban) ☐ Rural (non-farm)
   ☐ Forest ☐ Agriculture ☐ Other _____

2. Total acreage of project area: 1.27 acres.

APPROXIMATE ACREAGE	PRESENTLY	AFTER COMPLETION
Meadow or Brushland (Non-agricultural)	0 acres	0 acres
Forested	0 acres	0 acres
Agricultural (Includes orchards, cropland, pasture, etc.)	0 acres	0 acres
Wetland (Freshwater or tidal as per Articles 24,25 of ECL)	0 acres	0 acres
Water Surface Area	0 acres	0 acres
Unvegetated (Rock, earth or fill)	0 acres	0 acres
Roads, buildings and other paved surfaces	1.27 acres	1.27 acres
Other (Indicate type) _____	0 acres	0 acres

3. What is predominant soil type(s) on project site? Brown clay with silt & rubber fill
   a. Soil drainage: ☑ Well drained 100 % of site ☐ Moderately well drained ____ % of site.
   ☐ Poorly drained ____ % of site
   b. If any agricultural land is involved, how many acres of soil are classified within soil group 1 through 4 of the NYS Land Classification System? N/A acres (see 1 NYCRR 370).

4. Are there bedrock outcroppings on project site? ☐ Yes ☒ No
   a. What is depth to bedrock _____ (in feet) None to boring depth of 40'

5. Approximate percentage of proposed project site with slopes:
   ☑ 0-10% 100 % ☐ 10- 15% ____ % ☐ 15% or greater ____ %

6. Is project substantially contiguous to, or contain a building, site, or district, listed on the State or National Registers of Historic Places? ☒ Yes ☐ No Armory Square Historic District per N.R.H.P.

7. Is project substantially contiguous to a site listed on the Register of National Natural Landmarks? ☐ Yes ☒ No

8. What is the depth of the water table? 23+ (in feet) Per USGS map of principal aquifers

9. Is site located over a primary, principal, or sole source aquifer? ☐ Yes ☒ No

10. Do hunting, fishing or shell fishing opportunities presently exist in the project area? ☐ Yes ☒ No

11. Does project site contain any species of plant or animal life that is identified as threatened or endangered? ☐ Yes ☒ No

According to:

Review of US Fish and Wildlife's Services web site for Onondaga County and visual as site is a fully paved urban site.

Identify each species:

12. Are there any unique or unusual land forms on the project site? (i.e., cliffs, dunes, other geological formations?

☐ Yes ☒ No

Describe:

13. Is the project site presently used by the community or neighborhood as an open space or recreation area?

☐ Yes ☒ No

If yes, explain:

14. Does the present site include scenic views known to be important to the community? ☐ Yes ☒ No

15. Streams within or contiguous to project area:

Onondaga Creek to the west.

a. Name of Stream and name of River to which it is tributary

Onondaga Creek flows into Onondaga Lake

16. Lakes, ponds, wetland areas within or contiguous to project area:

None

b. Size (in acres):

N/A

17. Is the site served by existing public utilities? ■ Yes ☐ No

a. If YES, does sufficient capacity exist to allow connection? ■ Yes ☐ No

b. If YES, will improvements be necessary to allow connection? ☐ Yes ■ No

18. Is the site located in an agricultural district certified pursuant to Agriculture and Markets Law, Article 25-AA, Section 303 and 304? ☐ Yes ■ No

19. Is the site located in or substantially contiguous to a Critical Environmental Area designated pursuant to Article 8 of the ECL, and 6 NYCRR 617? ☐ Yes ■ No

20. Has the site ever been used for the disposal of solid or hazardous wastes? ☐ Yes ■ No

B. **Project Description**

1. Physical dimensions and scale of project (fill in dimensions as appropriate).

a. Total contiguous acreage owned or controlled by project sponsor: 1.27 acres.

b. Project acreage to be developed: 1.27 acres initially; 1.27 acres ultimately.

c. Project acreage to remain undeveloped: 0 acres.

d. Length of project, in miles: N/A (if appropriate)

e. If the project is an expansion, indicate percent of expansion proposed. N/A %

f. Number of off-street parking spaces existing 150 ; proposed 140 (±)

g. Maximum vehicular trips generated per hour: [redacted] (Refer to traffic study)

h. If residential: Number and type of housing units:

	One Family	Two Family	Multiple Family	Condominium
Initially	0	0	32	0
Ultimately	0	0	32	0

i. Dimensions (in feet) of largest proposed structure: 80' ± height; 120' width; 250' length.

j. Linear feet of frontage along a public thoroughfare project will occupy is? 375 ft.

2. How much natural material (i.e. rock, earth, etc.) will be removed from the site? 6,000 ± tons/cubic yards.

3. Will disturbed areas be reclaimed ■ Yes ☐ No ☐ N/A

a. If yes, for what intended purpose is the site being reclaimed?

Parking, walkways, guest patio areas

b. Will topsoil be stockpiled for reclamation? ☐ Yes ■ No

c. Will upper subsoil be stockpiled for reclamation? ☐ Yes ■ No

4. How many acres of vegetation (trees, shrubs, ground covers) will be removed from site? 0 acres.

5. Will any mature forest (over 100 years old) or other locally-important vegetation be removed by this project?

☐ Yes ☒ No

6. If single phase project: Anticipated period of construction: 14 months, (including demolition)

7. If multi-phased: N/A

a. Total number of phases anticipated _____ (number)

b. Anticipated date of commencement phase 1: _____ month _____ year, (including demolition)

c. Approximate completion date of final phase: _____ month _____ year.

d. Is phase 1 functionally dependent on subsequent phases? ☐ Yes ☐ No

8. Will blasting occur during construction? ☐ Yes ☒ No

9. Number of jobs generated: during construction 150-200 ; after project is complete 50-75

10. Number of jobs eliminated by this project 0 .

11. Will project require relocation of any projects or facilities? ☒ Yes ☐ No

If yes, explain:

Demolition of an existing (1) story manufacturing building currently located at 333-344 W. Fayette Street

12. Is surface liquid waste disposal involved? ☐ Yes ☒ No

a. If yes, indicate type of waste (sewage, industrial, etc) and amount _____

b. Name of water body into which effluent will be discharged _____

13. Is subsurface liquid waste disposal involved? ☐ Yes ☒ No Type _____

14. Will surface area of an existing water body increase or decrease by proposal? ☐ Yes ☒ No

If yes, explain:

15. Is project or any portion of project located in a 100 year flood plain? ☐ Yes ☒ No

16. Will the project generate solid waste? ☒ Yes ☐ No

a. If yes, what is the amount per month? _____ tons

b. If yes, will an existing solid waste facility be used? ☒ Yes ☐ No

c. If yes, give name Onondaga County Metropolitan Syracuse Treatment Facility ; location _____

d. Will any wastes not go into a sewage disposal system or into a sanitary landfill? ☐ Yes ☒ No

Hiawatha Blvd. facility or other authorized

e. If yes, explain:

17. Will the project involve the disposal of solid waste? ☐ Yes ☒ No

a. If yes, what is the anticipated rate of disposal? _____ tons/month.

b. If yes, what is the anticipated site life? _____ years.

18. Will project use herbicides or pesticides? ☐ Yes ☒ No

19. Will project routinely produce odors (more than one hour per day)? ☐ Yes ☒ No

20. Will project produce operating noise exceeding the local ambient noise levels? ☐ Yes ☒ No

21. Will project result in an increase in energy use? ☒ Yes ☐ No

If yes, indicate type(s)

22. If water supply is from wells, indicate pumping capacity N/A gallons/minute.

23. Total anticipated water usage per day 9,000 gallons/day.

24. Does project involve Local, State or Federal funding? ☒ Yes ☐ No

If yes, explain:

Empire State Development (partial loan)
Syracuse Industrial Development Agency (partial grant)

25. Approvals Required:

			Type	Submittal Date
City, Town, Village Board	☐ Yes	☒ No		
City, Town, Village Planning Board Planning Commission	☒ Yes	☐ No	Review of F.A.R. - Resubdivision Extension	
City, Town Zoning Board	☐ Yes	☒ No		
City, County Health Department	☒ Yes	☐ No	Hotel pool/kitchen	
Other Local Agencies	☒ Yes	☐ No	City Building, Fire, DPW (Bldg. Permit)	
Other Regional Agencies	☒ Yes	☐ No	SIDA (SEQR Review)	T.B.D.
State Agencies	☐ Yes	☒ No		
Federal Agencies	☐ Yes	☒ No		

C. Zoning and Planning Information

1. Does proposed action involve a planning or zoning decision? ☒ Yes ☐ No

If Yes, indicate decision required:

☐ Zoning amendment ☐ Zoning variance ☐ New/revision of master plan ☒ Subdivision

☐ Site plan ☐ Special use permit ☐ Resource management plan ☒ Other (F.A.R. Review)

2. What is the zoning classification(s) of the site?

Central Business District (CBD), General Services District

3. What is the maximum potential development of the site if developed as permitted by the present zoning?

100% (building and parking)

4. What is the proposed zoning of the site?

(No zoning changes are proposed)

5. What is the maximum potential development of the site if developed as permitted by the proposed zoning?

100% (building and parking)

6. Is the proposed action consistent with the recommended uses in adopted local land use plans? ☒ Yes ☐ No

7. What are the predominant land use(s) and zoning classifications within a ¼ mile radius of proposed action?

Commercial (Retail, Office), urban residential

8. Is the proposed action compatible with adjoining/surrounding land uses with a ¼ mile? ☒ Yes ☐ No

9. If the proposed action is the subdivision of land, how many lots are proposed? N/A

   a. What is the minimum lot size proposed? _____

10. Will proposed action require any authorization(s) for the formation of sewer or water districts? ☐ Yes ☒ No

11. Will the proposed action create a demand for any community provided services (recreation, education, police, fire protection?

☐ Yes ☒ No

a. If yes, is existing capacity sufficient to handle projected demand? ☐ Yes ☐ No

12. Will the proposed action result in the generation of traffic significantly above present levels? ☐ Yes ☒ No

a. If yes, is the existing road network adequate to handle the additional traffic. ☒ Yes ☐ No Not a significant change

D. **Informational Details**

Attach any additional information as may be needed to clarify your project. If there are or may be any adverse impacts associated with your proposal, please discuss such impacts and the measures which you propose to mitigate or avoid them.

E. **Verification**

I certify that the information provided above is true to the best of my knowledge.

Applicant/Sponsor Name Schopfer Architects, David A Schlosser Date 2/24/11

Signature

Title Parter, AIA

If the action is in the Coastal Area, and you are a state agency, complete the Coastal Assessment Form before proceeding with this assessment.

PART 2 - PROJECT IMPACTS AND THEIR MAGNITUDE

Responsibility of Lead Agency

General Information (Read Carefully)

- In completing the form the reviewer should be guided by the question: Have my responses and determinations been **reasonable?** The reviewer is not expected to be an expert environmental analyst.
- The **Examples** provided are to assist the reviewer by showing types of impacts and wherever possible the threshold of magnitude that would trigger a response in column 2. The examples are generally applicable throughout the State and for most situations. But, for any specific project or site other examples and/or lower thresholds may be appropriate for a Potential Large Impact response, thus requiring evaluation in Part 3.
- The impacts of each project, on each site, in each locality, will vary. Therefore, the examples are illustrative and have been offered as guidance. They do not constitute an exhaustive list of impacts and thresholds to answer each question.
- The number of examples per question does not indicate the importance of each question.
- In identifying impacts, consider long term, short term and cumulative effects.

Instructions (Read carefully)

a. Answer each of the 20 questions in PART 2. Answer **Yes** if there will be **any** impact.

b. **Maybe** answers should be considered as **Yes** answers.

c. If answering **Yes** to a question then check the appropriate box(column 1 or 2)to indicate the potential size of the impact. If impact threshold equals or exceeds any example provided, check column 2. If impact will occur but threshold is lower than example, check column 1.

d. Identifying that an impact will be potentially large (column 2) does not mean that it is also necessarily **significant**. Any large impact must be evaluated in PART 3 to determine significance. Identifying an impact in column 2 simply asks that it be looked at further.

e. If reviewer has doubt about size of the impact then consider the impact as potentially large and proceed to PART 3.

f. If a potentially large impact checked in column 2 can be mitigated by change(s) in the project to a small to moderate impact, also check the **Yes** box in column 3. A **No** response indicates that such a reduction is not possible. This must be explained in Part 3.

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
Impact on Land			
1. Will the Proposed Action result in a physical change to the project site? NO ☐ YES ☒			
Examples that would apply to column 2			
• Any construction on slopes of 15% or greater; (15 foot rise per 100 foot of length), or where the general slopes in the project area exceed 10%.	☐	☐	☐ Yes ☐ No
• Construction on land where the depth to the water table is less than 3 feet.	☐	☐	☐ Yes ☐ No
• Construction of paved parking area for 1,000 or more vehicles.	☐	☐	☐ Yes ☐ No
• Construction on land where bedrock is exposed or generally within 3 feet of existing ground surface.	☐	☐	☐ Yes ☐ No
• Construction that will continue for more than 1 year or involve more than one phase or stage.	☐	☐	☐ Yes ☐ No
• Excavation for mining purposes that would remove more than 1,000 tons of natural material (i.e., rock or soil) per year.	☐	☐	☐ Yes ☐ No

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
• Construction or expansion of a santary landfill.	☐	☐	☐ Yes ☐ No
• Construction in a designated floodway.	☐	☐	☐ Yes ☐ No
• Other impacts:	☒	☐	☐ Yes ☒ No

Construction of new building and parking

2. Will there be an effect to any unique or unusual land forms found on the site? (i.e., cliffs, dunes, geological formations, etc.)

☒ NO ☐ YES

• Specific land forms:	☐	☐	☐ Yes ☐ No

Impact on Water

3. Will Proposed Action affect any water body designated as protected? (Under Articles 15, 24, 25 of the Environmental Conservation Law, ECL)

☒ NO ☐ YES

Examples that would apply to column 2

• Developable area of site contains a protected water body.	☐	☐	☐ Yes ☐ No
• Dredging more than 100 cubic yards of material from channel of a protected stream.	☐	☐	☐ Yes ☐ No
• Extension of utility distribution facilities through a protected water body.	☐	☐	☐ Yes ☐ No
• Construction in a designated freshwater or tidal wetland.	☐	☐	☐ Yes ☐ No
• Other impacts:	☐	☐	☐ Yes ☐ No

4. Will Proposed Action affect any non-protected existing or new body of water?

☒ NO ☐ YES

Examples that would apply to column 2

• A 10% increase or decrease in the surface area of any body of water or more than a 10 acre increase or decrease.	☐	☐	☐ Yes ☐ No
• Construction of a body of water that exceeds 10 acres of surface area.	☐	☐	☐ Yes ☐ No
• Other impacts:	☐	☐	☐ Yes ☐ No

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
5. Will Proposed Action affect surface or groundwater quality or quantity? ☒ NO ☐ YES			
Examples that would apply to column 2			
• Proposed Action will require a discharge permit.	☐	☐	☐ Yes ☐ No
• Proposed Action requires use of a source of water that does not have approval to serve proposed (project) action.	☐	☐	☐ Yes ☐ No
• Proposed Action requires water supply from wells with greater than 45 gallons per minute pumping capacity.	☐	☐	☐ Yes ☐ No
• Construction or operation causing any contamination of a water supply system.	☐	☐	☐ Yes ☐ No
• Proposed Action will adversely affect groundwater.	☐	☐	☐ Yes ☐ No
• Liquid effluent will be conveyed off the site to facilities which presently do not exist or have inadequate capacity.	☐	☐	☐ Yes ☐ No
• Proposed Action would use water in excess of 20,000 gallons per day.	☐	☐	☐ Yes ☐ No
• Proposed Action will likely cause siltation or other discharge into an existing body of water to the extent that there will be an obvious visual contrast to natural conditions.	☐	☐	☐ Yes ☐ No
• Proposed Action will require the storage of petroleum or chemical products greater than 1,100 gallons.	☐	☐	☐ Yes ☐ No
• Proposed Action will allow residential uses in areas without water and/or sewer services.	☐	☐	☐ Yes ☐ No
• Proposed Action locates commercial and/or industrial uses which may require new or expansion of existing waste treatment and/or storage facilities.	☐	☐	☐ Yes ☐ No
• Other impacts:	☐	☐	☐ Yes ☐ No

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change

6. Will Proposed Action alter drainage flow or patterns, or surface water runoff?
   ☒ NO ☐ YES

Examples that would apply to column 2

	1	2	3
• Proposed Action would change flood water flows	☐	☐	☐ Yes ☐ No
• Proposed Action may cause substantial erosion.	☐	☐	☐ Yes ☐ No
• Proposed Action is incompatible with existing drainage patterns.	☐	☐	☐ Yes ☐ No
• Proposed Action will allow development in a designated floodway.	☐	☐	☐ Yes ☐ No
• Other impacts:	☐	☐	☐ Yes ☐ No

IMPACT ON AIR

7. Will Proposed Action affect air quality?
   ☒ NO ☐ YES

Examples that would apply to column 2

	1	2	3
• Proposed Action will induce 1,000 or more vehicle trips in any given hour.	☐	☐	☐ Yes ☐ No
• Proposed Action will result in the incineration of more than 1 ton of refuse per hour.	☐	☐	☐ Yes ☐ No
• Emission rate of total contaminants will exceed 5 lbs. per hour or a heat source producing more than 10 million BTU's per hour.	☐	☐	☐ Yes ☐ No
• Proposed Action will allow an increase in the amount of land committed to industrial use.	☐	☐	☐ Yes ☐ No
• Proposed Action will allow an increase in the density of industrial development within existing industrial areas.	☐	☐	☐ Yes ☐ No
• Other impacts:	☐	☐	☐ Yes ☐ No

IMPACT ON PLANTS AND ANIMALS

8. Will Proposed Action affect any threatened or endangered species?
   ☒ NO ☐ YES

Examples that would apply to column 2

	1	2	3
• Reduction of one or more species listed on the New York or Federal list, using the site, over or near the site, or found on the site.	☐	☐	☐ Yes ☐ No

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
• Removal of any portion of a critical or significant wildlife habitat.	☐	☐	☐ Yes ☐ No
• Application of pesticide or herbicide more than twice a year, other than for agricultural purposes.	☐	☐	☐ Yes ☐ No
• Other impacts:	☐	☐	☐ Yes ☐ No

9. Will Proposed Action substantially affect non-threatened or non-endangered species?
☒ NO ☐ YES

Examples that would apply to column 2

• Proposed Action would substantially interfere with any resident or migratory fish, shellfish or wildlife species.	☐	☐	☐ Yes ☐ No
• Proposed Action requires the removal of more than 10 acres of mature forest (over 100 years of age) or other locally important vegetation.	☐	☐	☐ Yes ☐ No
• Other impacts:	☐	☐	☐ Yes ☐ No

IMPACT ON AGRICULTURAL LAND RESOURCES

10. Will Proposed Action affect agricultural land resources?
☒ NO ☐ YES

Examples that would apply to column 2

• The Proposed Action would sever, cross or limit access to agricultural land (includes cropland, hayfields, pasture, vineyard, orchard, etc.)	☐	☐	☐ Yes ☐ No
• Construction activity would excavate or compact the soil profile of agricultural land.	☐	☐	☐ Yes ☐ No
• The Proposed Action would irreversibly convert more than 10 acres of agricultural land or, if located in an Agricultural District, more than 2.5 acres of agricultural land.	☐	☐	☐ Yes ☐ No

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
• The Proposed Action would disrupt or prevent installation of agricultural land management systems (e.g., subsurface drain lines, outlet ditches, strip cropping); or create a need for such measures (e.g. cause a farm field to drain poorly due to increased runoff).	☐	☐	☐ Yes ☐ No
• Other impacts:	☐	☐	☐ Yes ☐ No

IMPACT ON AESTHETIC RESOURCES

11. Will Proposed Action affect aesthetic resources? (If necessary, use the Visual EAF Addendum in Section 617.20, Appendix B.)
☒ NO ☐ YES

Examples that would apply to column 2			
• Proposed land uses, or project components obviously different from or in sharp contrast to current surrounding land use patterns, whether man-made or natural.	☐	☐	☐ Yes ☐ No
• Proposed land uses, or project components visible to users of aesthetic resources which will eliminate or significantly reduce their enjoyment of the aesthetic qualities of that resource.	☐	☐	☐ Yes ☐ No
• Project components that will result in the elimination or significant screening of scenic views known to be important to the area.	☐	☐	☐ Yes ☐ No
• Other impacts:	☐	☐	☐ Yes ☐ No

IMPACT ON HISTORIC AND ARCHAEOLOGICAL RESOURCES

12. Will Proposed Action impact any site or structure of historic, prehistoric or paleontological importance?
☐ NO ☒ YES

Examples that would apply to column 2			
• Proposed Action [redacted] substantially contiguous to any facility or site listed on the State or National Register of historic places.	☒	☐	☐ Yes ☒ No
• Any impact to an archaeological site or fossil bed located within the project site.	☐	☐	☐ Yes ☐ No
• Proposed Action will occur in an area designated as sensitive for archaeological sites on the NYS Site Inventory.	☐	☐	☐ Yes ☐ No

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
• Other impacts:	☐	☐	☐ Yes ☐ No

IMPACT ON OPEN SPACE AND RECREATION

13. Will proposed Action affect the quantity or quality of existing or future open spaces or recreational opportunities?
☒ NO ☐ YES

Examples that would apply to column 2

• The permanent foreclosure of a future recreational opportunity.	☐	☐	☐ Yes ☐ No
• A major reduction of an open space important to the community.	☐	☐	☐ Yes ☐ No
• Other impacts:	☐	☐	☐ Yes ☐ No

IMPACT ON CRITICAL ENVIRONMENTAL AREAS

14. Will Proposed Action impact the exceptional or unique characteristics of a critical environmental area (CEA) established pursuant to subdivision 6NYCRR 617.14(g)?
☒ NO ☐ YES

List the environmental characteristics that caused the designation of the CEA.

Examples that would apply to column 2

• Proposed Action to locate within the CEA?	☐	☐	☐ Yes ☐ No
• Proposed Action will result in a reduction in the quantity of the resource?	☐	☐	☐ Yes ☐ No
• Proposed Action will result in a reduction in the quality of the resource?	☐	☐	☐ Yes ☐ No
• Proposed Action will impact the use, function or enjoyment of the resource?	☐	☐	☐ Yes ☐ No
• Other impacts:	☐	☐	☐ Yes ☐ No

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change

IMPACT ON TRANSPORTATION

15. Will there be an effect to existing transportation systems?

☒ NO ☐ YES

Examples that would apply to column 2

	1	2	3
• Alteration of present patterns of movement of people and/or goods.	☐	☐	☐ Yes ☐ No
• Proposed Action will result in major traffic problems.	☐	☐	☐ Yes ☐ No
• Other impacts:	☐	☐	☐ Yes ☐ No

IMPACT ON ENERGY

16. Will Proposed Action affect the community's sources of fuel or energy supply?

☒ NO ☐ YES

Examples that would apply to column 2

	1	2	3
• Proposed Action will cause a greater than 5% increase in the use of any form of energy in the municipality.	☐	☐	☐ Yes ☐ No
• Proposed Action will require the creation or extension of an energy transmission or supply system to serve more than 50 single or two family residences or to serve a major commercial or industrial use.	☐	☐	☐ Yes ☐ No
• Other impacts:	☐	☐	☐ Yes ☐ No

NOISE AND ODOR IMPACT

17. Will there be objectionable odors, noise, or vibration as a result of the Proposed Action?

☒ NO ☐ YES

Examples that would apply to column 2

	1	2	3
• Blasting within 1,500 feet of a hospital, school or other sensitive facility.	☐	☐	☐ Yes ☐ No
• Odors will occur routinely (more than one hour per day).	☐	☐	☐ Yes ☐ No
• Proposed Action will produce operating noise exceeding the local ambient noise levels for noise outside of structures.	☐	☐	☐ Yes ☐ No
• Proposed Action will remove natural barriers that would act as a noise screen.	☐	☐	☐ Yes ☐ No
• Other impacts:	☐	☐	☐ Yes ☐ No

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change

IMPACT ON PUBLIC HEALTH

18. Will Proposed Action affect public health and safety?
[x] NO [ ] YES

	1	2	3
• Proposed Action may cause a risk of explosion or release of hazardous substances (i.e. oil, pesticides, chemicals, radiation, etc.) in the event of accident or upset conditions, or there may be a chronic low level discharge or emission.	[ ]	[ ]	[ ] Yes [ ] No
• Proposed Action may result in the burial of "hazardous wastes" in any form (i.e. toxic, poisonous, highly reactive, radioactive, irritating, infectious, etc.)	[ ]	[ ]	[ ] Yes [ ] No
• Storage facilities for one million or more gallons of liquefied natural gas or other flammable liquids.	[ ]	[ ]	[ ] Yes [ ] No
• Proposed Action may result in the excavation or other disturbance within 2,000 feet of a site used for the disposal of solid or hazardous waste.	[ ]	[ ]	[ ] Yes [ ] No
• Other impacts:	[ ]	[ ]	[ ] Yes [ ] No

IMPACT ON GROWTH AND CHARACTER OF COMMUNITY OR NEIGHBORHOOD

19. Will Proposed Action affect the character of the existing community?
[ ] NO [x] YES

Examples that would apply to column 2

	1	2	3
• The permanent population of the city, town or village in which the project is located is likely to grow by more than 5%.	[ ]	[ ]	[ ] Yes [ ] No
• The municipal budget for capital expenditures or operating services will increase by more than 5% per year as a result of this project.	[ ]	[ ]	[ ] Yes [ ] No
• Proposed Action will conflict with officially adopted plans or goals.	[ ]	[ ]	[ ] Yes [ ] No
• Proposed Action will cause a change in the density of land use.	[x]	[ ]	[ ] Yes [x] No
• Proposed Action will replace or eliminate existing facilities, structures or areas of historic importance to the community.	[ ]	[ ]	[ ] Yes [ ] No
• Development will create a demand for additional community services (e.g. schools, police and fire, etc.)	[ ]	[ ]	[ ] Yes [ ] No

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
• Proposed Action will set an important precedent for future projects.	☐	☐	☐ Yes ☐ No
• Proposed Action will create or eliminate employment.	☐	☐	☐ Yes ☐ No
• Other impacts:	☐	☐	☐ Yes ☐ No

20. Is there, or is there likely to be, public controversy related to potential adverse environment impacts?
☒ NO ☐ YES

If Any Action in Part 2 Is Identified as a Potential Large Impact or If you Cannot Determine the Magnitude of Impact, Proceed to Part 3

EXHIBIT "G"

SEQRA RESOLUTION

SEQRA RESOLUTION

A regular meeting of the City of Syracuse Industrial Development Agency was convened in public session on July 26, 2011 at 8:30 o'clock a.m. at the Agency's offices in the Common Council Chambers, City Hall, 233 East Washington Street, Syracuse, New York.

The meeting was called to order by the Chairman and, upon the roll being duly called, the following members were:

PRESENT: William Ryan, M. Catherine Richardson, Esq., Nicholas Ciotti, John Gamage, Donald Schoenwald, Esq.

The following persons were **ALSO PRESENT**: Benjamin Walsh, Thomas Babilon, Esq., Judith DeLaney, Irene Goldych, Debra Ramsey-Burns, Susan Katzoff, Esq., Tony Fiorito, Andrew Larew, Courtney Wilson, Donald Taylor, Timothy Lynn, Esq. Charles Sangster, Richard Sykes, Rick Moriarty

The following Resolution was offered by M. Catherine Richardson, Esq. and seconded by Nicholas Ciotti:

RESOLUTION DETERMINING THAT THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A CERTAIN PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT PURSUANT TO THE STATE ENVIRONMENTAL QUALITY REVIEW ACT

WHEREAS, the City of Syracuse Industrial Development Agency (the "***Agency***") is authorized and empowered by Title 1 of Article 18-A of the General Municipal Law of the State of New York (the "***State***"), as amended, together with Chapter 641 of the Laws of 1979 of the State of New York, as amended from time to time (collectively, the "***Act***"), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research and recreation facilities, for the purpose of promoting economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State, to improve their recreation opportunities, prosperity and standard of living; and

WHEREAS, by application dated May 23, 2008, as supplemented letter dated March 7, 2011 (collectively, the "***Application***"), RHS Holdings, LLC, a New York State limited liability company (the "***Company***"), has requested that the Agency undertake a project (the "***Project***") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-335 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land

and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law of the State of New York, as amended, and the regulations of the Department of Environmental Conservation of the State of New York promulgated thereunder (collectively referred to hereinafter as "***SEQRA***"), the Agency is required to make a determination with respect to the environmental impact of any "action" (as defined by SEQRA) to be taken by the Agency and the approval of the Project and grant of Financial Assistance constitute such an action; and

WHEREAS, to aid the Agency in determining whether the acquisition, construction, and equipping of the Project may have a significant effect upon the environment, the Company has prepared and submitted to the Agency an Environmental Assessment Form (the "***EAF***"), and copies of said EAF are on file in the office of the Agency and are readily accessible to the public; and

WHEREAS, by resolution adopted March 15, 2011 (the "***Lead Agency Resolution***"), the Agency declared its intent to act as "lead agency" for the purpose of conducting a coordinated review under SEQRA; and

WHEREAS, all involved agencies were consulted and none objected to the Agency acting as lead agency for the purpose of conducting a coordinated review under SEQRA; and

WHEREAS, the Agency finds that, on balance, and after careful consideration of all relevant documentation, it has more than adequate information to evaluate all of the relevant benefits and potential impacts of the Project; and

NOW, THEREFORE, be it resolved by the members of the City of Syracuse Industrial Development Agency, as follows:

(1) Based upon an examination of the EAF prepared and supporting documents submitted by the Company, the criteria contained in 6 NYCRR § 617.7(c), and based further upon the Agency's knowledge of the area surrounding the Project Facility, all the representations made by the Company in connection with the Project, and such further investigation of the Project and its environmental effects as the Agency has deemed appropriate, the Agency makes the following findings and determinations with respect to the Project pursuant to SEQRA:

(a) The Project consists of the components described above in the second WHEREAS clause of this resolution and constitutes a "project" as such term is defined in the Act;

(b) The Project constitutes a "Type I" Action (as said quoted term is defined in SEQRA);

(c) The Agency declared itself "Lead Agency" (as said quoted term is defined in SEQRA) with respect to a coordinated review of the Project pursuant to SEQRA;

(d) The Project will not have a significant effect on the environment, and the Agency will not require the preparation of an Environmental Impact Statement with respect to the Project; and

(e) As a consequence of the foregoing, the Agency has prepared a Negative Declaration with respect to the Project, a copy of which is attached hereto as **Exhibit "A"**, which shall be filed in the office of the Agency in a file that is readily accessible to the public.

