
AUBURN INDUSTRIAL DEVELOPMENT AUTHORITY

WITH

AUBURN REAL ESTATE COMPANY, INC.

AND

AUBURN COMMUNITY HOTEL, L.P.

PAYMENT IN LIEU OF TAX AGREEMENT

Dated as of April 13, 2011

Affected Tax Jurisdictions:
County of Cayuga
City of Auburn
Auburn City School District

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PAYMENT OF LIEU OF TAX AGREEMENT

THIS AGREEMENT (the "**Agreement**") dated as of the 13th day of April, 2011, by and between the **AUBURN INDUSTRIAL DEVELOPMENT AUTHORITY**, a public benefit corporation duly existing under the laws of the State of New York with offices at Memorial City Hall, 24 South Street, Auburn, New York 13021 (the "**Authority**") and **AUBURN REAL ESTATE COMPANY, INC.**, a New York corporation (the "**Corporation**"), and **AUBURN COMMUNITY HOTEL, L.P.**, a New York limited partnership (the "**LP**"), both with offices at 250 S. Clinton Street, Suite 200, Syracuse, New York 13202 (collectively, the "**Company**").

WITNESSETH:

WHEREAS, pursuant to Title 15 of Article 8 of the Public Authorities Law of the State of New York (the "**State**") as amended from time to time; as enacted into law by Chapter 915 of the