(2) A copy of this Resolution, together with the attachments hereto, shall be placed on file in the office of the Agency where the same shall be available for public inspection during business hours.

(3) The Secretary of the Agency is hereby authorized and directed to distribute copies of this Resolution to the Company and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

(4) The Agency hereby authorizes the Chairman or Vice Chairman to sign the Negative Declaration on the Agency's behalf.

(5) The Agency's counsel is hereby authorized to take such actions as are necessary and appropriate to assist the Agency in fulfilling the requirements under SEQRA for the Project.

The question of the adoption of the foregoing Resolution was duly put to vote on a roll call, which resulted as follows:

	AYE	**NAY**
William Ryan	X	
M. Catherine Richardson	X	
Nicholas Ciotti	X	
John Gamage	X	
Donald Schoenwald	X	

The foregoing Resolution was thereupon declared duly adopted.

STATE OF NEW YORK)
) **SS.:**
COUNTY OF ONONDAGA)

I, the undersigned Secretary of the City of Syracuse Industrial Development Agency, **DO HEREBY CERTIFY** that I have compared the annexed extract of the minutes of the meeting of the City of Syracuse Industrial Development Agency (the "***Agency***") held on July 26, 2011, with the original thereof on file in my office, and that the same (including all exhibits) is a true and correct copy of the proceedings of the Agency and of the whole of such original insofar as the same relates to the subject matters referred to therein.

I FURTHER CERTIFY that (i) all members of the Agency had due notice of such meeting, (ii) pursuant to Section 104 of the Public Officers Law (Open Meetings Law), such meeting was open to the general public and public notice of the time and place of such meeting was duly given in accordance with such Section 104, (iii) the meeting was in all respects duly held, and (iv) there was a quorum present throughout.

I FURTHER CERTIFY that, as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this 16TH day of AUGUST, 2011.

City of Syracuse Industrial Development Agency

John Gamage, Secretary

(S E A L)

5483545.1
8/15/2011

EXHIBIT "A"

NEGATIVE DECLARATION

NEGATIVE DECLARATION

NOTICE OF DETERMINATION OF NO SIGNIFICANT EFFECT ON THE ENVIRONMENT

In accordance with Article 8 (State Environmental Quality Review a/k/a SEQR) of the Environmental Conservation Law (the "Act"), and the statewide regulations under the Act (6 NYCRR Part 617) (the "Regulations"), the City of Syracuse Industrial Development Agency ("Agency") has considered the proposed Inns at Armory Square Project, which is more accurately described below. The Agency has determined: (i) that the proposed project is a Type I Action pursuant to the Regulations; (ii) that the Agency has engaged in an environmental review of the Project; (iii) that upon conducting said review, the Agency has determined that the Project will result in no major environmental impacts and therefore will not have a significant effect on the environment; and (iv) therefore that an environmental impact statement is not required to be prepared with respect to said Project. THIS NOTICE IS A NEGATIVE DECLARATION FOR THE PURPOSES OF THE ACT.

1. Agency:

   The Agency is the City of Syracuse Industrial Development Agency, Syracuse, New York.

2. Contact for Further Information:

   Contact Person: Mr. Ben Walsh

   Address: Department of Neighborhood and Business Development
   333 W. Washington Street, Suite 130
   Syracuse, NY 13202

   Telephone Number: (315) 448-8028

3. Project Description:

   RHS Holdings, LLC, a New York State limited liability company (the "Company"), has requested that the Agency undertake a project (the "Project") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-335 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all

located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement.

4. Project Location:

The Project involves property located at 300-335 West Fayette Street in the City of Syracuse.

5. Reasons for Determination of Non-Significance:

See Exhibit "A" attached hereto.

DATED: July 26, 2011

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
William M. Ryan, Chairman

5449518.1

Negative Declaration Exhibit A

Criteria for Determining Significance

As proposed, the reasonably anticipated environmental effects of the aforementioned Inns at Armory Square Project will not result in a significant adverse impact on the environment. This conclusion results from the thorough evaluation of the Project's attributes and their environmental effects against the criteria provided in New York State Department of Environmental Conservation ("NYSDEC") regulations at 6 NYCRR § 617 et. seq. A summary of this evaluation follows.

Determination of Environmental Significance

To determine whether the Project may have a significant effect on the environment, the impacts that may be reasonably expected to result from the proposed Project must be compared to criteria specified in NYSDEC regulations. (6 NYCRR § 617.7). These criteria are considered indicators of significant effects on the environment.

Criterion 1

A substantial adverse change in existing a) air quality; b) ground or surface water quality or quantity; c) traffic levels; d) noise levels; e) a substantial increase in solid waste production; f) a substantial increase in potential for erosion, flooding, leaching or drainage problems.

a) Air quality

The Project may result in minor, temporary changes in air quality in the immediate vicinity of the Project site due to construction-related activities (*i.e.*, dust and emissions from construction equipment). The Company and its contractors will take all necessary measures to mitigate any short-term demolition and construction-related impacts (*i.e.*, limiting the use of dumpsters and dump trucks for demolition and construction debris, watering demolition and construction debris to reduce dust and prevent airborne migration, etc.). In addition, vehicle emissions from demolition/construction activities and residents/visitors to the Project site upon completion will be within established thresholds, and therefore, are not expected to be significant.

Further, vehicle traffic associated with the Project will increase slightly over current levels, but will not adversely impact Levels of Service (with the exception of a minor decrease for one intersection noted in paragraph (c) below) in the surrounding area. The minor increase in vehicle traffic is not expected to impact ambient air quality levels.

b) Ground or surface water quality or quantity

The Company provided the Agency with a draft Storm Water Pollution Prevention Plan ("SWPPP") prepared by TDK Engineering Associates, P.C., dated April 11, 2011. The entire Project area is currently improved with a single story building, as well as asphalt and gravel parking areas. The proposed conditions will remain consistent with existing conditions as the site will remain completely developed and impervious as a result of the Project.

The Project requires the construction of a water quality treatment unit to treat stormwater runoff from a 1-year, 24-hour storm event from the proposed parking areas. No stormwater management facilities will be required to address stormwater runoff quantity as the Project will not alter the amount of impervious surface in the Project area from its current level. Stormwater quality treatment will include enhanced phosphorus removal practices from the parking areas and the direction of roof downspouts toward Onondaga Creek. Bypass piping will route runoff generated from the larger events around the water quality treatment unit. Pollution retardant baffles will also be installed with proposed parking lot catch basins to contain floatable debris. The stormwater management system shall be constructed, operated and maintained in accordance with the requirements of the NYSDEC State Pollutant Discharge Elimination System ("SPDES") General Permit for Construction Activities GP-0-10-001 for the Project.

Erosion and sediment control will be provided through both temporary and permanent measures to decrease water quality degradation and to protect downstream waterways. Temporary measures (*i.e.*, silt fencing, construction entrance, concrete wash-out area) will be incorporated to reduce and/or eliminate erosion and sedimentation during construction related activities. Temporary measures will be constructed and inspected in accordance with the SPDES General Permit. Other structural measures will be implemented during construction and will remain in place and function on a permanent basis following completion of the Project. Permanent structural measures will include end treatments at culvert outlets to minimize scour and erosion, as well as proposed surface stabilization with asphalt and concrete. The Company will also be required to implement additional best management practices as outlined in the SWPPP, including inspecting and maintaining erosion control facilities.

The City of Syracuse Department of Engineering has reviewed the SWPPP and applicable Project materials and has determined that the plans and measures outlined are acceptable and will have the desired effect of mitigating impacts associated with stormwater quality and sedimentation/erosion. It should be noted that the Company will be required to obtain required permits from the City to cross the Creekwalk right-of-way, as well as execute a Stormwater Control Facility Maintenance Agreement and an Access Agreement with the City in connection with the Project.

c) Traffic levels

The Company submitted a Traffic Impact Letter of Findings ("Traffic Findings") prepared by GTS Consulting, dated June 20, 2011, which was subsequently amended on June 27, 2011. According to the Traffic Findings, the Project will not serve as a major traffic generator in the area and will result in approximately 50 vehicle trips or less during peak hours, which will be split among two site driveways – one on West Fayette Street and another on Franklin Street. The slight increase in traffic associated with the Project will not require any off-site improvements on

adjacent streets. New trips generated as a result of the Project will be dispersed throughout surrounding streets and intersections with about 50% of traffic expected to utilize I-81 north to reach the airport, I-90 or points to the north. Roughly 30% of traffic is expected to come from or travel to I-690 via West Street, and the remaining approximately 20% is anticipated to travel along Fayette Street to and from I-81 south.

The Traffic Findings revealed that Level of Service would be maintained during morning and evening peak hours with the exception of the eastbound left/through movement on West Fayette Street at West Street northbound during the evening peak hour. The Level of Service for that intersection will drop from C to D. Capacity analysis of the proposed site driveways also shows acceptable operations during both peak hours.

Barton and Loguidice, P.C. reviewed and analyzed the Traffic Findings for the Project and deemed the findings to be acceptable. Accordingly, traffic associated with the Project is not expected to result in a significant adverse impact on the environment.

d) Noise levels

The Project may involve the potential for minor, temporary changes in noise quality due to typical construction-related activities. However, any such impacts to noise quality will be mitigated to the extent possible by using appropriate mufflers on heavy equipment and restricting construction hours (*e.g.*, 7:00 a.m. to 5:00 p.m. from Monday through Friday).

Based on the Traffic Findings for the Project, the traffic associated with the Project will not impact current Levels of Service (with the exception of a minor decrease for one intersection noted above) and will result in only a slight increase in vehicle trips. As a result, noise generated by vehicle traffic related to the Project is not expected to exceed ambient noise levels.

e) Substantial increase in solid waste production

The Project will result in the generation of solid waste, but such waste will be disposed of by a licensed contractor at an existing solid waste facility in accordance with applicable laws and regulations. As such, the Agency does not anticipate any adverse impacts associated with solid waste production.

f) Substantial increase in potential for erosion, flooding, leaching or drainage problems

The Project is located in an urban area that was previously disturbed and currently contains a single story structure, as well as paved and gravel parking areas. The proposed conditions will remain consistent with existing conditions as the site surface will remain completely developed and impervious upon completion of the Project. Stormwater management and temporary and permanent erosion and sediment control measures will be implemented at the site, as discussed above. As such, the Project is not expected to result in an increase in the potential for erosion, flooding, leaching or drainage problems.

Criterion 2

The removal or destruction of large quantities of vegetation or fauna; substantial interference with the movement of any resident or migratory fish or wildlife species; impacts on a significant habitat area; substantial adverse effects on a threatened or endangered species of animal or plant, or the habitat of such a species; or other significant adverse effects to natural resources.

As noted above, the Project site consists of improved parcels in an urban setting and will not have any measurable impact on vegetation or fauna, the movement of any fish or wildlife species, or other natural resources. No known significant habitat areas have been identified, and there are no known threatened or endangered species of plants or animals in the immediate vicinity of the Project area.

Criterion 3

The encouraging or attracting of a large number of people to a place or places for more than a few days, compared to the number of people who would come to such place absent the action.

The Project is intended to provide temporary accommodations to visitors to the Syracuse area. The Project will likely result in ancillary benefits to downtown businesses as individuals staying in the hotels are expected to visit restaurants and stores in the surrounding area during their stay. The Project will not attract new residents to the City.

Criterion 4

The creation of a material conflict with a community's current plans or goals as officially approved or adopted.

The Project is consistent with the Agency's goal of effectuating financial assistance for specific projects located within the City of Syracuse, as well as the City's desire to revitalize the downtown area.

Criterion 5

The impairment of the character or quality of important historical, archaeological, architectural or aesthetic resources or of existing community or neighborhood character.

The parcels comprising the Project site consist of a small single-story structure, as well as paved and gravel parking areas. The Project site is located in an urban area and is immediately surrounded by restaurants and bars, a parking garage, Onondaga Creek, a former warehouse owned by Syracuse University that was converted to accommodate classrooms and related educational uses, and a new office building. The site abuts the Armory Square Historic District, which contains numerous restaurants, bars, residences, offices, retail businesses, and a hotel. The Project will not impact archeological resources and will not have an adverse impact on

historic resources, as determined by the New York State Office of Parks, Recreation and Historic Preservation ("OPRHP"), provided that the Company continues to consult with the OPRHP regarding the design, sitework, lighting and signage for the Project. Further, the use of the Project as a hotel will complement the existing uses in the surrounding area and will be consistent with the City's desire to further revitalize and attract visitors to the downtown area. Accordingly, the Agency does not anticipate any adverse impacts to the existing community or neighborhood character.

Criterion 6

A major change in the use of either the quantity or type of energy.

The Project is not anticipated to result in a major change in the quantity or type of energy used so as to require extraordinary services or actions on the part of energy providers.

Criterion 7

The creation of a hazard to human health.

The Agency does not expect the Project to create any human health hazards. All construction materials will be disposed of off-site in accordance with local, state, and federal regulations. The Company will contract with properly licensed private haulers for the transport and disposal of these materials from the Project area.

Criterion 8

A substantial change in the use, or intensity of use, of land including agricultural, open space or recreational resources, or in its capacity to support existing uses.

The Project will result in the property continuing to be used for commercial purposes as the site transitions from a parking/office use to a parking/hotel use. The Project does not constitute a substantial change that is unable to be supported by current land use patterns. Further, the Project is consistent with the City's land use plan, will enhance the central downtown area and will compliment similar revitalization efforts in the City (*i.e.*, Armory Square, Hanover Square, Clinton Square and Montgomery Street).

Criterion 9

The creation of material demand for other actions which would result in one of the above consequences.

The Project itself is not expected to create a demand for other actions (*e.g.*, additional public services) that would result in significant adverse consequences described by the above criteria.

Criterion 10

Changes in two or more elements of the environment, no one of which has a significant effect on the environment, but when considered together result in a substantial adverse impact on the environment.

The Project will not effect multiple changes to the environment which, when considered together, would be considered significant.

Criterion 11

Two or more related actions undertaken, funded or approved by an agency, none of which has or would have a significant effect on the environment, but when considered cumulatively would meet one or more of the criteria in this section.

This criterion deals with the issue of cumulative impacts of multiple actions under SEQRA. No cumulative impacts have been identified and none are expected.

EXHIBIT "H"

INDUCEMENT RESOLUTION

INDUCEMENT RESOLUTION

A regular meeting of the City of Syracuse Industrial Development Agency was convened in public session on July 26, 2011 at 8:30 o'clock a.m., at the Agency's offices in the Common Council Chambers, City Hall, 233 East Washington Street, Syracuse, New York.

The meeting was called to order by the Chairman and, upon the roll being duly called, the following members were:

PRESENT: William Ryan, M. Catherine Richardson, Esq., Nicholas Ciotti, John Gamage, Donald Schoenwald, Esq.

The following persons were **ALSO PRESENT**: Benjamin Walsh, Thomas Babilon, Esq., Judith DeLaney, Irene Goldych, Debra Ramsey-Burns, Susan Katzoff, Esq., Tony Fiorito, Andrew Larew, Courtney Wilson, Donald Taylor, Timothy Lynn, Esq. Charles Sangster, Richard Sykes, Rick Moriarty

The following Resolution was offered by M. Catherine Richardson and seconded by Nicholas Ciotti:

RESOLUTION TAKING OFFICIAL ACTION TOWARD THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A CERTAIN PROJECT, APPOINTING RHS HOLDINGS, LLC AGENT OF THE AGENCY FOR THE PURPOSE OF THE ACQUISITION, CONSTRUCTION, RECONSTRUCTION AND EQUIPPING OF THE PROJECT, AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN AGREEMENT BETWEEN THE AGENCY AND RHS HOLDINGS, LLC

WHEREAS, the City of Syracuse Industrial Development Agency (the "***Agency***") is authorized and empowered by Title 1 of Article 18-A of the General Municipal Law of the State of New York (the "***State***"), as amended, together with Chapter 641 of the Laws of 1979 of the State of New York, as amended from time to time, (collectively, the "***Act***") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research and recreation facilities, including industrial pollution control facilities, railroad facilities and certain horse racing facilities, for the purpose of promoting, attracting, encouraging and developing recreation and economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State, to improve their recreation opportunities, prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, by application dated May 23, 2008, as supplemented by letter dated March 7, 2011 (collectively, the "***Application***"), RHS Holdings, LLC, a New York State limited liability company (the "***Company***"), requested the Agency undertake a project (the "***Project***") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-335 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement; and

WHEREAS, in the Application, the Company has also requested that the Agency consider a payment in lieu of tax ("***PILOT***") schedule and the Company expects that such schedule will constitute a deviation from the Agency's Uniform Tax Exemption Policy ("***UTEP***") established pursuant to General Municipal Law Section 874(4); and

WHEREAS, the Agency has not yet made a determination with respect to the Company's PILOT schedule request; and

WHEREAS, the Agency conducted a public hearing with respect to the Project and the proposed Financial Assistance on April 19, 2011 pursuant to Section 859-a of the Act, notice of which was published on April 1, 2011 in the Post-Standard, a newspaper of general circulation in the City of Syracuse, New York and given to the chief executive officers of the affected tax jurisdictions by letter dated March 19, 2011; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law of the State of New York, as amended, and the regulations of the Department of Environmental Conservation of the State of New York promulgated thereunder (collectively referred to hereinafter as "***SEQRA***"), the Agency is required to make a determination whether the "action" (as said quoted term is defined in SEQRA) to be taken by the Agency may have a "significant impact on the environment" (as said quoted term is utilized in SEQRA), and the preliminary agreement of the Agency to undertake the Project constitutes such an action; and

WHEREAS, pursuant to a resolution adopted on March 15, 2011, the Agency appointed itself as Lead Agency for purposes of conducting a coordinated review ("***Lead Agency Resolution***"); and

WHEREAS, to aid the Agency in determining whether the preliminary agreement of the Agency to undertake the Project may have a significant impact upon the environment, the Company has prepared and submitted to the Agency an Environmental Assessment Form (the

"***EAF***"), a copy of which is on file at the office of the Agency; and

WHEREAS, the Agency examined the EAF in order to classify the Project and determined that the Project constitutes an "Type 1 Action" as that term is defined under SEQRA; and

WHEREAS, by resolution adopted July 26, 2011 (the "***SEQRA Resolution***"), the Agency determined that the Project will not have a significant effect on the environment and issued a negative declaration dated July 26, 2011; and

WHEREAS, the Agency has considered the policy, purposes and requirements of the Act in making its determinations with respect to taking official action regarding the Project;

WHEREAS, the Agency has given due consideration to the Application and to representations by the Company that the provision of Financial Assistance: (i) will induce the Company to develop the Project Facility in the City of Syracuse, (ii) will not result in the removal of a commercial, industrial or manufacturing plant or facility of the Company or any other proposed occupant of the Project Facility from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project Facility located in the State, except as may be permitted by the Act; (iii) the Project Facility is located in a "highly distressed area" as defined in the Act and (iv) the Project will serve the purposes of the Act by creating and/or preserving permanent, private sector jobs and increasing the overall number of permanent, private sector jobs in the State; and

NOW, THEREFORE, be it resolved by the members of the City of Syracuse Industrial Development Agency as follows:

(1) Based upon the representations made by the Company to the Agency, the Agency hereby ratifies the SEQRA Resolution and makes the following findings and determinations:

(A) The Project constitutes a "***project***" within the meaning of the Act; and

(C) The acquisition of a controlling interest in the Project Facility by the Agency and the designation of the Company as the Agency's agent for completion of the Project will be an inducement to the Company to construct, equip and operate the Project Facility in the City of Syracuse, thereby promoting and preserving the job opportunities, general prosperity and economic welfare of the inhabitants of the City of Syracuse in furtherance of the purposes of the Act; and

(D) The Project will not result in the removal of a commercial, industrial or manufacturing plant or facility of the Company or any other proposed occupant of the Project Facility from one area of the State to another area of the State or result in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project Facility located in the State, except as may be permitted by the Act; and

(E) The Project is located in a "highly distressed area"' and

(F) Undertaking the Project will serve the public purposes of the Act by creating new permanent private sector jobs and preserving existing permanent private sector jobs in the City of Syracuse.

(2) Subject to the conditions set forth in Section 4.02 of the Agreement (hereinafter defined), the Agency will (i) acquire an interest in the Project Facility pursuant to a lease agreement to be entered into between the Company and the Agency; (ii) lease the Project Facility to the Company pursuant to a sublease to be entered into between the Agency and the Company; (iii) grant the Financial Assistance, subject to approval of the PILOT; and (iv) execute and deliver all other certificates and documents necessary or appropriate for the grant of the approved Financial Assistance or requested by the Company or its commercial lender(s) in connection with financing for the Project.

(3) The form and substance of the proposed agreement (in the form and on the terms and conditions as presented at this meeting and attached hereto as Exhibit "A") (the "***Agreement***") between the Agency and the Company setting forth the preliminary undertakings of the Agency and the Company with respect to the Project Facility are hereby approved. The Chairman or Vice Chairman of the Agency are each hereby authorized, on behalf of the Agency, to execute and deliver the Agreement, in substantially the same form as presented at this meeting and attached hereto as Exhibit "A", with changes in terms and form as shall be consistent with this Resolution and as the Chairman or Vice Chairman shall approve. The execution thereof by the Chairman or Vice Chairman shall constitute conclusive evidence of such approval.

(4) Subject to the due execution and delivery by the Company of the Agreement, the Company is appointed the true and lawful agent of the Agency to proceed with the Project, all with the same powers and the same validity as if the Agency were acting in its own behalf. The appointment made by this Section 4 shall not be effective until the Agreement referred to in Section 3 hereof is duly executed and delivered by the Company.

(5) The Chairman and/or Vice Chairman of the Agency, acting individually, are each hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver the documents and agreements identified herein and any such additional certificates, instruments, documents or affidavits, to pay any such other fees, charges and expenses, to make such other changes, omissions, insertions, revisions, or amendments to the documents referred herein and to do and cause to be done any such other acts and things, as they determine, on advice of counsel to the Agency, may be necessary or desirable to consummate the transactions contemplated by this resolution.

(6) The Secretary of the Agency is hereby authorized and directed to distribute copies of this Resolution to the Company and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

(7) The obligation of the Agency to consummate any transaction contemplated herein or hereby is subject to and conditioned upon the execution and delivery of, among other things, an

Environmental Compliance and Indemnification Agreement in favor of the Agency in form and substance acceptable to the Agency and its counsel by the Company and some or all of its principals, in the discretion of the appropriate Chairman and/or Vice Chairman of the Agency.

(8) Should the Agency's participation in the Project be challenged by any party, in the courts or otherwise, the Company shall defend, indemnify and hold harmless the Agency and its members, officers and employees from any and all losses arising from any such challenge including, but not limited to, the fees and disbursement of the Agency's counsel. Should any court of competent jurisdiction determine that the Agency is not authorized under the Act to participate in the Project, this Resolution shall automatically become null, void and of no further force and effect, and the Agency shall have no liability to the Company hereunder or otherwise.

(9) This Resolution shall take effect immediately.

(10) A copy of this Resolution, together with the attachments hereto, shall be placed on file in the office of the Agency where the same shall be available for public inspection during business hours.

The question of the adoption of the foregoing Resolution was duly put to vote on a roll call, which resulted as follows:

	AYE	**NAY**
William Ryan	X	
M. Catherine Richardson	X	
Nicholas Ciotti	X	
John Gamage	X	
Donald Schoenwald	X	

The foregoing Resolution was thereupon declared duly adopted.

STATE OF NEW YORK)
) **SS.:**
COUNTY OF ONONDAGA)

I, the undersigned Secretary of the City of Syracuse Industrial Development Agency, **DO HEREBY CERTIFY** that I have compared the annexed extract of the minutes of the meeting of the City of Syracuse Industrial Development Agency (the "***Agency***") held on July 26, 2011, with the original thereof on file in my office, and that the same (including all exhibits) is a true and correct copy of the proceedings of the Agency and of the whole of such original insofar as the same relates to the subject matters referred to therein.

I FURTHER CERTIFY that (i) all members of the Agency had due notice of such meeting; (ii) pursuant to Section 104 of the Public Officers Law (Open Meetings Law), such meeting was open to the general public and public notice of the time and place of such meeting was duly given in accordance with such Section 104; (iii) the meeting was in all respects duly held; and (iv) there was a quorum present throughout.

I FURTHER CERTIFY that, as of the date hereof, the attached Resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this 16TH day of AUGUST, 2011.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
John Gamage, Secretary

(S E A L)

EXHIBIT "A"

AGENCY/COMPANY AGREEMENT

THIS AGREEMENT is between the **City of Syracuse Industrial Development Agency** (the "***Agency***"), with an office at Room 215, City Hall, 233 East Washington Street, Syracuse, New York, and **RHS Holdings, LLC** (the "***Company***"), with a business address of 108 West Jefferson Street, Suite 300, Syracuse, New York 13202.

Article 1. Preliminary Statement. Among the matters of mutual inducement which have resulted in the execution of this agreement are the following:

1.01. The Agency is authorized and empowered by the provisions of Title 1 of Article 18-A of the General Municipal Law of the State of New York (the "***State***"), as amended, and Chapter 641 of the Laws of 1979 of the State (collectively, the "***Act***") to designate an agent for constructing, constructing and equipping "projects" (as defined in the Act).

1.02. The purposes of the Act are to promote, attract, encourage and develop recreation and economically sound commerce and industry in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State, to improve their recreation opportunities, prosperity and standard of living, and to prevent unemployment and economic deterioration. The Act vests the Agency with all powers necessary to enable it to accomplish such purposes, including the power to acquire and dispose of interests in real property and to appoint agents for the purpose of completion of projects undertaken by the Agency.

1.03. The Company has requested that the Agency undertake a project (the "***Project***") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-335 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approxmiate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement.

1.04. The Company hereby represents to the Agency that the designation of the Company as the Agency's agent for the construction and equipping of the Project Facility (i) will be an inducement to it to construct and equip the Project Facility in the City of Syracuse; (ii) will

not result in the removal of a commercial, industrial or manufacturing plant or facility of the Company or of any other proposed occupant of the Project Facility from one area of the State to another or in the abandonment of one or more plants or facilities of the Company or of any other proposed occupant of the Project Facility located in the State, except as may be permitted by the Act; (iii) the Project Facility is located in a highly distressed area as defined in Section 854(18) of the Act; and (iv) undertaking the Project will create permanent private sector jobs in the City of Syracuse.

1.05. The Agency has determined that the acquisition of a controlling interest in, and the construction and equipping of the Project Facility and the subleasing of the same to the Company will promote and further the purposes of the Act.

1.06 On July 26, 2011, the Agency adopted a resolution (the "***Inducement Resolution***") agreeing, subject to the satisfaction of all conditions precedent set forth in such Inducement Resolution, to designate the Company the Agency's agent for the acquisition, construction and equipping of the Project Facility.

1.07. In the Inducement Resolution, subject to the execution of this Agreement by the Company, and other conditions set forth in the Inducement Resolution, the Agency appointed the Company as its agent for the purposes of constructing and equipping the Project Facility, entering into contracts and doing all things requisite and proper for constructing and equipping the Project Facility.

Article 2. Undertakings on the Part of the Agency. Based upon the statement, representations and undertakings of the Company and subject to the conditions set forth herein, the Agency agrees as follows:

2.01. The Agency confirms its authorizing and designating of the Company as the Agency's agent for constructing and equipping the Project Facility.

2.02. The Agency will adopt such proceedings and authorize the execution of such documents as may be necessary or advisable for (i) acquisition of a controlling interest in the Project Facility, (ii) designating the Company the Agency's agent for construction and equipping of the Project Facility, and (iii) the leasing or subleasing of the Project Facility to the Company, all as shall be authorized by law and be mutually satisfactory to the Agency and the Company (collectively, the "***Lease Documents***").

2.03. Nothing contained in this Agreement shall require the Agency to apply its funds to Project costs.

2.04. After satisfying the conditions precedent set forth in the Section 4.02 hereof, the Company may proceed with the construction and equipping of the Project Facility and advance such funds as may be necessary to accomplish such purposes, to the extent permitted by law.

2.05. Subject to Section 4.02 hereof, the Company is appointed the true and lawful agent of the Agency (i) for the construction and equipping of the Project Facility and (ii) to

make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions, as the stated agent for the Agency, and in general to do all things which may be requisite or proper for the construction and equipping of the Project Facility, all with the same powers and the same validity as if the Agency were acting in its own behalf.

2.06. The Agency will take or cause to be taken such other acts and adopt such further proceedings as may be required to implement the aforesaid undertakings or as it may deem appropriate in pursuance thereof. The Agency may in accordance with Article 8 of the Environmental Conservation Law of the State of New York, as amended, and the regulations of the Department of Environmental Conservation of the State of New York promulgated thereunder (collectively referred to hereinafter as "***SEQRA***"), undertake supplemental review of the Project. Such review to be limited to specific significant adverse environmental impacts not addressed or inadequately addressed in the Agency's review under SEQRA that arise from changes in the proposed Project, newly discovered information or a change in the circumstances related to the Project.

Article 3. Undertakings on the Part of the Company. Based upon the statements, representations and undertakings of the Agency and subject to the conditions set forth herein the Company agrees as follows:

3.01. (a) The Company shall indemnify and hold harmless from all losses, expenses, claims, damages and liabilities arising out of or based on labor, services, materials and supplies, including equipment, ordered or used in connection with the acquisition of a controlling interest in, and construction and equipping of the Project Facility (including any expenses incurred by the Agency in defending any claims, suits or actions which may arise as a result of any of the foregoing), whether such claims or liabilities arise as a result of the Company acting as agent for the Agency pursuant to this Agreement or otherwise.

(b) The Company shall not permit to stand, and will, at its own expense, take all steps reasonably necessary to remove, any mechanics' or other liens against the Project Facility for labor or material furnished in connection with the acquisition, construction and equipping of the Project Facility.

(c) The Company shall indemnify and hold the Agency, its members, officers, employees and agents and anyone for whose acts or omissions the Agency or any one of them may be liable, harmless from all claims and liabilities for loss or damage to property or any injury to or death of any person that may be occasioned subsequent to the date hereof by any cause whatsoever in relation to the Project Facility, including any expenses incurred by the Agency in defending any claims, suits or actions which may arise as a result of the foregoing.

(d) The defense and indemnities provided for in this Article 3 shall apply whether or not the claim, liability, cause of action or expense is caused or alleged to be caused, in whole or in part, by the activities, facts, fault or negligence of the Agency, its members, officers, employees and agents, anyone under the direction and control of any of them, or anyone for whose acts or omissions the Agency or any of them may be liable, and whether or not based

upon the breach of a statutory duty or obligation or any theory or rule of comparative or apportioned liability, subject only to any specific prohibition relating to the scope of indemnities imposed by statutory law. The defenses and indemnities provided for in this Article 3 shall survive expiration or termination of this Agreement.

(e) The Company shall provide and carry worker's compensation and disability insurance as required by law and comprehensive liability insurance with such coverages (including without limitation, owner's protective for the benefit of the Agency and contractual coverage covering the indemnities herein provided for), with such limits and with such companies as may be approved by the Agency. Upon the request of the Agency, the Company shall provide certificates of insurance in form satisfactory to the Agency evidencing such insurance.

(f) The Company shall apply and diligently pursue all approvals, permits and consents from the State of New York, the City, the City Planning Commission and any other governmental authority which approvals, permits and consents are required under applicable law for the development, renovation of the Project and any related site improvements. The Company acknowledges and agrees that the Agency's findings and determinations under SEQRA or in the Resolution do not and shall not in and of themselves (except as specifically set forth in SEQRA) satisfy or be deemed to satisfy applicable laws, regulations, rules and procedural requirements applicable to such approvals, permits and consents.

(g) The Company shall complete the Local Access Agreement contained at Appendix I of the City of Syracuse Industrial Development Agency Financial Assistance Application and agrees that to the extent practicable utilize local contractors and suppliers for the construction, reconstruction, rehabilitation and equipping of the Project Facility. For purposes of this Agency Agreement, the term "***Local***" shall mean Onondaga, Oswego, Madison and Oneida Counties. The Company agrees that such Local contractors shall be provided the opportunity to bid on contracts related to the Project Facility.

(h) In consideration of the granting of the Additional Financial Assistance, the Company agrees to permit short term public parking to the extent same is not being occupied by guests of the Project Facility.

3.02. The Company agrees that, as agent for the Agency or otherwise, it will comply with all the requirements of all federal, state and local laws, rules and regulations of whatever kind and howsoever denominated applicable to the Agency and/or Company with respect to the Project Facility, the acquisition of a controlling interest therein, construction and equipping thereof, the operation and maintenance of the Project Facility and the financing thereof. Every provision required by law to be inserted herein shall be deemed to be set forth herein as if set forth in full; and upon the request of either party, this Agreement shall be amended to specifically set forth any such provision or provisions.

3.03. The Company agrees that, as agent for the Agency or otherwise, to the extent that such provisions of law are in fact applicable (without creating an obligation by contract beyond

that which is created by statute) it will comply with the requirements of Section 220 of the Labor Law of the State of New York, as amended.

3.04. The Company will take such further action and adopt such further proceedings as may be required to implement its aforesaid undertakings or as it may deem appropriate in pursuance thereof.

3.05. If it should be determined that any State or local sales or compensatory use taxes are payable with respect to the acquisition, purchase or rental or machinery or equipment, materials or supplies in connection with the Project Facility, or are in any manner otherwise payable directly or indirectly in connection with the Project Facility, the Company shall pay the same and defend and indemnify the Agency from and against any liability, expenses and penalties arising out of, directly or indirectly, the imposition of any such taxes.

Article 4. General Provisions.

4.01. This Agreement shall be effective as of the date of the Agency's Inducement Resolution authorizing the Project and shall remain in effect until the earlier of July 26, 2012 or the date the Lease Documents to be entered into in respect of the Project Facility become effective. It is the intent of the Agency and the Company that this Agreement be superseded in its entirety by such Lease Documents.

4.02. It is understood and agreed by the Agency and the Company that the appointment of the Company as agent of the Agency and the grant of the other Financial Assistance is subject to payment by the Company of the Agency's fee and reimbursement of its costs including fees of Counsel to the Agency. It is further understood and agreed by the Agency and the Company that the execution of the Lease Documents and related Agency documents and grant of Financial Assistance in the form of mortgage recording tax and real property tax abatement are subject to (i) (i) obtaining all necessary governmental approvals, permits and consents of any and all governmental authorities as are required for development, renovation and construction of the Project and related site improvements; (ii) approval by the members of the Agency; (iii) approval by the Company; (iv) the condition that there are no changes in New York State Law, including regulations, which prohibit or limit the Agency from fulfilling its obligations hereunder; and (v) execution by the Agency, the City of Syracuse and the Company of an agreement for payments in lieu of taxes.

4.03. The Company agrees that it will, regardless of whether the Lease Documents are ever executed and irrespective of the termination of this Agreement, (i) reimburse the Agency for all reasonable and necessary expenses, including without limitation the fees and expenses of counsel to the Agency, and (ii) indemnify the Agency from all losses, claims, damages and liabilities, in each case which the Agency may incur as a consequence of executing this Agreement or performing its obligations hereunder.

4.04. If for any reason the Lease Documents are not executed and delivered by the Company and the Agency on or before **July 26, 2012**, the provisions of this Agreement (other

than the provisions of Articles 3.01, 3.02, 3.05, 3.06 and 4.03 above, which shall survive) shall unless extended by agreement of the Agency and the Company, terminate and be of no further force or effect, and following such termination neither party shall have any rights against the other party except:

(a) The Company shall pay the Agency for all expenses incurred by the Agency in connection with the acquisition, reconstruction, construction and equipping of the Project Facility including attorney's fees;

(b) The Company shall assume and be responsible for any contracts for reconstruction or purchase of equipment entered into by the Agency at the request of or as agent for the Company in connection with the Project Facility including but not limited to those outlined in section 4.03 hereinabove; and

(c) The Company will pay the out-of-pocket expenses of members of the Agency and counsel for the Agency incurred in connection with the Project and will pay the fees of counsel for the Agency for legal services relating to the Project or the proposed financing thereof.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the ____ day of _____, 2011.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
William M. Ryan, Chairman

RHS HOLDINGS, LLC

By:_____
Richard H. Skyes, Member

EXHIBIT "I"

PILOT RESOLUTION

PILOT RESOLUTION

A regular meeting of the City of Syracuse Industrial Development Agency was convened in public session on July 26, 2011, at 8:30 o'clock a.m. at the Agency's offices in the Common Council Chambers, City Hall, 233 East Washington Street, Syracuse, New York.

The meeting was called to order by the Chairman and, upon the roll being duly called, the following members were:

PRESENT: William Ryan, M. Catherine Richardson, Esq., Nicholas Ciotti, John Gamage, Donald Schoenwald, Esq.

The following persons were **ALSO PRESENT**: Benjamin Walsh, Thomas Babilon, Esq., Judith DeLaney, Irene Goldych, Debra Ramsey-Burns, Susan Katzoff, Esq., Tony Fiorito, Andrew Larew, Courtney Wilson, Donald Taylor, Timothy Lynn, Esq. Charles Sangster, Richard Sykes, Rick Moriarty

The following Resolution was offered by M. Catherine Richardson, Esq. and seconded by Nicholas Ciotti:

RESOLUTION APPROVING A PAYMENT IN LIEU OF TAX SCHEDULE AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS BY THE AGENCY IN CONNECTION WITH A CERTAIN PROJECT UNDERTAKEN AT THE REQUEST OF RHS HOLDINGS, LLC

WHEREAS, the City of Syracuse Industrial Development Agency (the "***Agency***") is authorized and empowered by Title 1 of Article 18-A of the General Municipal Law of the State of New York (the "***State***"), as amended, together with Chapter 641 of the Laws of 1979 of the State of New York, as amended from time to time (collectively, the "***Act***") to promote, develop, encourage and assist in the acquiring, constructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research and recreation facilities, including industrial pollution control facilities, railroad facilities and certain horse racing facilities, for the purpose of promoting, attracting, encouraging and developing recreation and economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State, to improve their recreation opportunities, prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, lease, and sell real property and grant financial assistance in connection with one or more "projects" (as defined in the Act); and

WHEREAS, by application dated May 23, 2008 as supplemented by letter dated March

7, 2011 (the "***Application***"), RHS Holdings, LLC, a New York State limited liability company (the "***Company***"), requested that the Agency undertake a project (the "***Project***") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-335 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement; and

WHEREAS, on July 26, 2011 the Agency adopted a Resolution undertaking the Project and appointing the Company as its agent for purposes of completing the Project Facility; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law of the State of New York, as amended, and the regulations of the Department of Environmental Conservation of the State of New York promulgated thereunder (collectively referred to hereinafter as "***SEQRA***"), the Agency is required to make a determination whether the "action" (as said quoted term is defined in SEQRA) to be taken by the Agency may have a "significant impact on the environment" (as said quoted term is utilized in SEQRA), and the preliminary agreement of the Agency to undertake the Project constitutes such an action; and

WHEREAS, to aid the Agency in determining whether the preliminary agreement of the Agency to undertake the Project may have a significant impact upon the environment, the Company has prepared and submitted to the Agency an Environmental Assessment Form (the "***EAF***"), a copy of which is on file at the office of the Agency; and

WHEREAS, pursuant to a resolution adopted on March 15, 2011, the Agency appointed itself as Lead Agency for purposes of conducting a coordinated review ("***Lead Agency Resolution***").

WHEREAS, the Agency examined the EAF in order to classify the Project and determined that the Project constitutes an "Type 1 Action" as that term is defined under SEQRA; and

WHEREAS, by resolution adopted July 26, 2011 (the "***SEQRA Resolution***"), the

Agency determined that the Project will not have a significant effect on the environment and issued a negative declaration dated July 26, 2011; and

WHEREAS, in the Application, the Company requested the Agency consider a payment in lieu of tax ("***PILOT***") schedule, more fully described on **Exhibit "A"** attached hereto, and such schedule constitutes a deviation from the Agency's Uniform Tax Exemption Policy ("***UTEP***") established pursuant to Section 874(4) of the Act; and

WHEREAS, by letters dated July 14, 2011, the Agency gave to the chief executive officers of the affected tax jurisdictions notice of this meeting (the "***Notice***"), at which the Agency would consider the Company's request for a PILOT schedule which deviates from the UTEP; and

WHEREAS, the Agency has given due consideration to the Application and to representations by the Company that the provision of Financial Assistance: (i) will induce the Company to develop the Project Facility in the City of Syracuse, and (ii) will not result in the removal of a commercial, industrial or manufacturing plant or facility of the Company or any other proposed occupant of the Project Facility from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project Facility located in the State, except as may be permitted by the Act; (b) the Project is located in a "highly distressed area" as defined in Section 854(18) of the Act; and (c) undertaking the Project will create and/or preserve permanent private sector jobs in the State;

NOW, THEREFORE, be it resolved by the members of the City of Syracuse Industrial Development Agency, as follows:

(1) Based upon the representations made by the Company to the Agency, and the reasons presented by the Company in support of its request for the PILOT schedule and after considering the factors identified in the UTEP and Section 874(4)(a) of the Act, the Agency hereby finds and determines that the Project is part of the redevelopment of the City of Syracuse and as such requires special consideration.

(2) After consideration of correspondence and oral comments, if any, received from the affected tax jurisdictions regarding the proposed deviation from the Agency's UTEP, the deviation from the Agency's UTEP requested by the Company in the Application is hereby approved and the (Vice) Chairman, acting individually, is authorized to execute and deliver a payment in lieu of tax agreement ("***PILOT Agreement***") providing for the payment schedule attached as **Exhibit "A"** hereto.

(3) The Agency will (A) acquire a controlling interest in the Project Facility, (B) lease the Project Facility from the Company pursuant to a lease agreement between the Agency and the

Company and sublease the Project Facility to the Company, pursuant to a sublease agreement, each in such form and substance as shall be consistent with this resolution and approved by the Chairman or Vice Chairman of the Agency upon the advice of counsel to the Agency, (C) secure the Company's borrowings with respect to the Project Facility by joining in one or more construction or permanent mortgages on the Project Facility in favor of the Company's lender(s), in such form and substance as shall be consistent with this resolution and approved by the Chairman or Vice Chairman of the Agency upon the advice of counsel to the Agency and pledging and assigning to such lender(s) certain rights and remedies of the Agency under the sublease agreement by the execution and delivery of a Pledge and Assignment, consistent with the intent of this resolution and as approved by the Chairman or Vice Chairman of the Agency upon the advice of counsel to the Agency, and (D) execute and deliver a PILOT Agreement in such form and substance as shall be consistent with this resolution and approved by the Chairman or Vice Chairman of the Agency upon the advice of counsel to the Agency.

(4) The Chairman or Vice Chairman of the Agency, acting individually, are each hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver the documents and agreements identified in Section 3 of this resolution and any such additional certificates, instruments, documents or affidavits, to pay any such other fees, charges and expenses, to make such other changes, omissions, insertions, revisions, or amendments to the documents referred to in Section 3 of this resolution and to do and cause to be done any such other acts and things, as they determine, on advice of counsel to the Agency, may be necessary or desirable to consummate the transactions contemplated by this resolution.

(5) No covenant, stipulation, obligation or agreement contained in this resolution or any document referred to above shall be deemed to be the covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the Agency in his or her individual capacity. Neither the members nor officers of the Agency, nor any person executing any documents referred to above on behalf of the Agency, shall be liable thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

(6) The Secretary of the Agency is hereby authorized and directed to distribute copies of this Resolution to the Company and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

(7) The resolution shall take effect immediately, but is subject to execution by the Company of a PILOT Agreement.

(8) A copy of this Resolution, together with the attachments hereto, shall be placed on file in the office of the Agency where the same shall be available for public inspection during business hours.

The question of the adoption of the foregoing Resolution was duly put to vote on a roll call, which resulted as follows:

	AYE	NAY
William Ryan	X	
M. Catherine Richardson	X	
Nicholas Ciotti	X	
John Gamage	X	
Donald Schoenwald	X	

The foregoing Resolution was thereupon declared duly adopted.

STATE OF NEW YORK)
) **SS.:**
COUNTY OF ONONDAGA)

I, the undersigned Secretary of the City of Syracuse Industrial Development Agency, **DO HEREBY CERTIFY** that I have compared the annexed extract of the minutes of the meeting of the City of Syracuse Industrial Development Agency (the "***Agency***") held on July 26, 2011, with the original thereof on file in my office, and that the same (including any and all exhibits) is a true and correct copy of the proceedings of the Agency and of the whole of such original insofar as the same relates to the subject matters referred to therein.

I FURTHER CERTIFY that (i) all members of the Agency had due notice of such meeting, (ii) pursuant to Section 104 of the Public Officers Law (Open Meetings Law), such meeting was open to the general public and public notice of the time and place of such meeting was duly given in accordance with such Section 104, (iii) the meeting was in all respects duly held, and (iv) there was a quorum present throughout.

I FURTHER CERTIFY that, as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this 16TH day of AUGUST, 2011.

City of Syracuse Industrial Development Agency

John Gamage, Secretary

(S E A L)

5467518.1
8/15/2011

EXHIBIT "A"

PROPOSED PILOT SCHEDULE

300 West Fayette PILOT Schedule

year	assessment		PILOT Payment
1		$1,440,900 times the tax rate =	
2		$1,440,900 times the tax rate =	
3		$1,440,900 times the tax rate =	
4		$1,440,900 times the tax rate =	
5		$1,440,900 times the tax rate =	
6		$1,440,900 times the tax rate =	
7		$1,440,900 times the tax rate =	
8		$1,440,900 times the tax rate =	
9		$1,440,900 times the tax rate =	
10		$1,440,900 times the tax rate =	
11		$1,440,000 times the tax rate =	
12		$1,440,000 times the tax rate =	
13		$1,440,000 times the tax rate =	
14		$1,440,000 times the tax rate =	
15		times the tax rate =	
16	(full assessment less $1,440,900)*25% plus $1,440,900	times the tax rate =	
17	(full assessment less $1,440,900)*50% plus $1,440,900	times the tax rate =	
18	(full assessment less $1,440,900)*75% plus $1,440,900	times the tax rate =	

EXHIBIT "J"

FINAL APPROVING RESOLUTION

FINAL APPROVING RESOLUTION

A regular meeting of the City of Syracuse Industrial Development Agency was convened in public session on July 26, 2011, at 8:30 o'clock a.m. at the Agency's offices in the Common Council Chambers, City Hall, 233 East Washington Street, Syracuse, New York.

The meeting was called to order by the Chairman and, upon the roll being duly called, the following members were:

PRESENT: William Ryan, M. Catherine Richardson, Esq., Nicholas Ciotti, John Gamage, Donald Schoenwald, Esq.

The following persons were **ALSO PRESENT**: Benjamin Walsh, Thomas Babilon, Esq., Judith DeLaney, Irene Goldych, Debra Ramsey-Burns, Susan Katzoff, Esq., Tony Fiorito, Andrew Larew, Courtney Wilson, Donald Taylor, Timothy Lynn, Esq. Charles Sangster, Richard Sykes, Rick Moriarty

The following Resolution was offered by Nicholas Ciotti and seconded by Donald Schoenwald, Esq.:

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS BY THE AGENCY IN CONNECTION WITH A CERTAIN PROJECT UNDERTAKEN AT THE REQUEST OF RHS HOLDINGS, LLC

WHEREAS, the City of Syracuse Industrial Development Agency (the "***Agency***") is authorized and empowered by Title 1 of Article 18-A of the General Municipal Law of the State of New York (the "***State***"), as amended, together with Chapter 641 of the Laws of 1979 of the State of New York, as amended from time to time (collectively, the "***Act***"), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research and recreation facilities, for the purpose of promoting economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State, to improve their recreation opportunities, prosperity and standard of living; and

WHEREAS, by application dated May 23, 2008 as supplemented by letter dated March 7, 2011(the "***Application***") , RHS Holdings, LLC, a New York State limited liability company (the "***Company***"), requested that the Agency undertake a project (the "***Project***") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-335 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the

Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement; and

WHEREAS, the Company has represented to the Agency that the Project is located in a State Empire Zone, designated pursuant to Title 18-B of the General Municipal Law, and eligible for real property tax credits thereunder; and

WHEREAS, as part of the Financial Assistance, the Company requested the Agency consider a payment in lieu of tax ("***PILOT***") schedule which constitutes a deviation from the Agency's Uniform Tax Exemption Policy ("***UTEP***") established pursuant to General Municipal Law Section 874(4); and

WHEREAS, by letters dated July 14, 2011, the Agency gave to the chief executive officers of the affected tax jurisdictions notice pursuant to Section 874 of the Act of the meeting (the ***"Notice"***) at which the Agency would consider the Company's request for a PILOT schedule; and

WHEREAS, the Agency conducted a public hearing with respect to the Project and the proposed Financial Assistance on April 19, 2011 pursuant to Section 859-a of the Act and Section 147 of the Internal Revenue Code of 1986, as amended (the "***Code***"), notice of which was published on April 1, 2011 in the Post-Standard, a newspaper of general circulation in the City of Syracuse, New York and given to the chief executive officers of the affected tax jurisdictions by letter dated March 29, 2011; and

WHEREAS, pursuant to SEQRA, the Agency is required to make a determination with respect to the environmental impact of any "action" (as defined by SEQRA) to be taken by the Agency and the approval of the Project and grant of Financial Assistance constitute such an action; and

WHEREAS, in accordance with SEQRA, on July 26, 2011, the Agency adopted a resolution (the "***SEQRA Resolution***") entitled:

> **RESOLUTION DETERMINING THAT THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF A CERTAIN PROJECT AT THE REQUEST OF THE RHS HOLDINGS, LLC WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT PURSUANT TO THE STATE ENVIRONMENTAL QUALITY REVIEW ACT**

which resolution is in full force and effect and has not been amended or modified.

WHEREAS, the Agency adopted a resolution on July 26, 2011 (the "***Inducement Resolution***") entitled:

> **RESOLUTION TAKING OFFICIAL ACTION TOWARD THE ACQUISITION, CONSTRUCTION, RECONSTRUCTION AND EQUIPPING OF A CERTAIN PROJECT, APPOINTING RHS HOLDINGS, LLC AGENT OF THE AGENCY FOR THE PURPOSE OF THE ACQUISITION, CONSTRUCTION, RECONSTRUCTION AND EQUIPPING OF THE PROJECT, AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN AGREEMENT BETWEEN THE AGENCY AND RHS HOLDINGS, LLC**

which resolution is in full force and effect and has not been amended or modified.

WHEREAS, the Agency adopted a resolution on July 26, 2011 (the "***PILOT Resolution***") entitled:

> **RESOLUTION APPROVING A PAYMENT IN LIEU OF TAX SCHEDULE AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS BY THE AGENCY IN CONNECTION WITH A CERTAIN PROJECT UNDERTAKEN AT THE REQUEST OF RHS HOLDINGS, LLC**

which resolution is in full force and effect and has not been amended or modified.

NOW, THEREFORE, be it resolved by the members of the City of Syracuse Industrial Development Agency, as follows:

(1) Based upon the representations made by the Company to the Agency, the Agency hereby confirms the SEQRA findings and the Inducement Resolution and makes the following findings and determinations:

(A) The Project is located in a "highly distressed area" as defined in Article 18-A § 854(18) of the General Municipal Law of the State of New York, and the Project will serve the public purposes of Article 18-A of the General Municipal Law of the State of New York by preserving and/or creating permanent, private sector jobs or increasing the overall number of permanent, private sector jobs in the State; and

(B) The acquisition of a controlling interest in the Project Facility by the Agency and the designation of the Company as the Agency's agent for completion of the Project will be an inducement to the Company to operate the Project Facility in the City of Syracuse, thus serving the public purposes of Article 18A of the General Municipal Law of New York by promoting and preserving the job opportunities, general prosperity and economic welfare of the inhabitants of the City of Syracuse in furtherance of the purposes of the Act; and

(C) The Project will not result in the removal of a commercial, industrial or manufacturing plant or facility of the Company or any other proposed occupant of the Project Facility from one area of the State to another area of the State or result in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project Facility located in the State, except as may be permitted by the Act; and

(2) The Agency will (A) acquire a controlling interest in the Project Facility, (B) lease the Project Facility from the Company pursuant to a lease agreement between the Agency and the Company and sublease the Project Facility to the Company, pursuant to a sublease agreement, (C) secure the Company's borrowings with respect to the Project Facility by joining in one or more construction or permanent mortgages on the Project Facility in favor of the Company's lender(s), and pledging and assigning to such lender(s) certain rights and remedies of the Agency under the sublease agreement by the execution and delivery of a Pledge and Assignment, and (D) execute and deliver a PILOT Agreement, all in such form and substance as shall be substantially the same as the approved by the Agency for other straight lease transactions and consistent with this resolution.

(3) The Agency's participation in any of the documents referenced herein, or the granting of the approved Financial Assistance, is contingent upon counsel for the Agency's review and the Chairman or Vice Chairman's approval of, all of the documents requested or required by the Agency in connection with the Project Facility.

(4) The Chairman and/or Vice Chairman of the Agency, acting individually, are each hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver the documents and agreements identified herein and any such additional certificates, instruments, documents or affidavits, to pay any such other fees, charges and expenses, to make such other changes, omissions, insertions, revisions, or amendments to the documents referred to herein and to do and cause to be done any such other acts and things, as they determine, on advice of counsel to the Agency, may be necessary or desirable to consummate the transactions contemplated by this resolution.

(5) No covenant, stipulation, obligation or agreement contained in this resolution or any document referred to herein shall be deemed to be the covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the Agency in his or her individual capacity. Neither the members nor officers of the Agency, nor any person executing any documents referred to above on behalf of the Agency, shall be liable thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

(6) The Secretary of the Agency is hereby authorized and directed to distribute copies of this Resolution to the Company and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

(7) A copy of this Resolution, together with the attachments hereto, shall be placed on file in the office of the Agency where the same shall be available for public inspection during business hours.

(8) This resolution shall take effect immediately, but is subject to the terms hereof and the execution by the company of the documents outlined herein.

The question of the adoption of the foregoing Resolution was duly put to vote on a roll call, which resulted as follows:

	AYE	**NAY**
William Ryan	X	
M. Catherine Richardson	X	
Nicholas Ciotti	X	
John Gamage	X	
Donald Schoenwald	X	

The foregoing Resolution was thereupon declared duly adopted.

STATE OF NEW YORK)
) **SS.:**
COUNTY OF ONONDAGA)

I, the undersigned Secretary of the City of Syracuse Industrial Development Agency, **DO HEREBY CERTIFY** that I have compared the annexed extract of the minutes of the meeting of the City of Syracuse Industrial Development Agency (the "***Agency***") held on July 26, 2011, with the original thereof on file in my office, and that the same (including all exhibits) is a true and correct copy of the proceedings of the Agency and of the whole of such original insofar as the same relates to the subject matters referred to therein.

I FURTHER CERTIFY that (i) all members of the Agency had due notice of such meeting, (ii) pursuant to Section 104 of the Public Officers Law (Open Meetings Law), such meeting was open to the general public and public notice of the time and place of such meeting was duly given in accordance with such Section 104, (iii) the meeting was in all respects duly held, and (iv) there was a quorum present throughout.

I FURTHER CERTIFY that, as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this 16TH day of AUGUST, 2011.

City of Syracuse Industrial Development Agency

John Gamage, Secretary

(S E A L)

EXHIBIT "K"

GRANT RESOLUTION

APPROVING RESOLUTION

A regular meeting of the City of Syracuse Industrial Development Agency was convened in public session on December 20, 2011 at 8:30 a.m. in the Common Council Chambers, City Hall, 233 East Washington Street, Syracuse, New York.

The meeting was called to order by the Chairman and, upon the roll being duly called, the following members were:

PRESENT: William Ryan, M. Catherine Richardson, Esq., John Gamage, Donald Schoenwald, Esq.

ABSENT: Nicolas Ciotti

The following persons were **ALSO PRESENT:** Benjamin Walsh, Meghan Gaffey, Esq., Judith DeLaney, Susan Katzoff, Esq, Dian Sherwood, Greg Streeter, Irene Goldych, Jacky Duong, Charlie Wallace, Sarah Wallace, Richard Sykes, Brandon Roth

The following Resolution was offered by Donald Shoenwald and seconded by M. Catherine Richardson:

RESOLUTION APPROVING THE EXECUTION OF A GRANT AGREEMENT WITH EMPIRE STATE DEVELOPMENT CORPORATION AND A GRANT TO THE INNS AT ARMORY SQUARE, LLC IN AN AMOUNT NOT TO EXCEED $500,000 TO BE USED SOLELY IN CONJUNCTION WITH A PROJECT PREVIOUSLY UNDERTAKEN BY THE AGENCY AND AUTHORIZING THE EXECUTION OF A GRANT AGREEMENT WITH THE INNS AT ARMORY SQUARE, LLC AND RELATED DOCUMENTS WITH RESPECT TO THE PROJECT

WHEREAS, the policy of the State of New York (the "***State***") set forth in Title 1 of Article 18-A of the General Municipal Law of the State, as amended (the "***IDA Act***"), is to promote the economic welfare, recreation opportunities and prosperity of its inhabitants and to actively promote, attract, encourage and develop recreation, economically sound commerce and industry through governmental action for the purpose of preventing unemployment and economic deterioration by the creation of industrial development agencies and to protect and promote the health of the inhabitants of the State and to increase trade through promoting the development of facilities to provide recreation for the citizens of the State and to attract tourists from other states; and

WHEREAS, the IDA Act further provides that the use of all the foregoing powers and rights is a public purpose essential to the public interest for which public funds may be expended; and

WHEREAS, City of Syracuse Industrial Development Agency (the "***Agency***") constitutes an industrial development agency established under the IDA Act and Chapter 641 of the Laws of 1979 of the State of New York, as amended from time to time (the "***Enabling Act***" and together with the IDA Act, the "***Act***") and is thereby authorized and empowered to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, civic, research and recreation facilities, including industrial pollution control facilities, educational or cultural facilities, railroad facilities and certain horse racing facilities, thereby advance the job opportunities, health, general prosperity and economic welfare of the people of the State and improve their recreation opportunities, prosperity and standard of living; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, hold and dispose of personal property for its corporate purposes; with the consent of the municipality, to use agents, employees and facilities of the municipality and pay the municipality its agreed proportion of the compensation or costs therefor; make contracts and leases; to use gifts, grants, loans or contributions for any of its corporate purposes; and to all things necessary or convenient to carry out its purposes and exercise the powers expressly given in the Act; and

WHEREAS, by resolution adopted April 19, 2011, at the request of The Inns at Armory Square, LLC, a New York limited liability company (the ***"Company"***), the Agency induced and approved The Inns at Armory Square, LLC Project (the "***Project***") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-335 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement; and

WHEREAS, the Agency conducted a public hearing with respect to the Project on April 19, 2011 pursuant to Section 859-a of the Act, notice of which was published on April 1, 2011 in the Post-Standard, a newspaper of general circulation in the City of Syracuse, New York and given to the chief executive officers of the affected tax jurisdictions by letter dated March 29, 2011; and

WHEREAS, following submission of its Application, the Company requested certain additional financial assistance in the form of a grant from the New York State's Empire Development Corporation's ("***ESDC***") City by City Grant Program in an amount not to exceed $500,000 ("***the Grant***"); and

WHEREAS, the Agency conducted a second public hearing solely with respect to the Grant on December 20, 2011 pursuant to Section 859-a of the Act, notice of which was published on December 5, 2011 in the Post-Standard, a newspaper of general circulation in the City of Syracuse, New York and given to the chief executive officers of the affected tax jurisdictions by letter dated December 2, 2011; and

WHEREAS, the Agency applied for, and received, an allocation from Empire State Development Corporation's ("***ESDC***") City by City Grant program for an amount not to exceed $500,000 to apply towards the Project (the "***Grant Proceeds***"); and

WHEREAS, in conjunction with the award of the Grant Proceeds, ESDC is requiring the Agency execute a grant agreement outlining the terms and conditions associated with the award (the "***ESDC Grant Agreement***"); and

WHEREAS, the Company has advised the Agency that without the Grant, the Project is in danger of lacking sufficient funds to move forward and that the completion of the Project will help eliminate blight, increase housing and commerce in the area and increase job opportunities; and

WHEREAS, as a condition of the Agency's consent to provide the Grant to the Company, the Agency shall require the Company execute a grant agreement on terms similar to the ESDC Grant Agreement; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law of the State of New York, as amended, and the regulations of the Department of Environmental Conservation of the State of New York promulgated thereunder (collectively referred to hereinafter as "***SEQRA***"), the Agency is required to make a determination whether the "action" (as said quoted term is defined in SEQRA) to be taken by the Agency may have a "significant impact on the environment" (as said quoted term is utilized in SEQRA), and the preliminary agreement of the Agency to undertake of the Project constitutes such an action; and

WHEREAS, the Agency acted as lead agency for the purpose of conducting a coordinated environmental review of the Project under SEQRA, 6 NYCRR Part 617, and determined that the Project constitutes a "Type 1 Action" under SEQRA, will not result in any significant adverse environmental impacts and issued a negative declaration for the Project dated July 26, 2011; and

WHEREAS, the issuance of the Grant is not considered a significant change in the Project and will not require the Agency to amend the SEQRA Resolution;

NOW, THEREFORE, be it resolved by the members of the City of Syracuse Industrial Development Agency as follows:

(1) Based upon the representations made by the Company to the Agency, the Agency hereby makes the following findings and determinations:

(a) The Agency hereby authorizes the execution and delivery of the ESDC Grant Agreement and the Chairman and Vice Chairman are each hereby authorized to execute and deliver the necessary documents. The execution thereof by the Chairman or Vice Chairman shall constitute conclusive evidence of such approval;

(b) The Agency hereby authorizes the Grant to the Company, subject to the negotiation of acceptable terms and conditions of a grant agreement as set forth herein with the Company; and further subject to the receipt of the Grant Proceeds from ESDC. The Agency shall cooperate in the execution and delivery of all necessary documents to effectuate the Grant in accordance with the terms and intent of this Resolution. The Chairman and Vice Chairman of the Agency are each hereby authorized, on behalf of the Agency, to execute and deliver the necessary documents. The execution thereof by the Chairman or Vice Chairman shall constitute conclusive evidence of such approval;

(c) The obligation of the Agency to consummate any transaction contemplated herein or hereby is subject to and conditioned upon the delivery by and execution of, the ESDC Grant Agreement by both ESDC and the Agency and upon delivery by the Company of all documents necessary to consummate the transaction contemplated herein, and review and approval of same by Agency counsel;

(d) The obligation of the Agency to consummate the Grant is further conditioned upon its actual receipt of the Grant Proceeds from ESDC;

(e) Should the Agency's participation in the ESDC Grant Agreement or the Grant be challenged by any party, in the courts or otherwise, the Company shall defend, indemnify and hold harmless the Agency and its members, officers and employees from any and all losses arising from any such challenge including, but not limited to, the fees and disbursement of the Agency's counsel. Should any court of competent jurisdiction determine that the Agency is not authorized under the Act to participate in the Grant, this Resolution shall automatically become null, void and of no further force and effect, and the Agency shall have no liability to the Company hereunder or otherwise;

(f) The Secretary of the Agency is hereby authorized and directed to distribute copies of this Resolution to the Company and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

(g) No covenant, stipulation, obligation or agreement contained in this resolution or any document referred to above shall be deemed to be the covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the Agency in his or her individual capacity. Neither the members nor officers of the Agency, nor any person executing any documents referred to above on behalf of the Agency, shall be liable thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

(h) A copy of this Resolution shall be placed on file in the office of the Agency where the same shall be available for public inspection during business hours.

The question of the adoption of the foregoing Resolution was duly put to vote on a roll call, which resulted as follows:

	AYE	**NAY**
William Ryan	X	
M. Catherine Richardson	X	
John Gamage	X	
Donald Schoenwald	X	

The foregoing Resolution was thereupon declared duly adopted.

STATE OF NEW YORK)
) **SS.:**
COUNTY OF ONONDAGA)

I, the undersigned Secretary of the City of Syracuse Industrial Development Agency, **DO HEREBY CERTIFY** that I have compared the annexed extract of the minutes of the meeting of the City of Syracuse Industrial Development Agency (the "***Agency***") held on December 20, 2011, with the original thereof on file in my office, and that the same (including all exhibits) is a true and correct copy of the proceedings of the Agency and of the whole of such original insofar as the same relates to the subject matters referred to therein.

I FURTHER CERTIFY that (i) all members of the Agency had due notice of such meeting; (ii) pursuant to Section 104 of the Public Officers Law (Open Meetings Law), such meeting was open to the general public and public notice of the time and place of such meeting was duly given in accordance with such Section 104; (iii) the meeting was in all respects duly held; and (iv) there was a quorum present throughout.

I FURTHER CERTIFY that, as of the date hereof, the attached Resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of the Agency this 23rd day of January, 2012.

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
John Gamage, Secretary

(S E A L)

5715468.1

EXHIBIT "L"

CLARIFYING RESOLUTION

RESOLUTION

A regular meeting of the City of Syracuse Industrial Development Agency was convened in public session on December 20, 2011, at 8:30 o'clock a.m. at the Agency's offices in the Common Council Chambers, City Hall, 233 East Washington Street, Syracuse, New York.

The meeting was called to order by the Chairman and, upon the roll being duly called, the following members were:

PRESENT: William Ryan, M. Catherine Richardson, Esq., John Gamage, Donald Schoenwald, Esq.

ABSENT: Nicolas Ciotti

The following persons were **ALSO PRESENT:** Benjamin Walsh, Meghan Gaffey, Esq., Judith DeLaney, Susan Katzoff, Esq, Dian Sherwood, Greg Streeter, Irene Goldych, Jacky Duong, Charlie Wallace, Sarah Wallace, Richard Sykes, Brandon Roth

The following Resolution was offered by John Gamage and seconded M. Catherine Richardson:

RESOLUTION CLARIFYING THAT THE NAME OF THE COMPANY WITH RESPECT TO A CERTAIN PROJECT PREVIOUSLY APPROVED BY THE AGENCY

WHEREAS, the City of Syracuse Industrial Development Agency (the "***Agency***") is authorized and empowered by Title 1 of Article 18-A of the General Municipal Law of the State of New York (the "***State***"), as amended, together with Chapter 641 of the Laws of 1979 of the State of New York, as amended from time to time (collectively, the "***Act***"), to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research and recreation facilities, for the purpose of promoting economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State, to improve their recreation opportunities, prosperity and standard of living; and

WHEREAS, by application dated May 23, 2008 as supplemented by letter dated March 7, 2011 (the "***Application***"), RHS Holdings, LLC, a New York State limited liability company (the "***Applicant***"), requested that the Agency undertake a project (the "***Project***") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-335 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation

thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement; and

WHEREAS, thereafter the Company requested a grant in an amount not to exceed $500,000 from certain funds allocated to the Agency from New York State's Empire Development Corporation's ("***ESDC***") City by City Grant Program to be used solely in conjunction with the Project (the "***Grant***" or the "***Additional Financial Assistance***"); and

WHEREAS, the Agency previously approved a Lead Agency Resolution on March 15, 2011, a SEQRA Resolution, Inducement Resolution, PILOT Resolution and Final Approving Resolution on July 26, 2011 (collectively, the "***Resolutions***");

WHEREAS, following the adoption of the Resolutions, the Applicant advised the Agency that the initial owner/operator of the Project was going to be The Inns at Armory Square, LLC which is a designee, subsidiary or member of RHS Holdings, LLC.

NOW, THEREFORE, be it resolved by the members of the City of Syracuse Industrial Development Agency, as follows:

(1) The Agency hereby amends all of its prior resolutions solely with respect to the name of the initial owner/operator of the Project Facility. As amended hereby, the initial owner/operator of the Project Facility shall be the Inns at Armory Square, LLC.

(2) As amended hereby, the Agency hereby ratifies all of its prior Resolutions.

(3) The Chairman and Vice Chairman of the Agency, acting individually, are each hereby authorized and directed, for and in the name and on behalf of the Agency, to execute and deliver the documents and agreements identified herein and any such additional certificates, instruments, documents or affidavits, to pay any such other fees, charges and expenses, to make such other changes, omissions, insertions, revisions, or amendments to the documents referred to herein and to do and cause to be done any such other acts and things, as they determine, on advice of counsel to the Agency, may be necessary or desirable to consummate the transactions contemplated by this resolution.

(4) No covenant, stipulation, obligation or agreement contained in this resolution or any document referred to above shall be deemed to be the covenant, stipulation, obligation or agreement of any member, officer, agent or employee of the Agency in his or her individual capacity. Neither the members nor officers of the Agency, nor any person executing any

documents referred to above on behalf of the Agency, shall be liable thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

(5) The Secretary of the Agency is hereby authorized and directed to distribute copies of this Resolution to the Company and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

(6) A copy of this Resolution, together with the attachments hereto, shall be placed on file in the office of the Agency where the same shall be available for public inspection during business hours.

The question of the adoption of the foregoing Resolution was duly put to vote on a roll call, which resulted as follows:

	AYE	**NAY**
William Ryan	X	
M. Catherine Richardson	X	
John Gamage	X	
Donald Schoenwald	X	

The foregoing Resolution was thereupon declared duly adopted.

STATE OF NEW YORK)
) **SS.:**
COUNTY OF ONONDAGA)

I, the undersigned Secretary of the City of Syracuse Industrial Development Agency, **DO HEREBY CERTIFY** that I have compared the annexed extract of the minutes of the meeting of the City of Syracuse Industrial Development Agency (the "***Agency***") held on December 20, 2011, with the original thereof on file in my office, and that the same (including all exhibits) is a true and correct copy of the proceedings of the Agency and of the whole of such original insofar as the same relates to the subject matters referred to therein.

I FURTHER CERTIFY that (i) all members of the Agency had due notice of such meeting, (ii) pursuant to Section 104 of the Public Officers Law (Open Meetings Law), such meeting was open to the general public and public notice of the time and place of such meeting was duly given in accordance with such Section 104, (iii) the meeting was in all respects duly held, and (iv) there was a quorum present throughout.

I FURTHER CERTIFY that, as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have set my hand and affixed the seal of the Agency this 3rd day of January, 2012.

City of Syracuse Industrial Development Agency

John Gamage, Secretary

(S E A L)

5722264.1

4 Add'l Pages

AFFIDAVIT RE: MORTGAGE TAX EXEMPTION

STATE OF NEW YORK)
) **SS.**
COUNTY OF ONONDAGA)

WILLIAM M. RYAN, being duly sworn, deposes and says:

He is Chairman of the City of Syracuse Industrial Development Agency (the "***Agency***").

The Agency is an industrial development agency duly established under Title I of Article 18-A of the General Municipal Law of the State of New York (the "***State***"), as amended, and Chapter 641 of the Laws of 1979 of the State (collectively, the "***Act***"), and it is a corporate governmental agency constituting a public benefit corporation of the State.

On or about July 26, 2011, the Agency adopted a resolution at the request of The Inns at Armory Square, LLC (the "***Company***") agreeing to undertake a project (the "***Project***") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-332 and 334-344 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of a grant in an amount not to exceed $500,000 from certain funds allocated to the Agency from the Empire State Development Corporation (the "***Grant***") as well as exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement.

The Company and the Agency are mortgaging their respective interests in the improved real property described on **Exhibit "A"**, to Manufacturers and Traders Trust Company (the "***Mortgagee***"), pursuant to a certain Mortgage, dated February 24th, 2012 in the amount of $22,000,000 (the "***Mortgage***") and a General Assignment of Rents dated February 24th, 2012 (the "***Assignment of Rents***"). The Mortgage is pledged to secure the Note given by the Company to the Mortgagee. The Agency is also assigning to the Mortgagee all of its right, title and interest (other than the Unassigned Rights) under that certain Agency Lease Agreement dated as of February 1, 2012 pursuant to the Pledge and Assignment dated as of February 1, 2012.

Pursuant to Article 18-A of the New York General Municipal Law, the Agency is regarded as performing a governmental function and is generally not required to pay taxes or assessments upon any property acquired by it or under its jurisdiction, control or supervision or upon its activities.

.15:25 02/27/12 746812 RS MB-16725P-261

The Deponent submits that no mortgage tax should be imposed upon the Mortgage, the Assignment of Rents or the Pledge and Assignment, insomuch as the Mortgage, the Assignment of Rents and Pledge and Assignment are being executed and delivered under the State authority creating the Agency, insomuch as the use by the Agency of its powers to secure the payment of principal and interest on the loan is deemed by Article 18-A a public purpose essential to the public interest, and insomuch as both the New York State Department of Taxation and Finance and Counsel to the New York State Department of Taxation and Finance have expressed their opinion that the recording of similar documents by similar agencies organized under Article 18-A of the New York General Municipal Law are operations of said agencies entitled to exemption from the mortgage recording tax.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

By: _____
William M. Ryan, Chairman

Subscribed and sworn to before me
this 23rd day of February, 2012.

_____
Notary Public

LORI L. McROBBIE
Notary Public, State of New York
Qualified in Onondaga Co. No. 01MC5055591
Commission Expires on Feb. 12, 2014

5652424.2

SCHEDULE A

ALL THAT TRACT OR PARCEL OF LAND, situate within the City of Syracuse, County of Onondaga and State of New York, being part of Block 104, and more particularly described as follows:

BEGINNING at a point, said point being the intersection of the northerly line of West Fayette Street and the westerly line of South Franklin Street; thence North 89 deg. 44' 00" West for a distance of 361.65 feet along the northerly line of West Fayette Street to a point; thence North 00 deg. 09' 30" East for a distance of 120.21 feet to a point; thence South 89 deg. 35' 52" East for a distance of 89.08 feet to a point; thence North 00 deg. 16' 00" East for a distance of 12.00 feet to a point; thence South 89 deg. 44' 00" East for a distance of 10.37 feet to a point; thence North 00 deg. 05' 00" East for a distance of 20.42 feet to a point; thence South 89 deg. 44' 00" East for a distance of 262.00 feet to a point; thence South 00 deg. 05' 00" West for a distance of 152.42 feet to the point and place of beginning.

GENERAL CERTIFICATE OF

THE INNS AT ARMORY SQUARE, LLC

This certificate is made in connection with the execution by The Inns at Armory Square, LLC, a New York limited liability company (the "***Company***") of the Company Lease (as hereinafter defined), the Agency Lease (as hereinafter defined) and any other document now or hereafter executed by the Company in connection with the City of Syracuse Industrial Development Agency (the "***Agency***") agreeing, at the Company's request, to undertake a project (the "***Project***") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-332 and 334-344 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of a grant in an amount not to exceed $500,000 from certain funds allocated to the Agency from the Empire State Development Corporation (the "***Grant***") as well as exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement.

The Project Facility is owned by the Company. The Company will lease the Project Facility to the Agency pursuant to a Company Lease Agreement dated as of February 1, 2012 (the "***Company Lease***") and the Agency will sublease the Project Facility back to the Company pursuant to an Agency Lease Agreement dated as of February 1, 2012 (the "***Agency Lease***").

Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agency Lease except that, for purposes of this certificate (A) all definitions with respect to any document shall be deemed to refer to such document only as it exists as of the date of this certificate and not as of any future date, and (B) all definitions with respect to any Person shall be deemed to refer to such Person only as it exists as of the date of this certificate and not as of any future date or to any successor or assign.

The undersigned does hereby certify as follows:

1. Attached hereto as **Exhibit "A"** is a true, correct and complete copy of the Articles of Organization of the Company and any amendments thereto filed with the New York State Secretary of State with proof of publication thereof attached thereto, which Articles (including any amendments) are in full force and effect on the date hereof.

2. Attached hereto as **Exhibit "B"** is a true, correct and complete copy of the Company's Operating Agreement and such Operating Agreement is in full force and effect on the date hereof.

3. The Company is, and at all times will be, a limited liability company, duly organized, validly existing and in good standing under the laws of the State and authorized and licensed under the laws of the State to transact business as a limited liability company for the purpose of owning, constructing, equipping and operating the Project Facility in the State. Attached hereto as **Exhibit "C"** is a true and correct copy of a Certificate of Good Standing of the Company issued by the New York State Secretary of State.

4. The Company has full legal right, power and authority to execute and deliver the Company Documents and to consummate the transactions on the part of the Company contemplated by the Company Documents. The Company Documents have been duly authorized, executed, and delivered by the Managing Member on behalf of the Company and are in full force and effect as of the date hereof. Attached hereto as **Exhibit "D"** is a true, correct and complete copy of the authorizing resolution of the Managing Member of the Company (the "***Resolution***") in respect of the execution, delivery and performance of the Company Documents.

5. All consents, approvals, authorizations or orders of, notices to, or filings, registrations or declarations with, any court or governmental authority, board, agency, commission or body having jurisdiction which are required on behalf of the Company or for the execution and delivery by the Company of the Company Documents or the consummation on the part of the Company of the transactions contemplated thereby have been obtained.

6. After performing due diligence, there is no legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending or threatened against or affecting the Company or, to the knowledge of the Company, any basis therefor (i) in any way affecting the organization, existence or good standing of the Company, (ii) contesting or materially affecting the validity or enforceability of the Company Documents, (iii) contesting the powers of the Company or its authority with respect to the Company Documents, (iv) contesting the authority of the Company to act on behalf of the Company or the authority of the representatives of the Company to act on behalf of the Company, (v) wherein an unfavorable decision, ruling or finding would have a material adverse effect on (A) the financial condition or operations of the Company, or (B) the consummation on the part of the Company of the transactions contemplated by any Company Documents.

7. The execution and delivery by the Company on behalf of the Company of the Company Documents and the consummation by the Company of the transactions contemplated thereby are not prohibited by, do not violate any provision of, and will not result in a breach of or default under (i) the organizational documents of the Company, (ii) any applicable law, rule, regulation, order, writ, injunction, judgment or decree of any court or governmental body or other requirement to which the Company is subject, or (iii) any contract, agreement, mortgage, lease, guaranty, commitment or other obligation or instrument to which the Company is a party or by which the Company or its properties is bound.

8. All information concerning the Project Facility and the Company submitted to the Agency and the Mortgagee by the Company is true and correct in all material respects and does not omit to state a material fact necessary to make the statements therein not misleading.

9. Assuming the valid authorization, execution and delivery of the Agency Lease and the other Company Documents by the other parties thereto, the Agency Lease and the other Company Documents are the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity. No default by the Company or, to the best knowledge of the undersigned, no event of default on the part of any other party to the Company Documents has occurred or is continuing and no event has occurred which, with the giving of notice or passage of time or both, would be such an event of default. The Company has duly authorized the taking of and has taken all actions necessary to carry out and give effect to the transactions contemplated to be performed on its part by the Company Documents.

10. All permits (including building permits), licenses and authorizations necessary for the construction, ownership and operation of the Project in the manner contemplated by each of the Company Documents have been obtained or will be obtained, and said construction, ownership and operation will not, to the best knowledge of the Company, conflict with any zoning or similar ordinance applicable to the Project. To the best of the Company's knowledge, the Project conforms to all material environmental regulations.

11. There is no Event of Default or default on the part of the Company under the Company Lease, the Agency Lease, the PILOT Agreement, the Mortgage, the Grant Agreement or any other Company Document, and no event has occurred and is continuing which, after notice or passage of time or both, would give rise to a default under any thereof.

12. The Company Lease, the Agency Lease, the PILOT Agreement, the Mortgage, the Grant Agreement and the other Company Documents are in full force and effect and the Company has not assigned or pledged any of its rights under these documents.

13. The authorized representatives of the Company who, pursuant to the Resolution, are authorized to execute the Company Documents and the office held by each person are as set forth below. The signature set opposite the name of such officer, if any, is a genuine specimen of such officer's signature:

Name	Signature	Office/Title
Richard H. Sykes		Manager

IN WITNESS WHEREOF, I have set my hand and signature as officer of the Company as of February 1, 2012.

THE INNS AT ARMORY SQUARE, LLC

By: _____

Name: RICHARD H. SYKES

Title: MANAGER

EXHIBIT "A"

ARTICLES OF ORGANIZATION

STATE OF NEW YORK

DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

WITNESS my hand and official seal of the Department of State, at the City of Albany, on June 27, 2008.

Paul LaPointe
Special Deputy Secretary of State

Rev. 06/07

080627000267

ARTICLES OF ORGANIZATION

OF

THE INNS AT ARMORY SQUARE, LLC

Under Section 203 of the Limited Liability Company Law

FIRST: The name of the limited liability company is:

The Inns at Armory Square, LLC

SECOND: The county within the state in which the principal office of the limited liability company is to be located is the County of Onondaga.

THIRD: The Secretary of State is designated as agent of the limited liability company upon whom process against it may be served. The post office address within or without this state to which the department of state shall mail a copy of any process served against it is:

The Inns at Armory Square, LLC
108 West Jefferson Street, Suite 300
Syracuse, New York 13202

FOURTH: The limited liability company is to be managed by one or more managers.

IN WITNESS WHEREOF, these Articles have been subscribed this 26th day of June, 2008, by the undersigned who affirms that the statements made herein are true under penalties of perjury.

Richard H. Sykes, Jr. Organizer

{M0055351.1 20416.000}

080627000267

ARTICLES OF ORGANIZATION

OF

THE INNS AT ARMORY SQUARE, LLC

Under Section 203 of the Limited Liability Company Law

1c 1c

STATE OF NEW YORK
DEPARTMENT OF STATE

FILED JUN 27 2008

TAX $ —

BY: WCR

Filer:
Mackenzie Hughes LLP
101 South Salina Street
Suite 600
P.O. Box 4967
Syracuse, New York 13221

CUSTOMER REF. # 627387 SNE

{M0055331 1 30416-0001 }

302

N. Y. S. DEPARTMENT OF STATE
DIVISION OF CORPORATIONS AND STATE RECORDS ALBANY, NY 12231-0001

FILING RECEIPT

ENTITY NAME: THE INNS AT ARMORY SQUARE, LLC

DOCUMENT TYPE: ARTICLES OF ORGANIZATION (DOM LLC) COUNTY: ONON

FILED:06/27/2008 DURATION:********* CASH#:080627000302 FILM #:080627000267

FILER:

MACKENZIE HUGHES LLP
101 SOUTH SALINA STREET, SUITE 600
P.O. BOX 4967
SYRACUSE, NY 13221

EXIST DATE
06/27/2008

ADDRESS FOR PROCESS:

THE LLC
SUITE 300
SYRACUSE, NY 13202

108 WEST JEFFERSON STREET

REGISTERED AGENT:

SERVICE COMPANY: CORPORATION SERVICE COMPANY - 45 SERVICE CODE: 45 *

FEES	260.00
FILING	200.00
TAX	0.00
CERT	0.00
COPIES	10.00
HANDLING	50.00

PAYMENTS	260.00
CASH	0.00
CHECK	0.00
CHARGE	0.00
DRAWDOWN	260.00
OPAL	0.00
REFUND	0.00

627387 SNE

DOS-1025 (04/2007)

N. Y. S. DEPARTMENT OF STATE
DIVISION OF CORPORATIONS AND STATE RECORDS

ALBANY, NY 12231-0001

FILING RECEIPT

ENTITY NAME: THE INNS AT ARMORY SQUARE, LLC

DOCUMENT TYPE: CERTIFICATE OF PUBLICATION (DOM LLC)

COUNTY: ONON

FILED:09/11/2008 DURATION:********* CASH#:080911000431 FILM #:080911000400

FILER:

MACKENZIE HUGHS LLP
ATTN: GAIL CRISPIN
101 SOUTH SALINA ST., PO BOX 4967
SYRACUSE, NY 13221-4967

ADDRESS FOR PROCESS:

REGISTERED AGENT:

SERVICE COMPANY: ** NO SERVICE COMPANY **

SERVICE CODE: 00

FEES	50.00
FILING	50.00
TAX	0.00
CERT	0.00
COPIES	0.00
HANDLING	0.00

PAYMENTS	50.00
CASH	0.00
CHECK	50.00
CHARGE	0.00
DRAWDOWN	0.00
OPAL	0.00
REFUND	0.00

DOS-1025 (04/2007)

CERTIFICATE OF PUBLICATION

OF

THE INNS AT ARMORY SQUARE, LLC

Under Section 206 of the Limited Liability Company Law

The undersigned is a Manager of The Inns at Armory Square, LLC.

The published notices described in the annexed Affidavits of Publication contain all of the information required by Section 206 of the Limited Liability Company Law.

The newspapers described in such Affidavits of Publication satisfy the requirements set forth in the Limited Liability Company Law and the designation made by the County Clerk.

I certify the foregoing statements to be true under penalties of perjury.

Date: 8/29/08

Richard H. Sykes, Jr., Manager

{M0062053 1 20416.0001 }

AFFIDAVIT OF PUBLICATION
Under Section 206 of the Limited Liability Company Law State of New York,
County of Onondaga, ss:. The undersigned is the publisher
of The Post-Standard, a daily newspaper published in Syracuse, New York.
A notice regarding: THE INNS AT ARMORY SQUARE, LLC
was published in said newspaper once in each week for six successive weeks,
commencing on 7/09/08 and ending on 8/13/08. The text of the notice
as published in said newspaper is as set forth below or in the annexed exhibit.

This newspaper has been designated by the Clerk of Onondaga County
for this purpose.

MACKENZIE HUGHES
Ad #123352 PO # NOTICEOFFORM
Paper PS Start 7/09/08 Stop 8/13/08
Times 6
Runs 7/9,16,23,30,8/6,8/13
Text NOTICEOFFORMAT

Diane Scarfisco

Diane B. Scarfisco
Principal Clerk
an Authorized Designee of the Publisher, Stephen A. Rogers.
Subscribed and Sworn to before me, this 8/13/08

NOTARY PUBLIC, ONONDAGA COUNTY, NY Commission Expires 3/18/2010

KIMBERLY D. PLASCO
Notary Public in the State of New York
No. 01VE6[illegible]
Qualified in Onondaga County
My Commission Expires [illegible]

Notice of formation of The Inns at Armory Square, LLC (LLC). Articles of Organization filed with Secretary of State of NY (SSNY) on 6/27/08. Office located in Onondaga County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to: 108 West Jefferson Street, Suite 300, Syracuse, NY 13202. LLC is manager managed. Purpose: commercial development and management of hotel and retail facilities and any lawful act or activity.

EAGLE
NEWSPAPERS

AFFIDAVIT OF PUBLICATION under Section 206 of the Limited Liability Company Law

State of New York,

County of Onondaga, ss.:

The undersigned is the printer of the Dewitt Times,
a weekly newspaper published in Dewitt, New York. A notice regarding The Inns at Armory Square, LLC, was published in said newspaper once in each week for six successive weeks, commencing on July 16, 2008 and ending on August 20, 2008. The text of this notice as published in said newspaper is as set forth below, or in the annexed exhibit.
This newspaper has been designated by the Clerk of Onondaga County for this purpose.

Lisa Congdon, Authorized Designee of Printer,
Eagle Media Partners LP

SWORN TO BEFORE ME
THIS 20th DAY OF AUGUST 2008

Sharon A. Doldo
No. 01DO5038536
Notary Public, State of New York
Qualified in Onondaga County
Commission Expires Jan. 30, 2011

5910 Firestone Drive
Syracuse, New York 13206
(315) 434-8889
Fax: (315) 434-8883

Notice of Formation

Notie of formation of The Inns at Armory Square, LLC (LLC). Articles of Organization filed with Secretary of State of NY (SSNY) on 6/27/08. Office located in Onondaga County. SSNY designated as agent of LLC upon whom process against it may be served. SSNY shall mail process to: 108 West Jefferson street, Suite 300, Syracuse, NY 13202. LLC is manager managed. Purpose: commercial development and management of hotel and retail facilities and any lawful act or activity.

EB-34

CERTIFICATE OF PUBLICATION

OF

THE INNS AT ARMORY SQUARE, LLC

Under Section 206 of the Limited Liability Company Law

Filed by:
Mackenzie Hughes LLP
101 South Salina Street
P.O. Box 4967
Syracuse, New York 13221-4967
Attn: Gail Crispin

{M0062053 1 20416-0001 }

STATE OF NEW YORK

DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

WITNESS my hand and official seal of the Department of State, at the City of Albany, on February 7, 2012.

Daniel E. Shapiro
First Deputy Secretary of State

Rev. 05/09

120206000684

CERTIFICATE OF CHANGE
OF
THE INNS AT ARMORY SQUARE, LLC

Under Section 211-A of the Limited Liability Company Law

FIRST: The name of the limited liability company is:

The Inns at Armory Square, LLC

SECOND: The Articles of Organization were filed with the Department of State on June 27, 2008.

THIRD: The change effected hereby is the address to which the Secretary of State shall forward copies of process accepted on behalf of the limited liability company. The address is changed to read in its entirety as follows:

The Inns at Armory Square, LLC
202 Walton Street, Suite 204
Syracuse, New York 13202

IN WITNESS WHEREOF, this certificate has been subscribed this 3rd day of February, 2012 by the undersigned who affirm that the statements made herein are true under penalties of perjury.

Richard H. Sykes, Manager

[M0202193 1]

120206000684

120206000 684

RECEIVED
2012 FEB -6 PM 2:09

CERTIFICATE OF CHANGE
OF
THE INNS AT ARMORY SQUARE, LLC

Under Section 211-A of the Limited Liability Company Law

FILED
2012 FEB -6 PM 3:39

ICC
STATE OF NEW YORK
DEPARTMENT OF STATE
FILED FEB 06 2012
TAX $ _____
BY: LAH

LCS
DRAWDOWN - #AL

Filer:
Mackenzie Hughes LLP
101 South Salina Street, 6th Floor
P.O. Box 4967
Syracuse, New York 13221-4967
Attn: Jacqueline C. Kochovski

Customer Ref.# 40015

739

N. Y. S. DEPARTMENT OF STATE
DIVISION OF CORPORATIONS AND STATE RECORDS ALBANY, NY 12231-0001

FILING RECEIPT

ENTITY NAME: THE INNS AT ARMORY SQUARE, LLC

DOCUMENT TYPE: CHANGE (DOM LLC) COUNTY: ONON
PROCESS

FILED:02/06/2012 DURATION:********* CASH#:120206000739 FILM #:120206000684

FILER:

MACKENZIE HUGHES LLP
ATTN: JACQUELINE C. KOCHOVSKI
101 SO. SALINA ST. 6TH FL. POB 4967
SYRACUSE, NY 13221-4967

ADDRESS FOR PROCESS:

THE LLC
202 WALTON STREET, SUITE 204
SYRACUSE, NY 13202

REGISTERED AGENT:

SERVICE COMPANY: LIBERTY CORPORATE SERVICES, INC. - AL SERVICE CODE: AL

FEES	65.00	PAYMENTS	65.00
FILING	30.00	CASH	0.00
TAX	0.00	CHECK	0.00
CERT	0.00	CHARGE	0.00
COPIES	10.00	DRAWDOWN	65.00
HANDLING	25.00	OPAL	0.00
		REFUND	0.00

STATE OF NEW YORK

DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

WITNESS my hand and official seal of the Department of State, at the City of Albany, on February 15, 2012.

Daniel E. Shapiro
First Deputy Secretary of State

Rev. 05/09

120213000 159

CERTIFICATE OF AMENDMENT

OF

THE INNS AT ARMORY SQUARE, LLC

Under Section 211 of the Limited Liability Company Law

FIRST: The name of the limited liability company is:

The Inns at Armory Square, LLC

SECOND: The Articles of Organization were filed with the Department of State on June 27, 2008.

THIRD: The purpose of this Amendment is to permit the limited liability company to create additional classes of members and managers pursuant to the Operating Agreement of the limited liability company by amending paragraph "FOURTH" and adding a paragraph "FIFTH" of the Articles of Organization.

FOURTH: Paragraph "FOURTH" of the Articles of Organization which refers to the management of the company is amended to read as follows:

"FOURTH: The limited liability company is to be managed by one or more managers. Pursuant to Section 419 of the Limited Liability Company Law, the limited liability company may, in the manner provided for in the Operating Agreement of the limited liability company, create additional classes of managers having such relative rights, powers, preferences and limitations as may from time to time be established pursuant to the Operating Agreement."

FIFTH: Paragraph "FIFTH" is added to the Articles of Organization to read as follows:

"FIFTH: Pursuant to Section 418 of the Limited Liability Company Law, the limited liability company may, in the manner provided for in the Operating Agreement of the limited liability company, create additional classes of members having such relative rights, powers, preferences and limitations as may from time to time be established pursuant to the Operating Agreement."

IN WITNESS WHEREOF, this certificate has been subscribed this 10th day of February, 2012 by the undersigned who affirms that the statements made herein are true under penalties of perjury.

Richard H. Sykes, Manager

[M020264 1 1]

120213000 159

OF

THE INNS AT ARMORY SQUARE, LLC

Under Section 211 of the Limited Liability Company Law

RECEIVED
2012 FEB 10 PM 4:10

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED FEB 13 2012
TAX $
BY:

LCS
DRAWDOWN - #AL

Filer:
Mackenzie Hughes LLP
101 South Salina Street, 6th Floor
P.O. Box 4967
Syracuse, New York 13221-4967
Attn: Jennifer K. Carr, Paralegal

Customer Ref.# 40183

FILED
2012 FEB 8 AM 11:31

157

{M0202641.1 }

N. Y. S. DEPARTMENT OF STATE
DIVISION OF CORPORATIONS AND STATE RECORDS ALBANY, NY 12231-0001

FILING RECEIPT

ENTITY NAME: THE INNS AT ARMORY SQUARE, LLC

DOCUMENT TYPE: AMENDMENT (DOM LLC) COUNTY: ONON
PROVISIONS

FILED:02/13/2012 DURATION:********* CASH#:120213000157 FILM #:120213000159

FILER:

MACKENZIE HUGHES LLP
101 SOUTH SALINA STREET 6TH FL.
P.O. BOX 4967, JENNIFER K. CARR, PA
SYRACUSE, NY 13221-4967

ADDRESS FOR PROCESS:

REGISTERED AGENT:

SERVICE COMPANY: LIBERTY CORPORATE SERVICES, INC. - AL SERVICE CODE: AL

FEES	95.00	PAYMENTS	95.00
FILING	60.00	CASH	0.00
TAX	0.00	CHECK	0.00
CERT	0.00	CHARGE	0.00
COPIES	10.00	DRAWDOWN	95.00
HANDLING	25.00	OPAL	0.00
		REFUND	0.00

40183

DOS-1025 (04/2007)

EXHIBIT "B"

OPERATING AGREEMENT

AMENDED AND RESTATED

OPERATING AGREEMENT

FOR

THE INNS AT ARMORY SQUARE, LLC

Dated as of January 1, 2012

THE EQUITY INTERESTS REPRESENTED BY UNITS PURSUANT TO THIS OPERATING AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS. SUCH UNITS MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF AT ANY TIME WITHOUT EFFECTIVE REGISTRATION UNDER THE 1933 ACT AND SUCH LAWS OR EXEMPTION THEREFROM, AND COMPLIANCE WITH THE OTHER RESTRICTIONS ON TRANSFERABILITY SET FORTH HEREIN.

AMENDED AND RESTATED

OPERATING AGREEMENT

FOR

THE INNS AT ARMORY SQUARE, LLC

This Amended and Restated Operating Agreement (this "Agreement") for The Inns at Armory Square, LLC (the "Company") is made as of January 1, 2012 among the undersigned.

RECITALS

A. The Company was formed as a New York limited liability company on June 27, 2008 by the filing of the Articles of Organization (as in effect from time to time, the "Articles") with the New York Secretary of State and the entering into of the Company's Operating Agreement effective June 27, 2008 (the "Original Agreement").

B. The original members of the Company were RHS Holdings, LLC ("RHS") and GBD, LLC ("GBD").

C. GBD withdrew as a member in the Company on September 14, 2010.

D. Michael Lorenz, David Schlosser and Andrew Sussman were admitted as members on January 1, 2011.

E. The current Members desire to admit the other parties hereto as members in the Company.

F. The parties hereto desire to completely amend and restate the Original Agreement and adopt this Agreement as the Operating Agreement for the Company.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I
DEFINITIONS

1.1 Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) "Act" has the meaning set forth in Section 2.1 hereof.

(b) "Adjusted Capital Account Deficit" means, with respect to any Unit Holder, the deficit balance, if any, in such Unit Holder's Capital Account as of the end of the relevant Company taxable year, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts which such Unit Holder is obligated to restore pursuant to any provision of this Agreement or pursuant to Treasury Regulations §1.704-1(b)(2)(ii)(c) or is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations §1.704-2(g)(1) and 1.704-2(i)(5); and

(ii) Debit to such Capital Account the items described in Treasury Regulations §1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6).

(iii) The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulations §1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(c) "Affiliate" of a Person means any other Person Controlling, Controlled by or under common Control with such Person and any partner of such Person if such Person is a partnership and any member of such Person if such Person is a limited liability company. Notwithstanding the foregoing, an "Affiliate" of the Company means each of the Company's direct or indirect Subsidiaries, whether or not in existence on the date hereof.

(d) "Agreement" has the meaning given to it in the preamble.

(e) "Articles" has the meaning given to it in Recital A.

(f) "Board" or "Board of Managers" means the individuals who are authorized to manage the business and affairs of the Company pursuant to ARTICLE VII hereof.

(g) "Capital Account" has the meaning given to it in Section 4.4.

(h) "Capital Contribution" means, with respect to each Unit, a contribution to the capital of the Company, including the purchase price paid to the Company for such Unit and any other contribution made to the Company with respect to such Unit.

(i) "Class" means an outstanding class, series or other type of security of the Company. If a security of the Company has different rights, powers, privileges, preferences or priorities than another security of the Company, then for purposes of this Agreement the two securities are in a different Class. The Class A Common Units and the Class B Common Units are different classes of Units. Members holding Units of the same Class constitute a "Class" of Members.

(j) "Class A Common Units" mean the limited liability company interests in the Company designated as "Class A Common Units" with such rights, powers and duties as set forth in this Agreement.

(k) "Class B Common Units" mean the limited liability company interests in the Company designated as "Class B Common Units" with such rights, powers and duties as set forth in this Agreement.

(l) "Code" means the Internal Revenue Code of 1986, as amended.

(m) "Common Units" means the limited liability company interests in the Company designated as "Common Units" with such rights, powers and duties as set forth in this Agreement. There are two Classes of Common Units: Class A Common Units and Class B Common Units.

(n) "Company" has the meaning given to it in the preamble.

(o) "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

(p) "Courier" has the meaning given to it in Section 15.3.

(q) "Depreciation" means for each fiscal year or other period, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to a Company asset for that year, except that if the Gross Asset Value of the asset differs from its adjusted basis for federal income tax purposes at the beginning of that year, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for that year bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization, or other cost recovery deduction for that year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Board of Managers.

(r) "Distribution" means any distribution by the Company to any Unit Holder, including distributions payable in cash, property or securities and including by means of distribution, repurchase or liquidation, except that none of the following shall be a Distribution: (i) any recapitalization or exchange of securities of the Company in which the consideration received with respect to Units of each Class is allocated pro rata among the holders of Units of such Class, or (ii) any distribution of securities of any Class pro rata to holders of securities of such Class, or (iii) subdivision (by Unit split or otherwise) or any combination (by reverse Unit split or otherwise) of any outstanding Units.

(s) "Economic Rights" has the meaning given to it in Section 12.1.

(t) "Estimated Tax Amount" has the meaning given to it in Section 5.3(d).

(u) "Exempt Transfer" means any (i) Transfer to the transferor's spouse, ancestor or lineal descendant or a trust or an entity solely for the benefit of one or more of the foregoing Persons or such transferor; or (ii) a Transfer by a Series C Member to Sykes, RHS or their successors, executors, administrators or Affiliates.

(v) "Forfeiture Allocations" has the meaning given to it in Section 6.2(j).

(w) "GBD" has the meaning given to it in Recital B.

(x) "Gross Asset Value" means, with respect to any Company asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(i) The initial Gross Asset Value of any asset contributed by a Unit Holder to the Company shall be the gross fair market value of such asset at the time of such contribution, as determined by the Board of Managers in its reasonable discretion;

(ii) In order to preserve the economic interests of each Unit Holder in the Company, the Board of Managers will adjust the Gross Asset Values of all Company assets to equal their respective gross fair market values, as determined by the Board of Managers in its reasonable discretion, immediately prior to the following times: (i) the

acquisition of additional Units in the Company by any new or existing Unit Holder in exchange for a contribution to the Company's capital, (ii) the issuance of Units for services, (iii) the distribution by the Company to a Unit Holder of more than a de minimis amount of Company property, (iv) the withdrawal of a Unit Holder, and (v) the liquidation of the Company;

(iii) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Section 734(b) or 743(b) of the Code, but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treas. Reg. §1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this item (iii) to the extent an adjustment is made at that time pursuant to item (ii) of this definition; and

(iv) The Gross Asset Value of any Company asset distributed in kind to any Unit Holder shall be adjusted to equal its gross fair market value, as determined by the Board of Managers in its reasonable discretion, on the date of distribution.

(y) "Highest Marginal Rate" means the highest marginal individual U.S. federal income tax rate imposed by Section 1 of the Code and, if any Unit Holder's income is subject to the alternative minimum tax, Section 55 of the Code, and by the equivalent provisions of state and local personal income tax law (taking into account the allocation and apportionment of the Company's income to each state to which the Company's income is ultimately allocated or apportioned).

(z) "Holder" means an owner of one or more issued and outstanding Units, who may or may not also be a Member. Such term may be used as follows in this Agreement: Unit Holder, Class A Common Unit Holder, Class B Common Unit Holder, holder of Units, holder of Class A Common Units or holder of Class B Common Units (or any variation of the foregoing). A Series C Member shall not be considered a Holder or a Unit Holder.

(aa) "Hotel" means a 180 room hotel franchised as a combination Residence Inn by Marriott/Courtyard by Marriott located in Armory Square, Syracuse, New York.

(bb) "Indemnitee" has the meaning given to it in Section 10.2(a).

(cc) "Independent Third Party" means any Person who, immediately prior to the contemplated transaction, does not directly or indirectly beneficially own in excess of five percent (5%) of any class of the Units, who is not an Affiliate of any such five percent (5%) owner, or who is not the spouse or descendant (by birth or adoption) of any such five percent (5%) owner.

(dd) "Institutional Lender" means any banking institution (including but not limited to saving and loan associations or savings banks), insurance company, pension or profit sharing plan or fund, educational institution, or real estate investment trust.

(ee) "Loan Covenants" means any covenant set forth in any loan made to the Company by an Institutional Lender.

(ff) "Lorenz" means Michael Lorenz.

(gg) "Mail" has the meaning given to it in Section 15.3.

(hh) "Majority Class Vote" means the affirmative vote of 51% of both the holders on the Class A Common Units and the Class B Common Units, voting as separate classes and not as a single class.

(ii) "Manager" has the meaning given to it in Section 7.1(c). A Manager may also at times be referred to as a Managing Member.

(jj) "Member" means a Unit Holder or a Series C Member that has been admitted to the Company as a Member in accordance with the provisions hereof.

(kk) "Net Income" and "Net Loss" mean, for each fiscal year or other period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(i) Any income of the Company that is exempt from federal income tax shall be added to such taxable income or loss;

(ii) Any expenditures of the Company described in Section 705(a)(2)(B) of the Code or treated as Section 705(a)(2)(B) of the Code expenditures pursuant to Treas. Reg. §1.704-1(b)(2)(iv)(i) shall be subtracted from such taxable income or loss;

(iii) Gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of the asset differs from its Gross Asset Value;

(iv) In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year, computed in accordance with the terms hereof;

(v) In the event the Gross Asset Value of any Company asset is adjusted pursuant to the terms of this Agreement, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Net Income and Net Loss; and

(vi) Notwithstanding any other provision herein, any items of income, gain, loss or deduction specially allocated pursuant to Sections 6.2 and 6.5 shall not be taken into account in computing Net Income or Net Loss.

(ll) "Nonrecourse Deductions" has the meaning set forth in Treasury Regulation Section 1.704-2(c) and shall be determined in accordance with such Treasury Regulation.

(mm) "Nonrecourse Liability" has the meaning set forth in Treasury Regulations Section 1.704-2(b)(3).

(nn) "Notice" has the meaning given to it in Section 11.8(a).

(oo) "Original Agreement" has the meaning given to it in Recital A.

(pp) "Partner Minimum Gain" has the meaning given "partner nonrecourse debt minimum gain" as set forth in Treasury Regulations §1.704-2(i)(2) and shall be determined pursuant to Treasury Regulations §1.704-2(i).

(qq) "Partner Nonrecourse Debt" has the meaning given such term in Treasury Regulations §1.704-2(b)(4).

(rr) "Partner Nonrecourse Deductions" has the meaning given such term in Treasury Regulations §1.704-2(i).

(ss) "Partnership Minimum Gain" means "partnership minimum gain" as defined in Treasury Regulations §1.704-2(b)(2) and determined pursuant to Treasury Regulation §1.704-2(d).

(tt) "Percentage Interest" means, with respect to any Common Unit Holder, a fraction, expressed as a percentage, the numerator of which is the total number of Class A Common Units and Class B Common Units held by such Common Unit Holder and the denominator of which is the total number of Class A Common Units and Class B Common Units outstanding as of the date of determination; provided, however, if the applicable provision of this Agreement does not refer to both Classes of Common Units in connection with a Percentage Interest determination, then Percentage Interest shall only be determined with respect to the Class or Classes of Units referred to in such provision.

(uu) "Person" means any individual, partnership, corporation, limited liability company, joint venture, trust, estate, association or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

(vv) "Prime Rate" with respect to any period shall mean the interest rate stated as being the "Prime Rate" applicable in the United States during such period as published in *The Wall Street Journal* or reported by any internet-based service (or such reasonably comparable interest rate as may be readily available if such published or reported rate designated as the "Prime Rate" is not readily available in *The Wall Street Journal* or on any such internet-based service), as such published or reported interest rate may change from time to time during such period.

(ww) "Regulatory Allocations" has the meaning given to it in Section 6.2(i).

(xx) "Requisite Percentage" means, with respect to a Class vote, the Member or Members owning a majority of the Units of such Class and with respect to the vote of the Common Unit Holders as a single Class, the vote of the Members or Members owning a majority of the Common Units.

(yy) "RHS" has the meaning given to it in Recital B.

(zz) "Sale of the Company" means the sale (in a single transaction or a series of related transactions) of the Company to any Independent Third Party or group of Independent Third Parties pursuant to which such Independent Third Party acquires or group of Independent Third Parties acquire (i) a majority of the Common Units, whether by merger, consolidation, sale, transfer, assignment, pledge, encumbrance, reorganization, recapitalization or other disposition (irrespective of whether any of the foregoing are effected, with or without consideration, voluntarily or involuntarily, by operation of law or otherwise, or whether inter vivos or upon death), or (ii) all or substantially all of the assets of the Company and its Subsidiaries, determined on a consolidated basis.

(aaa) "Schlosser" means David Schlosser.

(bbb) "Securities" means (i) all Units and Series C Interests and (ii) all Unit Equivalents, including securities of the Company or any successor issued or issuable with respect to the securities referred to in clauses (i) or (ii) above, including by way of a split, dividend, exchange or other recapitalization.

(ccc) "Securities Act" means the Securities Act of 1933 and the rules and regulations promulgated thereunder, in each case as amended from time to time, or any successor thereto.

(ddd) "Series C Anniversary" means the third (3rd) annual anniversary of the Series C Trigger Date.

(eee) "Series C Interest" means the limited liability company interest in the Company designated as a "Series C Interest" with such rights, powers and duties as set forth in this Agreement.

(fff) "Series C Member" is a Person who has acquired a Series C Interest in the Company.

(ggg) "Series C Payment" means a payment to Series C Members pursuant to Sections 5.1(a) or Section 5.1(b)(2)(A).

(hhh) "Series C Preference Amount" means a return of 11% per annum from the date the Series C Member acquires the Series C Interest on the Series C Unreturned Capital Value. The Series C Preference Amount shall accrue, but not be paid, from the date the Series C Member acquired the Series C Interest until the Series C Trigger Date, at which time such accrued amount shall be added to the Series C Unreturned Capital Value. After the Series C Trigger Date, the Series C Preference Amount shall be paid in calendar quarterly payments in accordance with Section 5.1(a). Any Series C Preference Amount that is required to be paid quarterly but has not been paid shall be added quarterly to the Series C Unreturned Capital Value.

(iii) "Series C Trigger Date" means the earlier to occur of either (i) the grand opening of the Hotel or (ii) the fifteenth (15th) month anniversary of the date the Series C Member acquired the Series C Interest.

(jjj) "Series C Unreturned Capital Value" means the aggregate amount paid by the Series C Member to acquire the Series C Interest, plus the amount of the Series C Preference Amount which has accrued from the date the Series C Member acquired the Series C Interest until the Series C Trigger Date plus any unpaid Series C Preference Amount (whether unpaid quarterly due to the Loan Covenants or otherwise) minus any nonrecoverable distributions by the Company to the Series C Member with respect to the Series C Interest, whether Series C Preference Amount or return of the amount paid by the Series C Member to acquire the Series C Interest. The Series C Unreturned Capital Value shall never be less than zero.

(kkk) "Shortfall Distributions" has the meaning given to it in Section 5.3(a).

(lll) "Subsidiary" means any Person of which the Company owns securities having a majority of the voting power in electing the board of directors (or similar governing body) directly or through one or more subsidiaries or, in the case of any limited liability company, partnership, limited liability partnership or other similar entity, securities conveying, directly or indirectly, a majority of the economic interests in such entity.

(mmm) "Super-Majority Class Vote" means the affirmative vote of 61% of both the holders on the Class A Common Units and the Class B Common Units, voting as separate classes and not as a single class.

(nnn) "Sussman" means Andrew Sussman.

(ooo) "Sykes" has the meaning given to it in Section 7.1(c).

(ppp) "Tax Amount" has the meaning given to it in Section 5.3(b).

(qqq) "Tax Distributions" has the meaning given to it in Section 5.3(a).

(rrr) "Tax Matters Partner" has the meaning given to it in Section 11.7.

(sss) "Transfer" means any transfer, sale, assignment, pledge, lien, encumbrance or other disposition of any kind (including any of the foregoing that are effected or incurred by gift, for consideration, voluntarily, involuntarily, for collateral purposes, upon foreclosure, in a judicial sale, incident to divorce, during lifetime, upon death, by operation of law or otherwise). "Transfer" includes making a spouse the sole holder of record of securities, where (before doing so) that spouse is not the holder of record of the securities but has an undivided community property interest in such securities. A "Transfer" of a security also includes any swap or other transaction (including a short sale covered by that security) that transfers all or part of the economic consequence of ownership (or any other incident of ownership) of that security. "Transfer" does not, however, include a sale or exchange of any security occurring in and solely by virtue of a merger or consolidation to which the Company is a constituent party.

(ttt) "Treasury Regulations" means final or temporary income tax regulations promulgated under the Code and effective as of the date hereof. Such term shall, in the Board of Manager's sole discretion, be deemed to include any future amendments to such regulations and any corresponding provisions of succeeding regulations (whether or not such amendments and corresponding provisions are mandatory or discretionary).

(uuu) "Unit" means (i) the limited liability company interests in the Company that are represented by Class A Common Units and Class B Common Units, and (ii) any securities issued or issuable with respect thereto (including securities issued or issuable pursuant to a dividend, split, reclassification or like action, or pursuant to a merger or exchange, and including stock of any corporate successor of the Company).

(vvv) "Unit Equivalents" means any (a) warrants, options or other rights to subscribe for, purchase or otherwise acquire any Units or (b) any securities convertible into or exchangeable for Units.

(www) "Unit Holder Loans" has the meaning given to it in Section 4.2.

ARTICLE II
ORGANIZATIONAL MATTERS

2.1 Legal Status. The Company is a limited liability company organized and existing under the New York Limited Liability Company Law, as amended from time to time (the "Act"). The Company shall be governed by the Act.

2.2 Name. The name of the Company is The Inns at Armory Square, LLC. The Board of Managers may change the name of the Company at any time and from time to time.

2.3 Purpose. The purpose of the Company is to (i) develop, construct, own, lease, operate and sell the Hotel and (ii) do all other things in connection with any of the foregoing or as otherwise contemplated by this Agreement. The Company shall have the power to engage in any transaction necessary or appropriate to accomplish its purposes.

2.4 Term. The term of the Company commenced on the date specified in the Articles and shall continue until the Company is dissolved pursuant to ARTICLE XIII hereof.

ARTICLE III
MEMBERS AND UNITS

3.1 Ownership of Units and Series C Interests. The Persons whose names are set forth on the signature page to this Agreement have been admitted as Members, and own the Units and Series C Interests, as of the date of this Agreement, as set forth on **Exhibit "B"** hereto. The Board of Managers may update **Exhibit "B"** hereto (without the consent of any Members) from time to time to reflect any permitted change in ownership of Units or Series C Interests, including any permitted change as a result of any Transfer or issuance of Units or Series C Interests.

3.2 Limited Liability Company Interests. The limited liability company interests in the Company shall be represented by Class A Common Units, Class B Common Units and Series C Interests. The rights, powers, and duties of Unit Holders and Series C Members shall be as provided herein, including the Exhibits hereto.

3.3 Additional Units. The Company may from time to time issue Series C Interests to such Persons as the Board of Managers shall determine, for such consideration as shall be determined by the Board of Managers; provided, however, that any priority return to the Series C Members may not exceed the Series C Preference Amount and any new Series C Members shall not be paid on terms that are more favorable to any other Series C Members. The Board of Managers may admit to the Company as Members those Persons to whom such Series C Interests are issued. In addition, and subject to the preemptive rights set forth in Section 9.3 hereof, the Company may from time to time issue additional Common Units to such Persons as the Board of Managers shall determine, for such consideration as shall be determined by the Board of Managers.

3.4 Voting Rights. The Series C Members shall not have any voting rights other than those non-waivable voting rights, if any, that are expressly provided to holders of such Series C Interests under the Act. Members holding Class A Common Units and Class B Common Units shall collectively exercise all voting rights set forth in this Agreement and provided under the Act and any other applicable law, and shall have one vote per Unit (or fraction of a vote for each fraction of a Unit) and shall vote together as a single class, except where the provisions of this Agreement or the Act or any other applicable law require or entitle Members to vote separately as a class.

ARTICLE IV
CAPITAL CONTRIBUTIONS

4.1 Capital Contributions.

(a) RHS has previously made a Capital Contribution to the Company and shall not be required to make any additional Capital Contribution as a Class A Common Unit Holder in connection with the admission of the additional Unit Holders. In connection with the admission of the other Members, and pursuant to Treas. Reg. § 1.707-1(b)(2)(iv)(f), the Gross Asset Value of the assets of the Company shall be adjusted to fair market value. The agreed upon Capital Account of RHS, as a Class A Common Unit Holder, reflecting the Gross Asset Value minus the liabilities of the Company is reflected on **Exhibit "A"** hereto.

(b) Schlosser, Lorenz and Sussman in connection with their prior admission as Unit Holders, were not required to make a Capital Contribution to the Company and had an initial Capital Account balance of zero. The Common Units issued to Schlosser Lorenz and Sussman constituted "Profits Interests" for U.S. Federal Income tax purposes. In connection with the admission of the other Members, and pursuant to Treas. Reg. § 1.707-1(b)(2)(iv)(f), the Gross Asset Value of the assets of the Company shall be adjusted to fair market value. The agreed upon Capital Account of Lorenz and Sussman, reflecting the Gross Asset Value minus the liabilities of the Company is reflected on **Exhibit "A"** hereto.

(c) On the date hereof, each holder of Class B Common Units shall make the Capital Contribution set forth opposite such holder's name on **Exhibit "B"** hereto. In return for such Capital Contribution, each holder of the Class B Common Units shall receive the number of Class B Common Units set forth opposite such holder's name on **Exhibit "B"** hereto.

(d) Except as set forth in this Section 4.1, no Member or Unit Holder shall be required to make any contributions to the capital of the Company. Without limitation of the preceding sentence, no Unit Holder shall be required to pay to the Company or any other Unit Holder any deficit or negative balance which may exist from time to time in such Unit Holder's Capital Account, including, without limitation, any deficit that may exist after the dissolution and complete liquidation of the Company. Nothing herein shall in any way be construed to limit any obligation that any Member may have to acquire the interest of any other Member contained in any other agreement to which the Members or any of them are parties.

4.2 Loans. Any Unit Holder may make loans to the Company ("Unit Holder Loans") at such times and on such terms as are agreed upon by the Board of Managers. Member Loans shall not be considered contributions of capital to the Company. The repayment of Member Loans shall be subordinate to the payment of the Series C Preference Amount.

4.3 Return of Contributions; Interest. A Unit Holder shall not have a separate right to receive a return of such Unit Holder's Capital Contributions (including such Unit Holder's initial Capital Contribution) or to receive interest thereon, but shall have such distribution rights as are provided herein.

4.4 Capital Accounts. A capital account ("Capital Account") shall be established and maintained for each Unit Holder in accordance with the following provisions:

(a) To each Unit Holder's Capital Account shall be credited (i) the amount of cash and the Gross Asset Value of any other property contributed to the capital of the Company, (ii) allocations

to such Unit Holder of Net Income pursuant to Section 6.1, (iii) any items in the nature of income or gain that are specially allocated to such Unit Holder pursuant to ARTICLE VI to the extent not already allocated pursuant to Section 6.1, and (iv) the amount of any Company liabilities assumed by such Unit Holder or that are secured by any Company property distributed to such Unit Holder to the extent the value of such property is equal to or greater than such liability at the time of such distribution.

(b) To each Unit Holder's Capital Account there shall be debited (i) the amount of cash and the Gross Asset Value of any property (other than cash) distributed to such Unit Holder by the Company, (ii) allocations to such Unit Holder of Net Loss pursuant to Section 6.1, (iii) any items of deductions or losses that are specially allocated to such Unit Holder pursuant to ARTICLE VI to the extent not already allocated pursuant to Section 6.1, and (iv) the amount of any liabilities of such Unit Holder assumed by the Company or that are secured by property contributed to the Company by such Unit Holder.

(c) If Gross Asset Values of Company property are adjusted upon the occurrence of certain events in accordance with this Agreement, the Tax Matters Partner shall adjust the Capital Accounts of each Unit Holder immediately prior to the occurrence of the event that triggers the Gross Asset Value adjustment to reflect such revaluation on the Company's books. The Capital Accounts shall be adjusted to reflect the manner in which the unrealized income, gain, loss or deduction inherent in such property would be allocated among the Unit Holders pursuant to the terms of this Agreement if there were a taxable disposition of such property for such Gross Asset Value on that date. Furthermore, the Tax Matters Partner, in a manner consistent with Treasury Regulation §1.704-1(b)(2)(iv)(g), shall adjust the Capital Accounts as necessary to reflect any items of Net Income or Net Loss that are computed based on the Gross Asset Value of the Company property.

(d) In the event Units in the Company are transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Units. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulation §1.704-1(b) and shall be interpreted and applied in a manner consistent with such Treasury Regulations.

ARTICLE V
DISTRIBUTIONS

5.1 General Distributions and Series C Payments.

(a) Subject to any Loan Covenants, the Board of Managers shall make Distributions and/or Series C Payments to the Unit Holders and Series C Members, respectively, according to the following order of priority:

(i) Prior to the Series C Anniversary:

(A) First, once the Company has issued Series C Interests and the Series C Trigger Date has occurred, one hundred percent, quarterly, to the holders of Series C Interests, pro rata in proportion to their respective Series C Unreturned Capital Value until the unpaid Series C Preference Amount that has accumulated since the Trigger Date is paid; and

(B) Second, subject to Section 5.3, in the sole discretion of the Board of Managers, to the Holders of the Common Units pro rata in accordance with their respective Percentage Interests.

(ii) On and after the Series C Anniversary:

(A) First, one hundred percent, quarterly, to the holders of Series C Interests, pro rata in proportion to their respective Series C Unreturned Capital Value until the unpaid Series C Preference Amount that has accumulated since the Trigger Date is paid;

(B) Second, subject to Section 5.3, commencing on the Series C Anniversary and continuing until such time, if ever, that the Series C Unreturned Capital Value has been reduced to zero, one hundred percent to the holders of Series C Interests pro rata in proportion to their respective Series C Unreturned Capital Value; and

(C) Third, subject to Section 5.3, in the sole discretion of the Board of Managers, to the Holders of the Common Units pro rata in accordance with their respective Percentage Interests.

(b) All net proceeds (*i.e.*, gross proceeds minus debts, expenses, reserves and closing costs) received in connection with the Sale of the Company will be prioritized and distributed between the Common Unit Holders and the Series C Members pursuant to Section 5.1(a)(ii) (without regard to the reference to Section 5.3), whether the Sale of the Company takes the form of an asset sale, sale of the Units or otherwise.

(c) Notwithstanding that the provisions of Article V are subject to the Loan Covenants, the Loan Covenants cannot alter or have any effect on the priority of payments between the Series C Members and the Common Unit Holders under Section 5.1.

5.2 Timing of Distributions.

(a) Subject to this Section 5.2 and Section (c) hereof, the Board of Managers shall determine whether, when and to what extent the Distributions shall be made, taking in consideration all Loan Covenants. Distributions made within 90 days following the close of the Company's fiscal year may be designated by the Board of Managers as being in respect of such fiscal year. For the avoidance of doubt, the payment of the Series C Preference Amount and the payment to the Series C Members of net proceeds received in connection with the Sale of the Company are non-discretionary (albeit subject to the Loan Covenants).

(b) A Distribution or Series C Payment pursuant to this ARTICLE V shall be made to the Persons shown on the Company's books and records as Unit Holders or Series C Members as of the date of such Distribution or Series C Payment.

(c) Notwithstanding the Board of Managers discretion in Section 5.1(a) above, subject to compliance with Loan Covenants, the Company shall pay the Series C Preference Amount to the Series C Members pursuant to Section 5.1(a) out of available cash on a calendar quarterly basis. Any Series C Preference Amount that is required to be paid quarterly by this Section but, for any reason, has not been paid by the Company (or any Member or the Manager) shall be added quarterly to the Series C Unreturned Capital Value. Any quarterly payment that is capitalized pursuant to the

previous sentence may be paid at a later date out of distributable cash when available and the Series C Unreturned Capital Value shall be reduced by such payment.

5.3 Tax Distributions.

(a) Except as provided in this Section 5.3, notwithstanding Section 5.1 and Section 5.2(a), at least ten business days before each date prescribed by the Code for calendar-year corporations to pay quarterly installments of estimated tax, the Company shall distribute to each Common Unit Holder an amount of cash equal to the product of (x) such Common Unit Holder's Percentage Interest and (y) the excess of (I) the Estimated Tax Amount attributable to the Common Unit Holders for the quarter of the fiscal year of the Company with respect to which such Distribution is being made and all previous quarters of such fiscal year over (II) the amount of Distributions (if any) made pursuant to this Section 5.2(c)(a) for such portion of the fiscal year of the Company ("Tax Distributions"). If (x) the aggregate amount of such Tax Distributions with respect to any fiscal year of the Company is less than (y) the Company's Tax Amount attributable to the Common Unit Holders for such fiscal year, the Company shall distribute an amount of cash equal to the balance of such Tax Amount ("Shortfall Distributions") to the Common Unit Holders in proportion to each such Common Unit Holder's share of deficit of (x) compared to (y). The Company shall make such Shortfall Distributions on or before the date prescribed by the Code (without extensions) for calendar-year corporations to file federal income tax returns. If the aggregate amount of such Tax Distributions with respect to any fiscal year of the Company exceeds the Company's Tax Amount for such fiscal year, the share of such excess attributable to each Common Unit Holder shall be deducted from the next following Tax Distribution made to such Common Unit Holder pursuant to this Section 5.2(c)(a) (and any other following Tax Distributions until such excess has been fully deducted from such Tax Distributions). For the avoidance of doubt, Tax Distributions shall be subordinate to the payment of the Series C Preference Amount.

(b) The Company's "Tax Amount" for a fiscal year of the Company shall be the federal, state, local and foreign income taxes which would be payable for the Company if the Company were taxed for such fiscal year at the Highest Marginal Rate (determined without regard to tax rate or tax benefit "make-up" provisions, such as in Section 11(b)(1) and Section 151(d)(3) of the Code) applicable to any Common Unit Holder on the Company's taxable income for the Company's fiscal year. The amounts of tax withheld by the Company in respect of income taxes imposed on Common Unit Holders (or owners directly or indirectly of such Unit Holders) shall be credited against Distributions to such Common Unit Holders.

(c) The Company's Tax Amount shall be reasonably determined initially by the Board of Managers but shall be subject to subsequent adjustment pursuant to audit, litigation, settlement with a taxing authority or the filing of an amended return filed by the Company.

(d) The Company's "Estimated Tax Amount" for the Company's fiscal year (or fiscal period) shall be the Company's Tax Amount for such fiscal year (or fiscal period) as reasonably estimated from time to time by the Board of Managers. In making such estimate, the Board of Managers shall take into account amounts shown on IRS Form 1065 to be filed by the Company and similar state or local forms filed by the Company for the preceding fiscal year and other adjustments as in the reasonable judgment of the Board of Managers are necessary or appropriate to reflect the estimated operations of the Company for the fiscal year (or fiscal period).

(e) For purposes of this Section 5.2(c), the Company's Tax Amount and Estimated Tax Amount that is deemed to be attributable to the Common Unit Holders shall be reasonably determined, in good faith, by the Board of Managers.

(f) Any Tax Distributions made pursuant to this Section 5.2(c) shall be recouped by the Company as offsets against subsequent Distributions under this Agreement (other than Tax Distributions under this Section 5.2(c)).

(g) For purposes of the foregoing: (i) penalties will be excluded, (ii) the benefits of (A) the deductibility of state income taxes and allowable credits in effect for each of the respective tax periods will be taken into account and (B) hypothetical net operating loss carry-forwards attributable to the Company will be taken into account (in case of both (A) and (B), calculated on a basis consistent with the assumption that no Common Unit Holder will be deemed to have any income, gain, loss, deduction or credit from any source other than such Unit Holder's interest in the Company); (iii) the benefits of net operating losses arising during any period shall be determined without regard to any elections relating to carry backs and carry forwards, (iv) the benefits of all other carry forwards and carry backs shall be determined in a manner consistent with (ii)(B) and (iii) above; and (v) computations shall be made on an annual basis, but interim calculations may be made on a good faith basis to permit Common Unit Holders to make estimated tax payments from time to time.

5.4 Distributions in Kind. Subject to applicable law, distributions of property other than cash (including Units) may be made in accordance with this ARTICLE V in the discretion of the Board of Managers. Distributions of property shall be valued at the Gross Asset Value of the property, net of any liability assumed by the distributee Unit Holder(s) in connection with such distribution and any indebtedness to which such property is subject as determined by the Board of Managers in good faith using reasonable discretion. No distribution in kind shall be made to a Series C Member without the advance written consent of such Series C Member.

5.5 Set-off. To the extent permitted by applicable law, the Company may set-off against and reduce any Distributions payable under this ARTICLE V by any bona fide amounts actually owing from a Unit Holder to the Company.

ARTICLE VI
ALLOCATIONS AND OTHER MATTERS

6.1 Allocations of Net Income and Net Loss. After giving effect to the special allocations set forth in Sections 6.2 and 6.3 hereof, Net Income and Net Loss for any fiscal year shall be allocated in the following order and priority:

(a) Net Income for any fiscal year shall be allocated to the Members in the following order and priority:

(i) First, to the Unit Holders in the same percentages as any prior Net Losses have been allocated to the Unit Holders until the aggregate Net Income so allocated to the Unit Holders is equal the aggregate prior Net Losses from operations so allocated to the Unit Holders;

(ii) Second, to the Common Unit Holders pro rata in accordance with their Percentage Interests.

(b) Net Losses for any fiscal year shall be allocated to the Members in the following order and priority:

(i) First, pro rata among the Common Unit Holders (based on Capital Account balances) as necessary to cause the Capital Account balances of each Common

Unit Holder to equal zero; and

(ii) Second, to the Common Unit Holders pro rata in accordance with their Percentage Interests.

6.2 Special Allocations. The following special allocations shall be made in the following order and priority:

(a) If there is a net decrease in Partnership Minimum Gain during any Company taxable year, then, except as provided in Treasury Regulations §1.704-2(f)(2)-(5), each Unit Holder shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in proportion to, and to the extent of, an amount equal to such Unit Holder's share of the net decrease in Partnership Minimum Gain determined in accordance with Treasury Regulations §1.704-2(g)(2). The items to be allocated shall be determined in accordance with Treasury Regulations §1.704-2(f)(6) and 1.704-2(j)(2). This Section 6.2(a) is intended to comply with such Sections of the Treasury Regulations and shall be interpreted consistently therewith.

(b) If there is a net decrease in Partner Minimum Gain attributable to Partner Nonrecourse Debt during any Company taxable year, determined in accordance with Treasury Regulations §1.704-2(i)(3), then, except as provided in Treasury Regulations §1.704-2(i)(4), each Unit Holder who has a share of the Partner Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Treasury Regulations §1.704-2(i)(5), shall be allocated constituent items of income and gain for such Company taxable year (and, if necessary, subsequent Company taxable years) equal to such Unit Holder's share of the net decrease in Partner Minimum Gain. The items to be allocated shall be determined in accordance with Treasury Regulations §1.704-2(i)(4) and (j)(2). This Section 6.2(b) is intended to comply with Treasury Regulations §1.704-2(i) and shall be applied and interpreted in accordance with such regulation.

(c) Nonrecourse Deductions shall be allocated among the Common Unit Holders pro rata in accordance with their Percentage Interests.

(d) Any Partner Nonrecourse Deductions shall be allocated in accordance with Treasury Regulations §1.704-2(i) to the Common Unit Holder who bears the economic risk of loss for the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions relate.

(e) In the event any Unit Holder unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations §1.704-1(b)(2)(ii)(d)(4), (5) or (6) resulting in an Adjusted Capital Account Deficit for such Unit Holder, constituent items of income and gain shall be specially allocated to such Unit Holder in any amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, such Adjusted Capital Account Deficit as quickly as possible. The items to be allocated will be determined in accordance with Treasury Regulations §1.704-1(b)(2)(ii)(d)(6). This Section 6.2(e) is intended to comply with Treasury Regulations §1.704-1(b)(2)(ii)(d) and will be applied and interpreted in accordance with such regulation; provided, that an allocation pursuant to this Section 6.2(e) shall be made only if and to the extent that such Unit Holder would have an Adjusted Capital Account Deficit after all other allocations provided for in this ARTICLE VI have been tentatively made as if this Section 6.2(e) were not in the Agreement.

(f) In the event any Unit Holder has an Adjusted Capital Account Deficit at the end of any Company taxable year, each such Unit Holder shall be specially allocated items of Company income and gain (consisting of a pro rata portion of each item of Company income and gain) as

quickly as possible to eliminate such Adjusted Capital Account Deficit, provided, that an allocation pursuant to this Section 6.2(f) will be made if and only to the extent that such Unit Holder would have an Adjusted Capital Account Deficit in excess of such sum after all other allocations provided for in this ARTICLE VI have been tentatively made as if Section 6.2(e) and this Section 6.2(f) were not in the Agreement.

(g) No items of loss or deduction will be allocated to any Unit Holder to the extent that any such allocation would cause the Unit Holder to have an Adjusted Capital Account Deficit at the end of any Company taxable year. All items of loss or deduction in excess of the limitation set forth in this Section 6.2(g) shall be allocated among such other Unit Holders, which do not have such Adjusted Capital Account Deficits, pro rata, in proportion to their Capital Contributions, until no Unit Holder may be allocated any such items of loss or deduction without having or increasing such Adjusted Capital Account Deficits. Thereafter, any remaining items of loss or deduction shall be allocated to the Unit Holders, pro rata, in proportion to their relative Capital Contributions.

(h) To the extent an adjustment to the adjusted tax basis of any property is required, pursuant to Treasury Regulations §1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated among the Unit Holders in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Treasury Regulations.

(i) The allocations set forth in Sections 6.2(a), (b), (c), (d), (e), (f), and (g) hereof (the "Regulatory Allocations") are intended to comply with certain requirements of Treasury Regulations §1.704-1(b) and 1.704-2. Notwithstanding any other provisions of this ARTICLE VI (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating other constituent items of income, gain, loss and deduction among the Unit Holders so that, to the extent possible, the net amount of such allocations of such other items and the Regulatory Allocations to each Unit Holder shall be equal to the net amount that would have been allocated to each such Unit Holder in each Company taxable year if the Regulatory Allocations had not occurred. Notwithstanding the preceding sentence, Regulatory Allocations relating to (i) Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Partnership Minimum Gain, and (ii) Partner Nonrecourse Deductions shall not be taken into account except to the extent that there has been a decrease in Partner Minimum Gain. Allocations pursuant to this Section 6.2(i) shall only be made with respect to Regulatory Allocations to the extent the Board determines that such allocations shall otherwise be inconsistent with the economic agreement among the Unit Holders. Further, allocations pursuant to this Section 6.2(i) shall be deferred with respect to allocations pursuant to (i) and (ii) above to the extent the Board determines that such allocations are likely to be offset by subsequent Regulatory Allocations.

(j) The Members acknowledge that to the extent that the Company makes the election described in Section 11.8, then allocations like those described in Proposed Regulation § 1.704-1(b)(4)(xii)(c) (so-called "Forfeiture Allocations") may result from the allocations of Net Income and Net Loss provided for in this Agreement. For the avoidance of doubt, the Board shall be entitled to make Forfeiture Allocations and, once required by applicable final or temporary guidance in Treasury Regulations or otherwise from the Internal Revenue Service, allocations will be made to the Unit Holders in accordance with Proposed Regulation § 1.704-1(b)(4)(xii)(c) or any successor provision or guidance; provided, however, that prior to making any such Forfeiture Allocations, the Board shall consult with the tax accountants preparing the Company's tax returns.

6.3 Other Allocation Rules.

(a) In the event Unit Holders are admitted to the Company pursuant to this Agreement on different dates, the Company constituent items of income, gain, loss, deduction and credit allocated to the Unit Holders for each Company taxable year during which Unit Holders are so admitted shall be allocated among the Unit Holders in proportion to their respective Percentage Interests during such Company taxable year using any convention permitted by Code Section 706 and selected by the Board of Managers.

(b) In the event a Unit Holder Transfers its Units during a Company taxable year, the allocation of Company constituent items of income, gain, loss, deduction and credit allocated to such Unit Holder and its transferee for such Company taxable year shall be made between such Unit Holder and its transferee in accordance with Code Section 706 using any convention permitted by Code Section 706 and selected by the Board of Managers.

(c) Nonrecourse Liabilities will be allocated among the Unit Holders based upon any methodology permitted under Treasury Regulations §1.752-3.

6.4 Tax Allocations.

(a) Consistent with Capital Accounts. The income, gains, losses, deductions and credits of the Company will be allocated, for federal, state and local income tax purposes, among the Unit Holders in accordance with the allocation of such income, gains, losses, deductions and credits among the Unit Holders for computing their Capital Accounts; except that if any such allocation is not permitted by the Code or other applicable law, the Company's subsequent income, gains, losses, deductions and credits will be allocated among the Unit Holders so as to reflect as nearly as possible the allocation set forth herein in computing their Capital Accounts.

(b) 704(c) Allocations. Items of Company taxable income, gain, loss and deduction with respect to any property contributed to the capital of the Company shall be allocated among the Unit Holders in accordance with Code Section 704(c) so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Gross Asset Value, using the "remedial allocation method," as define in Treasury Regulations Section 1.704-3(d).

(c) Variations in Gross Asset Value. If the Gross Asset Value of any Company asset is adjusted pursuant to the requirements of Treasury Regulation §1.704-1(b)(2)(iv)(e) or (f) subsequent allocations of items of taxable income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c), using such method as the Board may select.

(d) Tax Purposes Only. Allocations pursuant to this Section 6.4 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Unit Holder's Capital Account or share of Net Income, Net Loss, Distributions or other Company items pursuant to any provision of this Agreement.

6.5 Offsetting Allocations. If and to the extent that any Unit Holder is deemed to recognize any item of income, gain, deduction or loss as a result of any transaction between such Unit Holder and the Company pursuant to Sections 83, 482, or 7872 of the Code or any similar provision now or hereafter in effect, the Board shall use its reasonable best efforts to allocate any corresponding Net

Income or Net Loss of the Company to the Unit Holder who recognizes such item in order to reflect the Unit Holders' economic interest in the Company.

6.6 Indemnification and Reimbursement for Payments on Behalf of a Unit Holder. If the Company is required by law to make any payment to a governmental entity that is specifically attributable to a Unit Holder or a Unit Holder's status as such, (including, without limitation, federal withholding taxes, state personal property taxes, and state unincorporated business taxes), then such Unit Holder shall indemnify and contribute to the Company in full for the entire amount paid (including interest, penalties and related expenses). The Board may offset Distributions to which a Person is otherwise entitled under this Agreement against such Person's obligation to indemnify the Company under this Section 6.6. A Unit Holder's obligation to indemnify and make contributions to the Company under this Section 6.6 shall survive the termination, dissolution, liquidation and winding up of the Company, and for purposes of this Section 6.6, the Company shall be treated as continuing in existence. The Company may pursue and enforce all rights and remedies it may have against each Unit Holder under this Section 6.6, including instituting a lawsuit to collect such indemnification and contribution with interest calculated at a rate equal to the Prime Rate plus three percentage points per annum (but not in excess of the highest rate per annum permitted by law). To the extent that any Unit Holder pays interest under this Section 6.6, it shall not be treated as a Capital Contribution but shall be treated as interest income of the Company and shall be distributed to the Unit Holders (other than the Unit Holders who paid the interest) in accordance with Section 5.1.

ARTICLE VII
MANAGEMENT

7.1 Management of the Company.

(a) The business and affairs of the Company shall be managed by or under the direction of its Board of Managers. Except where the approval of the Members is expressly required by this Agreement or by non-waivable provisions of the Act, the Board of Managers shall have full and complete authority, power and discretion to direct, manage and control the business, affairs and properties of the Company. Except as otherwise expressly provided herein, the Members hereby waive to the maximum extent possible, the right to vote on any and all matters which would otherwise be required to be submitted to a vote of the Members pursuant to the provisions of the Act.

(b) The Board of Managers, each member thereof and each officer of the Company shall, in the performance of his, her or its duties as such, owe to the Members fiduciary duties, including duties of loyalty and care, of the type owed by the directors of a corporation to the stockholders of such corporation under the laws of the State of New York.

(c) As used herein, "Manager" means a member of the Board of Managers. The Managers shall be appointed from time to time by the holders of the Class A Common Units. As of the date of this Agreement, the only Manager who has been appointed by the Class A Common Unit Holders is Richard H. Sykes ("Sykes"). The term of a Manager shall continue until the earliest of (i) his or her successor is duly appointed in accordance with the terms hereof, (ii) he or she is removed by the Class A Common Units Holders, or (iii) his or her death or resignation. Only the Class A Common Unit Holders shall have the right to remove such Manager or to appoint a replacement for such Manager. Managers may be appointed or removed at any time by a notice sent by the Class A Common Unit Holders to the other Members and Secretary to the Board, or the person performing the Secretary's duties, which notice shall specify the effective date for any such action. In the event of the death, resignation, removal, replacement or designation of a Manager, **Exhibit "C"** shall be appropriately amended. A Manager may also be referred to as a "Managing Member".

(d) Notwithstanding any of the preceding, in the event that Sykes resigns, dies or is unwilling or unable to serve as a Manager, then in such event each and every Class B Common Unit Holder shall automatically become a member of the Board of Managers and hence a Manager. In such an event, all decisions of the Board of managers shall be made by the majority vote thereof with each Manager being able to cast one vote (or a fraction of one vote) for each Class B Membership Unit owned by such Manager.

7.2 Powers and Authorities of the Board of Managers. Management of the Company shall be vested in the Board of Managers. The Board of Managers shall manage the day-to-day business and affairs of the Company. Except as otherwise provided in this Agreement, all decisions, determinations, actions, approvals or consents relating to the management and control of the conduct of the business of the Company and its affairs shall be made by the Board of Managers, including decisions, determinations, actions, approvals and consents relating to any of the following: (i) the selection of representatives of the Company to serve on the management, supervisory or other governing boards or bodies of any company or other organization in which the Company owns an interest; (ii) the hiring and termination of employees of the Company; (iii) the determination of compensation for members of the Company's executive management; (iv) Distributions to Members; (v) the opening of bank accounts, the incurrence or refinancing of indebtedness of the Company for the Hotel, and the encumbering of Company property; (vi) approval of the annual budget for the Company; (vii) the selection of attorneys, accountants, appraisers and agents; and (viii) the entry into or performance of, on behalf of the Company, all other contracts, agreements and other undertakings and the taking of any other action as may be necessary or advisable in the judgment of the Board of Managers or incident to carrying out the business of the Company, including entering into the agreements with Unit Holders, Series C Members or Affiliates. To the extent permitted by applicable law and subject to the provisions of this Agreement, the Managers are hereby authorized to deal with any Unit Holder, Series C Member or Manager, acting on their own behalf, or any Affiliate of any Unit Holder, Series C Member or Manager; provided, however, that any such dealings shall be dealings that the Company would otherwise have with an unrelated third party and shall be made on terms and conditions which are no less favorable to the Company than if such dealings had been made with an independent third party.

7.3 Limited Liability Company Qualifications and Filings. The Board of Managers shall cause to be filed such certificates or documents as may be determined by the Board of Managers in its sole discretion to be necessary or appropriate for the continuation, qualification and operation of a limited liability company in the State of New York and any other jurisdiction in which the Company may elect to do business.

7.4 Resignation. Any Manager may resign at any time by giving written notice to the Company. The resignation of a member of the Board of Managers who is also a Member shall not affect such individual's rights as a Member and shall not constitute a withdrawal of a Member.

7.5 Vacancies. Any vacancy occurring for any reason in any Manager position shall be filled in accordance with Section 7.1.

7.6 Expenses of the Board of Managers. The Company shall pay the reasonable out-of-pocket expenses incurred by a Manager in connection with discharging any of his or her duties as a member of the Board of Managers upon submission to the Company of appropriate receipts or other evidence of payment.

7.7 Required Approvals; Required Actions.

(a) Unless otherwise provided in this Agreement and subject to applicable law, any decision, action, approval or consent required or permitted to be taken (a) by the Board of Managers, may be taken by the Board of Managers only as follows: (1) at a duly noticed meeting of the Board of Managers in which a quorum is present, by the affirmative vote of a majority of the Managers in attendance at such meeting, or (2) without such meeting, without prior notice and without a vote, by written consent, setting forth the action so taken, signed by the number of Managers having sufficient votes to approve the action taken *provided* that all other Managers shall be given prompt notice of the action so taken; or (b) by the Members, may be taken by the Members only as follows: (1) at a duly noticed meeting of the Members in which a quorum is present, by the affirmative vote of a Requisite Percentage of the Class or Classes entitled to vote at such meeting, or (2) without such meeting, without prior notice and without a vote, by written consent, setting forth the action so taken, signed by a Requisite Percentage of the Class or Classes entitled to vote; *provided* that all other Members shall be given prompt notice of the action so taken. For purposes of this Section 7.7, a Person shall be deemed to be present in person if such Person is present by means of telephone, video-conferencing or any comparable arrangement. No Manager or Member, in its capacity as such, shall have the authority to bind the Company except to the extent expressly authorized to do so by resolution of the Board of Managers.

(b) Notwithstanding anything contained herein to the contrary, unless approved by Majority Class Vote, the Board of Managers shall not have the authority to:

(i) merge or consolidate the Company with or into any other Person;

(ii) pay any compensation to any manager or officer of the Company; or

(iii) approve a Sale of the Company.

(c) Notwithstanding anything contained herein to the contrary, unless approved by Super-Majority Class Vote, the Board of Managers shall not have the authority to, except as otherwise provided herein, enter into any contract or agreement with any Manager or an Affiliate of any Manager except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than such Persons;

(d) Notwithstanding anything contained herein to the contrary, unless approved by unanimous vote or consent of the Common Unit Holders, the Board of Managers shall not have the authority to:

(i) except for the Hotel and associated property, own any asset or property;

(ii) engage in any business other than the ownership, management and operation of the Hotel and related property;

(iii) make any loan or advances to any Person on behalf of the Company;

(iv) On behalf of the Company, guarantee, become obligated for or hold itself out to be responsible for the debts or obligations of any other Person, or pledge Company assets for the benefit of any other Person;

(d) The Board of Managers shall promptly following the execution of this Agreement:

(i) enter into a franchise agreement with Marriott Hotels for a Residence Inn by Marriott and a Courtyard by Marriott;

(ii) enter into the Hotel Management Agreement with Armory Square Hotel Management, LLC in substantially the form set forth as **Exhibit D.1** hereto;

(iii) enter into the Architectural Services Agreement with Schopfer Architects, LLP in substantially the form attached as **Exhibit D.2** hereto; and

(iv) enter into the Construction Services Agreement with LeChase Construction Services, LLC in substantially the form attached as **Exhibit D.3** hereto.

7.8 Meetings.

(a) Member Meetings. A meeting of the Members must be called by the president, chairman or Managing Member on written request of the holders of 10% of the outstanding Common Units entitled to vote at such meeting. Written notice of meetings of the Members specifying the time and place of the meeting and the purpose or purposes for which it is called shall be given not less than 10 nor more than 60 days before the date set for the meeting. The secretary or assistant secretary shall serve notice of meetings of the Members on each Member in person, by confirmed electronic mail, by telephone, by overnight courier or by certified mail, return receipt requested. No business other than that specified in the notice shall be transacted at any such meeting. Meetings may be held at any time without notice if all of the Members are present, or if those not present waive notice in writing either before or after the meeting. A Requisite Percentage of the Class or Classes entitled to vote at such meeting shall constitute a quorum for the transaction of business. A Member may vote or be present at a meeting either in person or by proxy; provided, however, that a proxy may only be granted to another Member and not to a third party. A Member shall be permitted to attend any meeting by telephone, video-conferencing or any comparable arrangement.

7.9 Appointment of Officers. The Board of Managers may appoint one or more of the officers described below. The Board of Managers may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Managers.

(a) Chairman. The chairman shall preside at all meetings of the Members and the Board of Managers and shall have general charge of the business, affairs and property of the Company, and control over its officers, agents and employees. The chairman may execute contracts and instruments in the name of the Company, and may, with the secretary, assistant secretary, treasurer or assistant treasurer, sign certificates (if any) for Units. Subject to any binding agreement, the chairman shall have the authority to hire, retain, fire or discharge any agent or employee of the Company. The chairman shall have such other powers and perform such other duties as may be prescribed by the Board of Managers or as may be provided in this Agreement. Whenever the president is unable to serve, by reason of sickness, absence or otherwise, the chairman shall perform all the duties and responsibilities and exercise all the powers of the president.

(b) President. The president shall be responsible for the day-to-day operations of the Company, under the direction of the chairman. The president may execute contracts and instruments in the name of the Company and may, with the secretary, assistant secretary, treasurer or assistant treasurer, sign certificates (if any) for Units. The president shall have such other powers and perform such other duties as may be prescribed by the Board of Managers or as may be provided in this Agreement.

(c) Secretary and Assistant Secretaries. The secretary and any assistant secretary shall have authority to attest any signature on behalf of the Company. The secretary shall perform such other duties and have such other powers as the Board of Managers may from time to time prescribe. The assistant secretary, or if there be more than one, the assistant secretaries, in the order determined by the Board of Managers (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary or in the event of his or her inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the Board of Managers may from time to time prescribe.

7.10 Term of Office, Removal and Vacancies. Any officer elected or appointed by the Board of Managers may be removed at any time by the Board of Managers. Any vacancy occurring in any office of the Company may be filled by the Board of Managers.

7.11 Board of Managers of Subsidiaries. Until otherwise approved by the Board of Managers, the Company shall cause each of its Subsidiaries, if any, to be managed and controlled (whether through a board of managers, a board of directors or otherwise) by the same members and committees, and having the same voting rights, as the Company's Board of Managers.

ARTICLE VIII
RESTRICTIONS ON TRANSFERS

8.1 Restrictions. No holder of Securities may Transfer Securities except (a) in an Exempt Transfer or (b) with the prior written consent of the Board of Managers which consent may be withheld for any or no reason, provided however, that if the transferee is a member of the Board of Managers, such Transfer must be approved by Majority Class Vote.

8.2 Other Restrictions on Transfer.

(a) Any Person to whom Securities are to be Transferred (except pursuant to an Exempt Transfer) shall execute and deliver, as a condition to such Transfer, all documents deemed reasonably necessary by the Company, in consultation with its counsel, to evidence such party's joinder in and to this Agreement, including a Subscription and Joinder in substantially the form of **Exhibit "E"** attached hereto. Each such transferor of Securities shall, prior to the Transfer, cause the transferee thereof to so execute and deliver such documents and any spousal consent required by Section 8.2(b).

(b) No Securities may be Transferred to any Person if the proposed transferee is a married individual, unless, prior to that Transfer, the transferee furnishes a spousal consent (in form and substance satisfactory to the Company) whereby the spouse of that transferee agrees that his or her community property interest, if any, in the Securities held from time to time by the transferee is subject to this Agreement.

(c) No Transfer of Securities shall be permitted, and no transferee of Securities shall be admitted to the Company as a Member, if, in the opinion of the Board of Managers, such Transfer or admission alone or in conjunction with one or more other Transfers or admissions would (i) result in a violation of applicable securities laws, (ii) result in the Company being taxable as a corporation, (iii) cause a termination of the Company under Section 708(b)(1)(B) or any other section of the Code, (iv) result in the Company becoming a "publicly traded partnership" within the meaning of Sections 469(k)(2) and 7704(b) of the Code, (v) be an event which would constitute a violation or breach (or, with the giving of notice or passage of time, would constitute a violation or breach) of any law, regulation, ordinance, agreement or instrument by which the Company, or any of its properties or assets, is bound or (vi) require the Company to register under the Investment Company Act of 1940,

as amended; provided, however, that the Board of Managers (exclusive of any Manager appointed by the Class to which the Transferring Unit Holder is assigned) may waive the application of this Section 8.2(c) with respect to any Transfer.

(d) Except as otherwise provided herein, Securities that are Transferred shall thereafter continue to be subject to all restrictions (including restrictions on Transfer imposed by this ARTICLE VIII) and obligations imposed by this Agreement with respect to Units and Transfers thereof.

(e) The restrictions on Transfer imposed in this Agreement are in addition to, and not in limitation of, any other restrictions on Transfer that may be imposed on any securities by any other contract.

8.3 Limitation on Admissions. Upon a Transfer of Units permitted pursuant to this ARTICLE VIII, no transferee of such Units shall be admitted into the Company as an additional or substituted Member or have any rights to participate in the management of the business and affairs of the Company as a Member without the prior express written consent of the Board of Managers (exclusive of any Manager appointed by the Class to which the Transferring Unit Holder is assigned), which consent may be granted or withheld in the sole discretion of the Board of Managers (exclusive of any Manager appointed by the Class to which the Transferring Unit Holder is assigned) for any reason or for no reason. A transferee of a Unit not admitted into the Company as an additional or substituted Member shall have the Economic Rights only of a Unit Holder.

ARTICLE IX
CO-SALE RIGHTS, SALE OF THE COMPANY, LIMITED PREEMPTIVE RIGHTS, PURCHASE ON DISASSOCIATION

9.1 Co-Sale Rights and Obligations.

(a) If the Members approve, in accordance with Section 7.7(b), a Sale of the Company, then (subject to the remainder of this Section 9.1) each Unit Holder must sell in that transaction all (or such portion as Board of Managers request) of that Unit Holder's Securities, on terms and conditions approved by the Board of Managers.

(b) If the Common Unit Holders proposes to Transfer 30% or more of the Common Units to any Person or Persons (other than a transfer to an Affiliate of the Common Unit Holders), then (subject to the remainder of this Section 9.1) the remaining Common Unit Holders may elect (by giving notice to the Company and the Common Unit Holders within 10 days after notice of the transaction is given to such Member) to sell in that transaction the same percentage of the Common Units as the percentage of Units that the Common Unit Holders are selling in that transaction, on same terms and conditions as the Common Unit Holders are proposing to sell their Units. If the purchaser of any Units to be sold in the transaction refuses to purchase all of the Units that each Unit Holder (other than the Common Unit Holders) has properly elected to include in the transaction pursuant to this Section 9.1(b), the Common Unit Holders may only sell to such purchaser a portion of the Common Unit Holders Units equal to the portion of Units such purchaser is willing to acquire from such Unit Holders or, in the alternative, the Common Unit Holders must purchase from such Unit Holder such Units at the same price and on substantially similar terms and conditions as the Common Unit Holders is selling Units in the transaction.

(c) Each Unit Holder who is required to participate in a Sale of the Company or elects to participate in a transaction under Section 9.1(b) must: (i) if requested by the Common Unit Holders, give the same representations, warranties, covenants and indemnities, on a several, and not joint and

several, basis as the Common Unit Holders is giving in the transaction; and (ii) pay the Unit Holder's pro-rata share (based on the proceeds received in connection with the transaction) of any costs of the transaction that are not otherwise paid by the Company or the acquiring Person. Costs incurred by a Unit Holder on the Unit Holder's own behalf are not treated as costs of the transaction in such Unit Holder's capacity as such (and not in such Unit Holder's capacity as a Manager, if applicable). Each Unit Holder who is required to participate in a Sale of the Company or elects to participate in a transaction under Section 9.1(b) must: (A) cooperate fully with the transaction and take all steps reasonably requested by the Board of Managers and the Common Unit Holders to effect the transaction, (B) if given the opportunity, consent to and vote in favor of the transaction, and (C) not exercise any dissenter's, appraisal or like rights with respect to the transaction. No Unit Holder may disclose to any Person (except to the Unit Holder's legal counsel or financial adviser or to another Unit Holder, in each case on a confidential basis, or except with the Company's prior written consent) any information related to a potential Sale of the Company or a transaction under Section 9.1(b).

(d) The obligations of the Unit Holders with respect to a Sale of the Company in which they are participating are subject to the satisfaction of the condition that upon the consummation of the transaction, all of such participating Unit Holders shall receive substantially the same form and amount of consideration per class or series, or if any such participating Unit Holders are given an option as to the form and amount of consideration to be received, all such participating Unit Holders shall be given the same option.

9.2 Sale of the Company; Allocation of Net Proceeds from Sale. The allocation of net proceeds available in the case of a Sale of the Company is governed by Section 5.1(a)(ii) of this Agreement (without regard to the reference to Section 5.3).

9.3 Preemptive Rights.

(a) If after the date hereof the Board of Managers authorizes the issuance of any Units, Series C Interests or Unit Equivalents, the Company shall notify each other Common Unit Holder regarding such issuance, which notice shall describe in reasonable detail the purchase price, the payment terms, the period in which the preemptive right under this Section 9.3 can be exercised (which period shall not be less than 15 business days), and the number of such Units, Series C Interests or Unit Equivalents which such Common Unit Holder is entitled to purchase. Each Common Unit Holder shall have the preemptive right (exercisable by giving notice to the Company within 15 business days after the Company gives such notice to the Common Unit Holder) to purchase up to such Common Unit Holder's pro rata share of such Units, Series C Interests or Unit Equivalents that are proposed to be issued, at the same price and otherwise on the same terms as the Units, Series C Interests or Unit Equivalents are being so issued. If any such Common Unit Holder exercises the preemptive right pursuant to this Section 9.3, such Common Unit Holder shall execute all documentation, and take all actions, as may be reasonably requested by the Company in connection therewith.

ARTICLE X
EXCULPATION AND INDEMNIFICATION

10.1 Exculpation; Reliance. No Member, Manager or officer of the Company shall be liable to the Company or to any Member or Unit Holder for any action (or omission to act) taken with respect to the Company so long as such Member, Manager or officer (a) acted in good faith and in a manner he or she reasonably believed to be in the best interests of the Company and its Members, (b) was neither grossly negligent nor engaged in willful malfeasance, (c) did not breach this Agreement in any material respect, and (d) did not violate any material law. A Member or Manager shall be fully protected in

relying in good faith upon the records of the Company and upon such information, reports or statements presented to the Company by any of its other Managers, Members, officers, employees or committees of the Company, or by any other Person as to matters the Member or Manager reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by the Company, including information, opinions, reports or statements as to the value or amount of the assets, liabilities, profits or losses of the Company or any other facts pertinent to the existence or amount of assets from which distributions to Unit Holders might properly be paid. The parties agree that the provisions of Section 10.1 shall not apply to obligations of Sykes or any Member under an agreement to acquire a Series C Interest from a Series C Member.

10.2 Indemnification.

(a) The Company shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such Person is or was a Member, Unit Holder, Manager, Affiliate of a Member, or officer of the Company, or is or was serving at the request of the Company as a manager, member of the board of managers, director, officer, trustee, employee or agent of another limited liability company, corporation, partnership, joint venture, trust or other entity or enterprise (each, an "Indemnitee"), against any loss, damage, liability or expense (including attorneys' fees, costs of investigation and amount paid in settlement) incurred by or imposed upon the Indemnitee in connection with any such action, suit or proceeding, unless the Indemnitee (i) did not act in good faith and in a manner that such Indemnitee reasonably believed to be in the best interest of the Company, (ii) was either grossly negligent or engaged in willful malfeasance, (iii) breached this Agreement in any material respect, or (iv) violated any material law. Notwithstanding the foregoing, no indemnification shall be payable hereunder to any Indemnitee in respect of any action in which such Indemnitee is a plaintiff, other than an action for indemnification under this Section 10.2. The Board of Managers may elect to cause the Company to indemnify any employee of the Company, and if so elected, such employee shall be entitled to the benefits as an Indemnitee hereunder, subject to the conditions of this Section 10.2.

(b) The Company shall pay the expenses incurred by an Indemnitee in defending any action, suit or proceeding, or in opposing any claim arising in connection with any potential or threatened action, suit or proceeding, in each case for which indemnification may be sought pursuant to this ARTICLE X, in advance of the final disposition thereof, upon receipt of a written undertaking by such Indemnitee to repay such payment if it shall be determined that such Indemnitee is not entitled to indemnification therefore as provided herein.

(c) The rights to indemnification and advancement of expenses conferred in this ARTICLE X shall not be exclusive of any other right which any Indemnitee may have or hereafter acquire under any law, statute, rule, regulation, charter document, by-law, contract or agreement and shall inure to the benefit of the executors, administrators, personal representatives, successors and permitted assigns of each such Indemnitee.

(d) Recourse by an Indemnitee for indemnity under this ARTICLE X shall be only against the Company as an entity and no Member or Unit Holder shall by reason of being a Member or Unit Holder be liable for the Company's obligations under this ARTICLE X.

(e) Rights and benefits conferred on an Indemnitee under this ARTICLE X shall be considered a contract right and shall not be retroactively abrogated or restricted without the written consent of the Indemnitee affected by the proposed abrogation or restriction. The parties agree that

the provisions of Section 10.2 shall not apply to obligations of Sykes or any Member under an agreement to acquire a Series C Interest from a Series C Member.

10.3 Insurance. The Company shall have power to purchase and maintain insurance on behalf of any Person who is or was a Manager, officer, employee or agent of the Company, or is or was serving at the request of the Company as a manager, member of the board of managers, director, officer, trustee, employee or agent of another corporation, partnership, joint venture, limited liability company, trust or other enterprise, against any liability asserted against such Person and incurred by such Person in any such capacity, or arising out of his or her status as such, whether or not the Company would have the power to indemnify such Person against such liability under the provisions of this Agreement.

ARTICLE XI
BOOKS; RECORDS; TAX MATTERS

11.1 Books and Records. Proper and complete books and records of the Company, in which shall be entered fully and accurately the transactions of the Company, shall be kept and maintained at all times at the principal offices of the Company or, subject to the provisions of the Act, at such other place as the Board of Managers may from time to time determine.

11.2 Bank Accounts. Funds of the Company shall be used only for Company purposes and shall be deposited in such accounts in banks or other financial institutions as may be established from time to time by the Board of Managers. Withdrawals shall be made by such Persons as are designated from time to time by the Board of Managers.

11.3 Financial Statements. The Company shall mail or email to each Member (a) quarterly financial statements of the Hotel as prepared by the Hotel Management Company within 45 days following the end of each calendar quarter and (b) promptly after receipt thereof, the financial statements of the Company for the fiscal year most recently ended.

11.4 Reports to Current and Former Unit Holders and Series C Members. The Company shall cause its independent public accountants to prepare, and the Company shall use reasonable efforts to mail to each Unit Holder and Series C Member and, to the extent necessary, each former Unit Holder and former Series C Member within the applicable tax filing deadline(s) following the end of each fiscal year of the Company, the applicable tax schedules or forms, as the case may be, and other information required to enable such Unit Holder, Series C Member or former Unit Holder or former Series C Member (including in each case any direct or indirect flow-through owner) to prepare his, her or its income tax return for such fiscal year. The parties agree that the Series C Members are not partners for federal or state income tax purposes.

11.5 Accounting Methods. The Company shall use generally accepted accounting principles.

11.6 Fiscal Year. The fiscal year of the Company shall end on December 31 of each year.

11.7 Tax Matters Partner. Unless otherwise required by law, the tax matters partner for the Company within the meaning of Section 6231(a)(7) of the Code and corresponding provisions of state and local law (the "Tax Matters Partner") shall be a Member designated from time to time by the Board of Managers. The initial Tax Matters Partner shall be RHS. The Tax Matters Partner shall take such actions as may be necessary to cause each other Member to become a "notice partner" within the meaning of Section 6223 of the Code, shall promptly furnish to the Members a copy of all tax related notices or other written communications received by the Tax Matters Partner from the Internal Revenue Service or any state taxing authority (except as to notices or communications sent directly to the

Members), and shall keep the Members advised of all significant developments in such matters. The Tax Matters Partner shall not, without the approval of the Board of Managers, enter into any agreement, make any election, grant any consent, or waive any rights in its capacity as Tax Matters Partner. In no event shall the provisions of this Section 11.7 be construed as authorizing the Tax Matters Partner to take any action left to the determination of a Member under Sections 6222 through 6231 of the Code. The provisions of this Section 11.7 shall survive any liquidation and dissolution of the Company and any withdrawal by a Member. Unless otherwise provided in this Agreement, all tax and accounting determinations and elections shall be made reasonably and in good faith by the Board of Managers. In making such allocations pursuant to this Agreement and in making determinations regarding tax distributions under Section 5.3, the Board of Managers may rely on reasonable assumptions and estimates.

11.8 Code Section 83 Safe Harbor Election.

(a) Each Unit Holder authorizes and directs the Company to elect to have the "Safe Harbor" described in the proposed Revenue Procedure set forth in Internal Revenue Service Notice 2005-43 (the "Notice") apply to any interest in the Company transferred to a service provider by the Company on or after the effective date of such Revenue Procedure in connection with services provided to the Company. For purposes of making such Safe Harbor election, the Tax Matters Partner is hereby designated as the "partner who has responsibility for federal income tax reporting" by the Company and, accordingly, execution of such Safe Harbor election by the Tax Matters Partner constitutes execution of a "Safe Harbor Election" in accordance with Section 3.03(1) of the Notice. The Company and each Unit Holder hereby agree to comply with all requirements of the Safe Harbor described in the Notice, including, without limitation, the requirement that each Unit Holder shall prepare and file all federal income tax returns reporting the income tax effects of each Safe Harbor partnership interest issued by the Company in a manner consistent with the requirements of the Notice.

(b) The Company and any Unit Holder may pursue any and all rights and remedies it may have to enforce the obligations of the Company and the Unit Holders (as applicable) under Section 11.8(a), including, without limitation, seeking specific performance and/or immediate injunctive or other equitable relief from any court of competent jurisdiction (without the necessity of showing actual money damages, or posting any bond or other security) in order to enforce or prevent any violation of the provisions of Section 11.8(a). A Unit Holder's obligations to comply with the requirements of this Section 11.8 shall survive such Unit Holder's ceasing to be a Unit Holder of the Company and/or the termination, dissolution, liquidation and winding up of the Company, and, for purposes of this Section 11.8, the Company shall be treated as continuing in existence.

(c) Each Unit Holder authorizes the Board of Managers to amend Sections 11.8(a) and 11.8(b) to the extent necessary to achieve substantially the same tax treatment with respect to any interest in the Company transferred to a service provider by the Company in connection with services provided to the Company as set forth in Section 4 of the Notice (e.g., to reflect changes from the rules set forth in the Notice in subsequent Internal Revenue Service guidance), provided that such amendment is not materially adverse to such Unit Holder (as compared with the after-tax consequences that would result if the provisions of the Notice applied to all interests in the Company transferred to a service provider by the Company in connection with services provided to the Company).

ARTICLE XII
ADMISSION AS A MEMBER

12.1 Admissions. Except as otherwise specifically provided herein, no transferee of Units shall be admitted into the Company as an additional or substituted Member or have any rights to participate in the management of the business and affairs of the Company as a Member without the prior consent of the Board of Managers pursuant to Section 7.7, which consent may be granted or withheld in the sole discretion of the Board of Managers for any reason or for no reason. A transferee of a Unit not admitted into the Company as an additional or substituted Member has no right to receive any information or account of Company transactions, to inspect the Company's books, to vote on Company matters, or to exercise any other rights of a Member other than to receive the share of distributions, Net Income, Net Losses and credits (including all items thereof), or other compensation by way of income, to which the assignee's assignor otherwise would be entitled as to the Units (collectively, the "Economic Rights"). For the avoidance of doubt, the transferee, assignee or successor to the ownership of a Series C Interest shall have all of the rights of the original Series C Member immediately upon the effective date of such transfer.

ARTICLE XIII
WITHDRAWAL AND DISSOLUTION

13.1 Withdrawal. Other than a Series C Member that sells its Series C Interest, a Member shall not voluntarily withdraw from the Company without the prior written consent of all of the Members.

13.2 Events of Dissolution. The Company shall be dissolved by a Requisite Percentage of each of the Common Units or as otherwise provided by the Act.

13.3 Distributions; Allocations. The assets of the Company on winding-up shall be applied first to the expenses of the winding-up, and thereafter all of the remaining assets of the Company shall be distributed in the following order:

(a) First, to creditors of the Company, other than any Unit Holder who is also a creditor (by virtue of any Unit Holder Loan or otherwise), in the order of priority as provided by law;

(b) Second, to the Series C Members to the extent of the aggregate Series C Unreturned Capital Value;

(c) Third, to any Unit Holder who is also a creditor by virtue of any Unit Holder Loan or otherwise;

(d) Fourth, to the setting up of any reserves which the Board of Managers (or the Person or Persons carrying out the liquidation) shall deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company. Said reserves shall be paid over to a bank or an attorney at law as escrow agent to be held for the purpose of disbursing such reserves in payment of any of the aforementioned contingencies. At the expiration of such period as the Board of Managers (or the Person or Persons carrying out the liquidation) shall deem advisable, the Board of Managers shall distribute the balance thereof in the manner provided in the following subparagraph; and

(e) Thereafter, to the Unit Holders in accordance with Section 5.1 after giving effect to all contributions and distributions and allocations for all prior periods.

(f) It is the intent of the parties hereto that the liquidation amounts distributable to Unit Holders pursuant to Section 13.3(e) shall be equal to the Unit Holders' respective ending Capital Accounts. Therefore, notwithstanding anything to the contrary in this Agreement, to the extent not inconsistent with the applicable Treasury Regulations under Section 704 of the Code, if, upon the dissolution of the Company, any Unit Holders' ending Capital Account (determined immediately after all Net Income and Net Loss, and other items of income, gain, loss and deduction have been tentatively allocated under this Agreement and reflected in the Capital Accounts of the Unit Holders as if this Section 13.3(f) were not in this Agreement) is less than such Unit Holder's liquidation amount, then (i) such Unit Holder shall be specially allocated items of income or gain (including gross income) for such year (and, if necessary, for the preceding year if the Company has not yet filed its tax return for such preceding year), and (ii) the other Unit Holders shall be specially allocated items of loss or deduction for such year (and, if necessary, for the preceding year if the Company has not yet filed its tax return for such preceding year), until each such Unit Holder's actual Capital Account equals the liquidation amount for such Unit Holder. The special allocation provision provided by this Section 13.3(f) shall be applied in such a manner so as to cause the difference between each Unit Holder's liquidation amount and the balance in its Capital Account (determined after this allocation, but immediately prior to the distributions pursuant to Section 13.3) to be the smallest dollar amount possible. Nothing contained in this Section 13.3(f) shall change the manner in which the remaining assets of the Company shall be distributed pursuant to Sections 13.3(a), (b) and (c).

13.4 Conduct of Winding-Up. The winding-up of the business and affairs of the Company shall be conducted by the Board of Managers except as otherwise required by law.

ARTICLE XIV
REPRESENTATIONS, WARRANTIES, AGREEMENTS AND OTHER MATTERS

14.1 Representations, Warranties and Agreements of Unit Holders. Each Member, individually, represents and warrants to the Company and the other Members and agrees and acknowledges, as follows.

(a) The execution, delivery and performance of this Agreement by such Member do not and shall not conflict with, violate or cause a breach of any agreement, contract or instrument to which such Member is a party or any judgment, order or decree to which such Member is subject.

(b) Such Member has no and shall not grant any proxy or become party to any voting trust or other agreement which is inconsistent with, conflicts with or violates any provision of this Agreement.

(c) If such Member is a corporation, partnership, limited liability company, trust, custodianship, estate or other entity, this Agreement has been duly executed and delivered by a duly authorized Person on its behalf and constitutes the legally binding obligation of such Member, enforceable against such Member in accordance with its terms (except to the extent that enforcement may be affected by laws relating to bankruptcy, reorganization, insolvency and creditors' rights generally and by the availability of injunctive relief, specific performance and other equitable remedies).

(d) Such Member's interest in the Company is intended to be and is being acquired solely for its own account for the purpose of investment and not with a view to any sale or other distribution of all or any part thereof in violation of the Securities Act or any applicable state securities laws.

(e) Such Member is aware that the Units or Interests, as the case may be, have not been registered under the Securities Act or any applicable state securities laws, that such Units and Interests cannot be sold or otherwise disposed of unless they are registered thereunder or unless an exception is available, that the Company has no present intention of so registering such interests under the Securities Act or applicable state securities laws, and that accordingly, such Member is an "accredited investor" and is able and is prepared to bear the economic risk of making its Capital Contribution and to suffer a complete loss of its investment.

(f) Such Member's knowledge and experience in financial and business matters are such that it is capable of evaluating the risks of making its Capital Contribution.

14.2 Representations and Warranties of the Company. The Company represents and warrants to each Member as follows.

(a) The Company is validly existing and in good standing under the laws of the State of New York. The Company has full limited liability company power and authority to enter into and perform its obligations under this Agreement. The execution and delivery by the Company of this Agreement and the performance by the Company of its obligations hereunder have been duly authorized and approved by all requisite limited liability company action.

(b) The execution, delivery and performance of this Agreement by the Company do not and shall not conflict with, violate or cause a breach of any of the terms or provisions of the Articles or of any agreement, contract or instrument to which the Company is a party, or any judgment, order or decree to which the Company is subject.

(c) This Agreement has been duly executed and delivered by a duly authorized Person on its behalf and constitutes the legally binding obligation of the Company, enforceable against the Company in accordance with its terms (except to the extent that enforcement may be affected by laws relating to bankruptcy, reorganization, insolvency and creditors' rights generally and by the availability of injunctive relief, specific performance and other equitable remedies).

14.3 Additional Agreements and Understandings. Units or Interests issued by the Company pursuant to a distribution, split, reclassification or like action, or pursuant to the exercise of a right granted by the Company to all Common Unit Holders to purchase Units or Interests on a proportionate basis, shall be subject to the terms of this Agreement. In the event of a merger of or exchange involving the Company where this Agreement does not terminate, securities (including any partnership units, membership units, shares of common stock, options, warrants or convertible securities) that are issued in exchange for or otherwise with respect to Units or Interests shall thereafter be treated as Units or Interests subject to the terms of this Agreement.

ARTICLE XV
GENERAL PROVISIONS

15.1 Remedies. No remedy conferred upon any party to this Agreement is intended to be exclusive of any other remedy herein or by law provided or permitted, but each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

15.2 Waiver. None of the terms of this Agreement shall be deemed to have been waived by any party hereto, unless such waiver is in writing and signed by that party. The waiver by any party

hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement or any further breach of the provision so waived.

15.3 Notices. Any notice provided for in this Agreement must be in writing and must be delivered by hand by local messenger, by nationally recognized overnight service ("Courier"), or by United States mail, postage prepaid, registered or certified mail, return receipt requested ("Mail"). Notices shall be deemed given: (1) when received, if delivered by hand or local messenger; (2) one business day after being delivered to the Courier for next day delivery, if sent by Courier; and (3) three business days after being deposited in the United States mail, if Mailed. All such notices must be addressed to the applicable parties hereto as follows:

If to the Company:

The Inns at Armory Square, LLC
202 Walton Street
Suite 204
Syracuse, New York 13202
Attn: Richard Sykes

If to a Member, at the address set forth opposite such Members name on **Exhibit "C"** hereto or such other address identified by such Member in a written notice to the Company. If to a Manager, to the address set forth opposite such Manager's name on **Exhibit "C"** hereto or such other address identified by such Manager in a written notice to the Company.

15.4 Entire Agreement. Except with respect to any other agreements entered into by the Company from time to time in connection with the transfer of Units, this Agreement contains the entire agreement, and supersedes all prior agreements (including the Original Agreement) and understandings and arrangements, oral or written, among the parties hereto with respect to the subject matter hereof.

15.5 Amendments and Modifications. This Agreement and the Articles may be modified, amended or changed in any respect by a Requisite Percentage of each Class of Units; provided that all other Members shall be given prompt notice of such modification, amendment or change; provided further, however, that in no event shall any such amendment, modification or change adversely affect the rights or obligations of any one Unit Holder or Series C Member or any group or Class of Unit Holders or Series C Members, as applicable, without the prior written consent of such Unit Holder or Series C Member or group or Class, as applicable; provided further, however, that, no such amendment, modification or change may create an additional liability or obligation of any Unit Holder or Series C Member, including, without limitation, by increasing any Unit Holder's or Series C Member's required contributions to the Company's capital, without the prior written consent of such Unit Holder or Series C Member. The foregoing sentence may not be amended, modified or changed without the prior written consent of all parties to this Agreement.

15.6 Offset. Whenever the Company is to pay any sum to any Unit Holder, any amounts that such Unit Holder owes to the Company may be deducted from that sum before payment; provided that the full amount that would otherwise be distributed shall be debited from the Unit Holder's Capital Account pursuant to Section 4.4(b).

15.7 Binding Effect; Benefits. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns.

15.8 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be unenforceable or invalid under applicable law, such provision shall be ineffective only to the extent of such unenforceability or invalidity, and the remaining provisions of this Agreement shall continue to be binding and in full force and effect.

15.9 Headings. The section and other headings contained in this Agreement are for convenience only and shall not be deemed to limit, characterize or interpret any provisions of this Agreement.

15.10 No Strict Construction. The parties hereto jointly participated in the negotiation and drafting of this Agreement. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their collective mutual intent, this Agreement shall be construed as if drafted jointly by the parties hereto, and no rule of strict construction shall be applied against any Person.

15.11 Interpretation. As used in this Agreement, the masculine, feminine or neuter gender shall be deemed to include the others whenever the context so indicates or requires. Terms defined in the singular have a comparable meaning when used in the plural and vice versa. Terms defined in the current tense shall have a comparable meaning when used in the past or future tense and vice versa. Terms defined as a noun shall have a comparable meaning when used as an adjective, adverb, or verb and vice versa. Whenever the term "include" or "including" is used in this Agreement, it shall mean "including, without limitation," (whether or not such language is specifically set forth) and shall not be deemed to limit the range of possibilities to those items specifically enumerated. Unless otherwise limited, the words "hereof", "herein" and "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular provision. Each reference herein to any entity includes any successor thereto.

15.12 Counterparts. This Agreement may be executed by counterpart signature, each of which signature shall be deemed an original, all of which together shall constitute one in the same instrument. Furthermore, delivery of a copy of such signature by facsimile transmission or other electronic exchange methodology shall constitute a valid and binding execution and delivery of this Agreement by such party, and such electronic copy shall constitute an enforceable original document.

15.13 Governing Law. This Agreement and the rights of the parties hereunder shall be construed and interpreted in accordance with the laws of the State of New York applicable to agreements made and to the performance wholly within that jurisdiction.

15.14 Consent to Jurisdiction. The parties hereto irrevocably consent and submit to the exclusive jurisdiction of any local, state or federal court within the County of Onondaga in the State of New York for enforcement by the Members. All Unit Holders irrevocably waive any objection they may have to venue or the defense of an inconvenient forum to the maintenance of such actions or proceedings to enforce this Agreement.

[Remainder of Page Intentionally Left Blank, Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Operating Agreement as of the date first above written.

THE COMPANY:

THE INNS AT ARMORY SQUARE, LLC

By: _____
Richard H. Sykes, Manager

CLASS A MEMBERS:

_____
DAVID SCHLOSSER

_____
MICHAEL J. LORENZ

_____
ANDREW D. SUSSMAN

RHS HOLDING, LLC

By: _____
Richard H. Sykes, Member

EXHIBIT A

CAPITAL ACCOUNTS

Class A Member	Capital Account
RHS Holdings, LLC	$1,382,857
Michael Lorenz	$94,286
David Schlosser	$314,286
Andrew Sussman	$94,286

Class B Member	Capital Account
Michael Lorenz	$500,000
Andrew Sussman	$500,000
RHS Holdings, LLC	$1,700,000
David Schlosser	$200,000
Richard Schneider	$500,000
Michael Hotaling	$500,000
Armory Square Hotel Equity LLC	$500,000

Updated February 22, 2012

EXHIBIT B

Members; Capital Contribution; Units and Interests

Member	Class A Common Units	Class %	Class B Common Units	Class %	TOTAL %
RHS Holdings, LLC	24,200	73.33%	29,750	38.64%	49.05%
David Schlosser	5,500	16.67%	3,500	4.55%	8.18%
Michael Lorenz	1,650	5%	8,750	11.36%	9.45%
Andrew Sussman	1,650	5%	8,750	11.36%	9.45%
Richard Schneider			8,750	11.36%	7.95%
Armory Square Hotel Equity LLC			8,750	11.36%	7.95%
Michael Hotaling			8,750	11.36%	7.95%
TOTAL	33,000		77,000		110,000

Series C Interests

	Dollar Amount	Percentage of Series C Interests
Rod Kent	1,750,000	64.08%
O'Brien & Gere	750,000	27.46%
Alliance Bank, NA, C/F Peter Harris IRA	231,000	8.46%
TOTAL	2,731,000	

Note: The Series C Interests were purchased at a price of $1 per Interest, so the number of Series C Interests is the same as the Dollar Amount listed.

Updated February 22, 2012

EXHIBIT C

MANAGER / MANAGING MEMBER

Name	Address
Richard H. Sykes	202 Walton Street, Suite 204 Syracuse, NY 13202

MEMBERS

Name	Address
RHS Holdings, LLC	202 Walton Street, Suite 204 Syracuse, NY 13202 Attention: Richard H. Sykes, Member
David Schlosser	3064 Ironside Road Nedrow, NY 13120
Michael Lorenz	5109 Waterford Wood Way Fayetteville, NY 13066
Andrew Sussman	5105 Waterford Wood Way Fayetteville, NY 13066
Richard Schneider	5919 Newport Road Camillus, NY 13031
Michael Hotaling	8235 Green Lane Hubbardsville, NY 13355
Armory Square Hotel Equity LLC	c/o New Castle Hotels & Resorts Two Corporate Drive, Suite 154 Shelton, CT 06484

SERIES C INTERESTS

Name	Address
O'Brien & Gere	333 West Washington Street Syracuse, NY 13202 Attention: President
Alliance Bank, NA, C/F Peter Harris IRA	5160 MacClenthen Road Manlius, NY 13104
Rod Kent	12 Masonic Avenue Camden, NY 13316

Updated February 22, 2012

EXHIBIT D.1

Form of Hotel Management Agreement

EXHIBIT D.2

Form of Architectural Services Agreement

EXHIBIT D.3

Form of Construction Services Agreement

EXHIBIT E

SUBSCRIPTION AND JOINDER

TO THE

AMENDED AND RESTATED OPERATING AGREEMENT

This is a SUBSCRIPTION AND JOINDER (this "Joinder") to the AMENDED AND RESTATED OPERATING AGREEMENT of The Inns at Armory Square, LLC, a New York limited liability company (the "Company"), dated as of January 1, 2012, among each party thereto and each person subsequently admitted as a member of the Company (as amended from time to time, the "LLC Agreement"). Capitalized terms used and not defined herein shall have the meanings ascribed in such terms in the LLC Agreement.

WHEREAS, the undersigned (a) desires to acquire from the Company, and the Company desires to transfer to the undersigned, [_____] [_____ Units/Interests], and (b) desires to become a Member of the Company, with all of the rights and obligations provided in the LLC Agreement;

WHEREAS, the Board of Managers of the Company has approved the admission of the undersigned as an additional Member pursuant to Section 12.1 of the LLC Agreement; and

WHEREAS, the undersigned agrees to become a party to the LLC Agreement in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Joinder hereby agree as follows:

1. Subscription. The undersigned hereby subscribes for, and the Company hereby issues to the undersigned, [_____] [_____ Units/Interests], for a purchase price per Unit/Interest equal to $_____. The undersigned specifically makes the representations and warranties set forth in, and agrees and acknowledges to the matters covered by, Section 14.1 of the LLC Agreement. The undersigned is a resident of, or (if applicable) has its principal place of business located in, the State set forth on the signature page to this Joinder.

2. Agreement to be Bound. Upon execution of this Joinder, the undersigned shall become a party to the LLC Agreement and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the LLC Agreement as though an original party thereto and as a Member thereunder.

3. Successors and Assigns. Except as otherwise provided herein, this Joinder shall bind and inure to the benefit of and be enforceable by the Company and the undersigned and their respective heirs, successors, executors, administrators and assigns, as the case may be.

4. Counterparts. This Joinder may be executed in separate counterparts (by facsimile, photo or other electronic means), each of which shall be an original and all of which taken together shall constitute one and the same agreement.

5. Governing Law. This Joinder shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to any rules, principles or provisions of choice of law or conflicts of laws.

IN WITNESS WHEREOF, the undersigned have executed this Joinder as of this _____ day of February, 2012.

The Inns at Armory Square, LLC

By: _____
Name: _____
Title: _____
Date: February ____, 2012

_____
Name: _____
Date: February ____, 2012
Residence or Principal Place of Business:

_____

_____

EXHIBIT "C"

CERTIFICATE OF GOOD STANDING

State of New York
Department of State } ss:

I hereby certify, that THE INNS AT ARMORY SQUARE, LLC a NEW YORK Limited Liability Company filed Articles of Organization pursuant to the Limited Liability Company Law on 06/27/2008, and that the Limited Liability Company is existing so far as shown by the records of the Department. I further certify the following:

A Certificate of Publication of THE INNS AT ARMORY SQUARE, LLC was filed on 09/11/2008.

A Biennial Statement was filed 07/09/2010.

Certificate of Change was filed on 02/06/2012.

A Certificate of Amendment was filed on 02/13/2012.

I further certify, that no other documents have been filed by such Limited Liability Company.

***

Witness my hand and the official seal of the Department of State at the City of Albany, this 21st day of February two thousand and twelve.

Daniel Shapiro
First Deputy Secretary of State

201202220068 * 8Q

EXHIBIT "D"

RESOLUTION

WRITTEN CONSENT
OF THE
SOLE MANAGER
OF
THE INNS AT ARMORY SQUARE, LLC

The undersigned, being the sole Manager of THE INNS AT ARMORY SQUARE, LLC, a New York limited liability company (the "Company"), does hereby ratify, confirm, approve and adopt the following as and for the resolutions of the Company:

WHEREAS, at the request of the Company pursuant to its application dated May 23, 2008 (the "Application"), by resolutions duly adopted on July 26, 2011 and December 20, 2011 (the "Resolutions"), the Members of the City of Syracuse Industrial Development Agency, a body corporate and politic and a public instrumentality of the State of New York (the "Agency"), approved funding for a certain Project consisting of: (A)(i) the acquisition of a lease hold interest in an approximate 1.2 acre parcel of real property located at 300-332 and 334-344 West Fayette Street (the "Land"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, and open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "Facility"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "Equipment", together with the Land and the Facility, the "Project Facility"); (B) the granting of certain financial assistance in the form of a grant in an amount not to exceed Five Hundred Thousand and 00/100 Dollars ($500,000.00) from certain funds allocated to the Agency from ESDC (the "Grant") as well as exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "Financial Assistance"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a Company Lease Agreement and the sublease of the Project Facility back to the Company pursuant to an Agency Lease Agreement; and

WHEREAS, the Agency is a party to a certain Empire Opportunity Fund Capital Grant Agreement (the "ESDC Grant Agreement") with the New York State Urban Development Corporation d/b/a Empire State Development Corporation ("ESDC"); and

WHEREAS, the Grant Agreement was premised upon an application that was prepared and submitted to ESDC by the Agency based upon information provided by the Company, as the same may be amended or modified from time to time; and

WHEREAS, pursuant to the ESDC Grant Agreement, ESDC has agreed to provide funding up to Five Hundred Thousand and 00/100 Dollars ($500,000.00) to the Agency in connection with the acquisition of the Land by the Company all in accordance with the terms of the ESDC Grant Agreement; and

WHEREAS, the Agency has requested the Company execute a grant agreement reflecting the rights and obligations of the Company and the Agency and terms and conditions by which the Grant will be disbursed (the "Agency Grant Agreement"); and

WHEREAS, the Agency has determined that the granting of the Grant in connection with the Project will assist the Agency in promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration in the City of Syracuse; and

WHEREAS, the Company has requested M&T Bank (the "Bank") to provide it with a Construction/Permanent Mortgage Loan in the maximum principal amount of Twenty Two Million and 00/100 Dollars ($22,000,000.00) (the "Loan"); and

WHEREAS, the Loan will be evidenced by a certain Construction-to-Permanent Loan Note in the maximum principal amount of Twenty Two Million and 00/100 Dollars ($22,000,000.00) by the Company in favor of the Bank (the "Note"); and

WHEREAS, the Bank is willing to provide the Loan to the Company on the terms and conditions set forth in the following documents (collectively with the Note, the "Loan Documents"): (i) Mortgage by the Company and the Agency in favor of the Bank, (ii) General Assignment of Rents by the Company and the Agency in favor of the Bank, (iii) Building Loan Agreement by and between the Company and the Bank, (iv) Environmental Compliance and Indemnification Agreement by the Company and Richard H. Sykes (the "Guarantor") in favor of the Bank, (v) Continuing Guaranty by the Guarantor in favor of the Bank, and (vi) Assignment of Project Documents by the Company in favor of the Bank.

NOW, THEREFORE, be it

RESOLVED, that the Application and each and all of the transactions contemplated by the Resolutions of the Agency and the Agency's granting of the Grant in connection with the Project as set forth above pursuant to which, among other things, the Agency will provide the Financial Assistance and will appoint the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility and will lease the Project Facility from the Company pursuant to the Company Lease and will sublease the Project Facility back to the Company pursuant to the Agency Lease, be, and the same hereby is and are approved, confirmed, ratified and adopted; and be it further

RESOLVED, that the Manager of the Company be, and the same hereby is, authorized, directed and empowered to execute and deliver to the Agency the Company Documents (as hereinafter identified) in the name and on behalf of the Company as follows: the Company Lease Agreement, the Memorandum of the Company Lease Agreement with TP 584 form, the Agency Lease Agreement, the Memorandum of the Agency Lease Agreement with TP 584 form, the Certificates of Casualty, Liability, Workers' Compensation and other required insurance, the Pledge and Assignment, the Environmental Compliance and Indemnification Agreement, the Closing Receipt, the PILOT Agreement, the Bill of Sale, the Agency Grant Agreement, the Mortgage, the General Assignment of Rents, the UCC-1 Financing Statements, the General Certificate of the Company relating to the capacity and signatures of Officers and Managers, the

execution and delivery of the Company Documents to which it is a party, and other related matters and such other documents as he, with the advice of counsel, shall deem necessary or advisable to effectuate the transactions contemplated hereby and by the Resolutions; and be it further

RESOLVED, that the Manager of the Company be, and the same hereby is, authorized and empowered to make such changes, additions, modifications, amendments and deletions to the Company Documents and other related documents as he, with the advice of counsel, shall deem necessary or advisable; and be it further

RESOLVED, that the Manager of the Company be, and the same hereby is, authorized and empowered and directed to execute and deliver such other documents, agreements, instruments and certificates required by the Agency (the "Collateral Documents") and to take such other steps and actions as may be necessary or advisable in order to effectuate the transactions contemplated by the Resolutions adopted by the Agency, the ESDC Grant Agreement, the Agency Grant Agreement, the Company Documents and the Collateral Documents; and be it further

RESOLVED, that the Manager of the Company be, and the same hereby is, authorized, directed and empowered to take such other steps and actions as may be necessary to effectuate the above resolutions.

IN WITNESS WHEREOF, the undersigned has executed this Written Consent this ____ day of February, 2012.

Richard H. Sykes, Manager

ONE PARK PLACE
300 SOUTH STATE STREET
SYRACUSE, NEW YORK 13202
T 315.425.2700 • F 315.425.2701

REACHUS@HBLAW.COM

February 24, 2012

City of Syracuse Industrial Development Agency
333 West Washington Street, Suite 130
Syracuse, New York 13202

The Inns at Armory Square, LLC
202 Walton Street, Suite 204
Syracuse, New York 13202

Manufacturers and Traders Trust Company
One M&T Plaza
Buffalo, New York 14203

Re: City of Syracuse Industrial Development Agency
Lease/Leaseback Transaction
The Inns at Armory Square Project (RHS Holdings, LLC)

Ladies and Gentlemen:

We have acted as counsel to the City of Syracuse Industrial Development Agency (the "***Agency***") in connection with a project (the "***Project***") undertaken by the Agency at the request of The Inns at Armory Square, LLC (the "***Company***") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-332 and 334-344 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of a grant in an amount not to exceed $500,000 from certain funds allocated to the Agency from the Empire State Development Corporation (the "***Grant***") as well as exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement.

The Agency has acquired a leasehold interest in the Land and Facility pursuant to that certain Company Lease Agreement dated as of February 1, 2012 (the "***Company Lease***") between the Company, as lessor and the Agency, as lessee, obtained an ownership interest in the Equipment pursuant to a bill of sale dated as of February 1, 2012 from the Company to the Agency (the "***Bill of Sale***"), appointed the Company as its agent to complete the Project and subleased the Project Facility to the Company pursuant to the Agency Lease Agreement dated as of February 1, 2012 (the "***Agency Lease***") between the Agency and the Company.

The Company has also requested that the Agency grant the Financial Assistance to the Project. The Agency, the Company and the City of Syracuse will enter into a Payment in Lieu of Taxes Agreement dated as of February 1, 2012 (the "***PILOT Agreement***") with respect to the Project. Capitalized terms used herein shall have the meaning given to them in the Table of Definitions attached as Exhibit "C" to the Agency Lease.

As part of the approved Financial Assistance provided by the Agency to the Project, the Agency and the Company have entered into a grant agreement, dated as of February 1, 2012, in favor of the Company for the benefit of the Project, in an amount not to exceed $500,000 (the "***Grant Agreement***").

The Agency has granted a mortgage lien and security interest on its leasehold interest in the Project Facility pursuant to the terms of a Mortgage, dated February __, 2012 (the "***Mortgage***") by the Agency and the Company to Manufacturers and Traders Trust Company (the "***Mortgagee***"), to secure certain loans made by the Mortgagee to the Company and a general assignment of rents dated February 24, 2012 between the Company and the Agency (the ***"General Assignment of Rents"***).

As counsel to the Agency, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such instruments, certificates, and documents as we have deemed necessary or appropriate for the purposes of the opinion expressed below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as copies, and have assumed the accuracy and truthfulness of the factual information, expectations, conclusions, representations, warranties, covenants and opinions of the Company and its counsel and representatives as set forth in the various documents executed and delivered by them or any of them and identified in the Closing Memorandum in connection with the Project.

We are of the opinion that:

1. The Agency is a duly organized and existing corporate governmental agency constituting a public benefit corporation of the State of New York.

2. The Agency is duly authorized and empowered by law to acquire, demolish existing improvements, construct, and equip the Project, to lease the Facility from the Company pursuant to the Company Lease, to purchase the Equipment from the Company pursuant to the Bill of Sale, to lease the Project Facility back to the Company pursuant to the Agency Lease and to appoint the Company as its agent for completion of the Project.

3. The Company Lease, Agency Lease, the Grant Agreement, the Mortgage, the Assignment of Rents, the Pledge and Assignment, the PILOT Agreement and the other documents to which the Agency is a party (that are listed on the Closing Memorandum) have been authorized by and lawfully executed and delivered by the Agency and (assuming the authorization, execution, and delivery by the other respective parties thereto) are valid and legally binding obligations enforceable against the Agency in accordance with their respective terms.

In rendering this opinion, we advise you of the following:

The enforceability of the Company Lease, Agency Lease, the Grant Agreement, the Mortgage, the Assignment of Rents, the Pledge and Assignment, the PILOT Agreement, the Grant Agreement and other documents to which the Agency is a party that are listed in the Closing Memorandum may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium, or similar law or enactment now or hereafter enacted by the State of New York or the Federal government affecting the enforcement of creditors' rights generally and the general principles of equity, including limitations on the availability of the remedy of specific performance which is subject to discretion of the court.

This opinion is rendered to the addressees named above, and may not be relied upon by any other person without our prior, express written consent.

Very truly yours,

HISCOCK & BARCLAY, LLP

Hiscock + Barclay, LLP

February 24, 2012

The Inns at Armory Square, LLC
108 West Jefferson Street, Suite 300
Syracuse, New York 13202

City of Syracuse Industrial Development Agency
333 West Washington Street, Suite 130
Syracuse, New York 13202

Re: City of Syracuse Industrial Development Agency
Lease/Leaseback Transaction
The Inns at Armory Square Project (RHS Holdings, LLC)

Ladies and Gentlemen:

We have acted as counsel to The Inns at Armory Square, LLC (the "***Company***") in connection with the Inns at Armory Square Project (the "***Project***") undertaken by the City of Syracuse Industrial Development Agency (the "***Agency***") at the Company's request. The Project consists of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-332 and 334-344 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of a grant in an amount not to exceed $500,000 from certain funds allocated to the Agency from Empire State Development (the "***Grant***") as well as exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement.

EDWARD J. MOSES
ATTORNEY AT LAW
DIRECT DIAL: (315) 233-8207
FAX: (315) 474-4216
EMAIL: EMOSES@MACKENZIEHUGHES.COM

STREET ADDRESS:
101 S. SALINA ST., SUITE 600, SYRACUSE, NY 13202
MAILING ADDRESS:
PO BOX 4967, SYRACUSE, NY 13221-4967
PHONE: (315) 474-7571
MAIN FAX: (315) 474-6409
WWW.MACKENZIEHUGHES.COM

The Agency has acquired a leasehold interest in the Land and Facility pursuant to that certain Company Lease Agreement dated as of February 1, 2012 ("***Company Lease***") between the Company as lessor and the Agency as lessee, an ownership interest in the Equipment pursuant to a bill of sale dated as of February 1, 2012 from the Company to the Agency (the "***Bill of Sale***"), and appointed the Company as its agent to complete the Project and leased the Project Facility to the Company pursuant to the Agency Lease Agreement dated as of February 1, 2012 (the "***Agency Lease***") between the Agency and the Company. Capitalized terms used herein and not otherwise defined shall have the meaning given to them in the Agency Lease.

In that regard, we have examined the Company Lease and the Agency Lease and the other documents identified in the Closing Memorandum to which the Company is a party, including but not limited to the PILOT Agreement (and with the Company Lease and the Agency Lease referred to collectively as the "***Company Documents***").

We have also examined corporate documents and records of the Company and made such investigation of law and/or fact that we deem necessary or advisable in order to render this opinion. For purposes of such examination, we have assumed the genuineness of all certificates and the authenticity of all documents submitted to us as original counterparts or as certified or photostatic copies; the genuineness of all signatures of all parties to the Company Documents other than on behalf of the Company; and the due authorization, execution and delivery of the Company Documents by and the enforceability thereof against all parties thereto other than the Company.

For purposes of factual matters material to the opinions expressed herein, we have relied generally upon certificates of members and managers of the Company, specifically including the General Certificate of the Company dated as of February 1, 2012 and provided to the Agency herewith, and of public officials. Without limiting the general nature of the reliance described above, we have relied specifically upon the results of searches performed by public officers and independent agencies.

Based upon the foregoing, it is our opinion that:

1. The Company is a duly organized and validly existing as a New York limited liability company and possesses full power and authority to own its property, to conduct its business, to execute and deliver the Company Documents, and to carry out and perform its obligations thereunder and is duly authorized to conduct business in the State of New York.

2. The execution, delivery and performance of the Company Documents have been duly authorized by the Company and the Company Documents have been duly executed and delivered by an Authorized Representative of the Company.

3. The Company Documents constitute the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with their terms, except as enforceability may be limited by applicable bankruptcy and insolvency laws and laws affecting creditors' rights generally and to the extent that the availability of the remedy of specific performance or injunctive relief or other equitable remedies is subject to the discretion of the court before which any proceeding therefor may be brought.

4. To the best of our knowledge, in reliance on the certificates and opinions specified herein, the execution and delivery by the Company of the Company Documents, the execution and compliance with the provisions of each and the consummation of the transactions contemplated therein do not and will not constitute a breach of, or default under the Company's Articles of Organization, Operating Agreement or any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Company or any of its Property may be bound, for which a valid consent has not been secured; nor is any approval or any action by any governmental authority required in connection with the execution, delivery and performance thereof by the Company.

5. To the best of our knowledge, in reliance on the certificates and opinions specified herein, there is no action, suit, proceeding or investigation at law of in equity before or by any court, public board or body, pending or threatened against, or affecting the Company wherein an unfavorable decision, ruling or finding would in any way adversely affect in a material fashion the validity or enforceability of the Company Documents.

Our examination of law relevant to matters herein is limited to the laws of the State of New York and also the Federal law, where appropriate, and we express no opinion as to matters governed by the laws of any other state or jurisdiction.

This opinion is only for the benefit of and may be relied upon only by the Agency, its successors and assigns. The opinions set forth in this letter are limited to those expressly stated and no other opinion may be inferred nor is any implied. No other use of this opinion may be made without prior written consent. This opinion is given as of the date hereof and we undertake no obligation, and hereby disclaim any obligation, to update or supplement this opinion in response to a subsequent change in the law or future events affecting the documents identified in this letter.

Very truly yours,

MACKENZIE HUGHES LLP

Mackenzie Hughes LLP

Edward J. Moses

Edward J. Moses

EJM/jck

CLOSING MEMORANDUM

CITY OF SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY

(THE INNS AT ARMORY SQUARE, LLC PROJECT)

DATE AND TIME OF CLOSING: February 24, 2012

PLACE OF CLOSING: Hancock Estabrook, LLP
1500 AXA Tower I
100 Madison Street
Syracuse, New York 13202

I. Action Taken Prior to Closing

At the request of The Inns at Armory Square, LLC (the "***Company***"), the City of Syracuse Industrial Development Agency (the "***Agency***"), a public benefit corporation organized under the laws of the State of New York, has undertaken a project (the "***Project***") consisting of: (A)(i) the acquisition of a leasehold interest in an approximate 1.2 acre parcel of real property located at 300-332 and 334-344 West Fayette Street (the "***Land***"); (ii) the construction of an approximate 140,000 square foot seven story building to house an approximate 180 room hotel and conference center, an open parking lot and parking deck (collectively containing approximately 185 parking spaces) all located on the Land (collectively, the "***Facility***"); (iii) the acquisition and installation thereon of furniture, fixtures and equipment (the "***Equipment***", together with the Land and the Facility, the "***Project Facility***"); (B) the granting of certain financial assistance in the form of a grant in an amount not to exceed $500,000 from certain funds allocated to the Agency from the Empire State Development Corporation (the "***Grant***") as well as exemptions from real property tax, mortgage recording tax, and sales and use taxation (collectively, the "***Financial Assistance***"); (C) the appointment of the Company or its designee as an agent of the Agency in connection with the acquisition, construction, improvement and equipping of the Project Facility; and (D) the lease of the Project Facility by the Agency pursuant to a lease agreement and the sublease of the Project Facility back to the Company pursuant to a sublease agreement.

In addition to the foregoing, the Company requested the Agency authorize a grant in an amount not to exceed $500,000, from funds allocated to the Agency by the Empire State Development Corporation to be used solely in conjunction with the Project Facility (the "***Grant***"). By resolution adopted on December 20, 2011, the Agency authorized the Grant.

The Company is, or will be at the time of closing, the owner of the Project Facility.

The Agency will acquire a leasehold interest in the Land and Facility from the Company pursuant to a Company Lease Agreement dated as of February 1, 2012 (the "***Company Lease***"), between the Company, as landlord and the Agency, as tenant. The Agency will acquire an ownership interest in the Equipment pursuant to a Bill of Sale dated as of February 1, 2012 from the Company to the Agency (the "***Bill of Sale***"). The Agency will lease the Project Facility back to the Company pursuant to an Agency Lease Agreement dated as of February 1, 2012 (the "***Agency Lease***") between the Agency, as sublessor and the Company, as sublessee. Capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in Exhibit "C" to the Agency Lease.

To finance certain costs of completing the Project, Manufacturers and Traders Trust Company (the "***Mortgagee***") will loan up to $22,000,000 (the "***Loan***") to the Company pursuant to a Construction-To-Permanent Loan Note dated the Closing Date from the Company in favor of the Mortgagee.

To secure the Loan, the Agency and the Company will grant the Mortgagee a mortgage lien on and security interest in the Project Facility pursuant to a Mortgage dated February 24, 2012 (the "***Mortgage***").

Among the actions taken by the Agency with respect to the Project prior to Closing were the following:

May 23, 2008	The Company submitted an application for financial assistance for the Project.
August 18, 2008	An ordinance adopted by the City of Syracuse Common Council approving the PILOT schedule.
March 7, 2011	The Company submitted a supplement to the application.
March 15, 2011	A resolution determining that the acquisition, construction and equipping of the Project constitutes a project and describing the finance assistance requested and authorizing a public hearing (the "***Public Hearing Resolution***").
March 15, 2011	A resolution classifying the acquisition, construction and equipping of the Project as a Type I Action pursuant to SEQRA, declaring the Agency as Lead Agency for the purposes of a coordinated review (the "***Lead Agency Resolution***").
March 29, 2011	Notice of the Public Hearing was mailed to the chief executive officers of the affected tax jurisdictions pursuant to Section 859-a of the Act.
April 1, 2011	Notice of the Public Hearing was published in The Post-Standard pursuant to Section 859-a of the Act.

April 19, 2011	The Agency conducted the Public Hearing pursuant to Section 859-a of the Act.
July 14, 2011	Notice of Deviation was mailed to the Mayor and the County Executive (the ***"Deviation Notice"***).
July 26, 2011	A resolution determining that the acquisition, construction and equipping of the Project will not have a significant effect on the environment pursuant to SEQRA (the "***SEQRA Resolution***").
July 26, 2011	A resolution taking official action toward the acquisition, construction and equipping of the Project, appointing the Company agent of the Agency for the purpose of the acquisition, construction and equipping of the Project and authorizing the execution and delivery of an agreement between the Agency and the Company (the "***Inducement Resolution***").
July 26, 2011	A resolution approving a payment in lieu of tax schedule at the request of the Company and authorizing the execution and delivery of certain documents by the Agency in connection with the Project (the ***"PILOT Resolution"***).
July 26, 2011	A resolution authorizing the execution and delivery of certain documents by the Agency at the request of the Company (the ***"Final Approving Resolution"***).
December 20, 2011	A resolution authorizing the Company's request for a grant in an amount not to exceed $500,000 (the "***Grant Resolution***").

II. Action To Be Taken At Closing

The following documents, or copies thereof, are to be delivered (except as indicated) to the Agency (A), Agency's Counsel (AC), the Company (C), Company's Counsel (CC), and the Bank (B) as follows:

A. Basic Documents		Responsible Party	Signatories
1.	Company Lease Agreement	AC	C, A
2.	Memorandum of Company Lease Agreement with TP-584	AC	C, A
3.	Agency Lease Agreement	AC	C, A
4.	Memorandum of Agency Lease Agreement with Form TP-584	AC	C, A
5.	Certificates of casualty, liability, workers' compensation and other required insurance	AC	C, A
6.	Pledge and Assignment	AC	C, A, B
7.	Environmental Compliance and Indemnification Agreement	AC	C
8.	Closing Receipt	AC	C, A
9.	PILOT Agreement	Corporation Counsel	C, A, City (Mayor)
10.	Ordinance No. 448 of 2008 approving PILOT schedule	A, C	
11.	Form 412A	AC	A
12.	Sales Tax Exemption Letter	AC	A
13.	Form ST-60 indicating appointment of the Company to act as the agent of the Agency, evidencing filing with the New York State Department of Revenue	AC	A
14.	Bill of Sale	AC	C

15.	Grant Agreement	AC	A, C
16.	Mortgage	CC	A, C
17.	General Assignment of Rents	B	A, C
18.	UCC-1 Financing Statements	B	AC

B. Items To Be Delivered By The Agency

1. General Certificate of the Agency relating to incumbency and signatures of officers, execution and delivery of Agency Documents to which it is a party, no litigation and continued existence, with the following items included as exhibits:	AC	A
Exhibit "A" - Chapter 641 of the Laws of 1979 of the State of New York, as amended	AC	
Exhibit "B" - Certificate of Establishment of the Agency and Certificates of appointment of current members	C	
Exhibit "C" - By-laws	AC	
Exhibit "D" - Notice of Public Hearings with evidence of publication and copies of letters to affected tax jurisdictions	AC	
Exhibit "E" – Notice of Deviation	AC	
Exhibit "F" – Lead Agency Resolution		
Exhibit "G" – SEQRA Resolution	AC	
Exhibit "H" - Inducement Resolution	AC	
Exhibit "I" – PILOT Resolution	AC	
Exhibit "J" – Final Approving	AC	

	Resolution		
	Exhibit "K" – Grant Resolution	AC	
	Exhibit "L" – Clarifying Resolution		
2.	Mortgage Recording Tax Affidavit	AC	A
C.	**Items To Be Delivered By The Company**		
1.	General Certificate of the Company relating to capacity and signatures of officers, execution and delivery of the Documents to which it is a party, no litigation and approval, with the following items included as exhibits:	AC	C
	(a) Exhibit "A" - Articles of Organization	C	
	(b) Exhibit "B" - Operating Agreement	C	C
	(c) Exhibit "C" Good Standing Certificate	C	
	(d) Exhibit "D" Approving Resolution	C	
D.	**Opinions of Counsel**	C	
1.	Opinion of Hiscock & Barclay, LLP, counsel to the Agency, addressed to the Company, the Mortgagee and the Agency.	AC	AC
2.	Opinion of Mackenzie Hughes LLP, counsel to the Company, addressed to the Agency and the Company.	AC	CC

III. <u>Action To Be Required Concurrently With Or After Closing</u>

Memorandum of Company Lease Agreement, Memorandum of Agency Lease Agreement, Mortgage and General Assignment of Rents are to be filed with the Onondaga County Clerk and the UCC-1 Financing Statement(s) are to be filed as appropriate under the Uniform Commercial Code.

Application on Form 412A is to be filed with the City of Syracuse Tax Assessor.
Closing completed as above.

SCHEDULE "A"

PERSONS APPEARING

For the Agency:	City of Syracuse Industrial Development Agency William M. Ryan, Chairman
For the Company:	The Inns at Armory Square, LLC Richard Sykes
For the Company's Counsel:	Mackenzie Hughes, LLP Edward Moses, Esq.
For the Bank:	Manufacturers and Traders Trust Company Richard W. Driscoll, Vice President
For the Bank's Counsel:	Hancock Estabrook, LLP Joseph T. Mancuso, Esq.
Agency's Counsel:	Hiscock & Barclay, LLP Susan R. Katzoff, Esq.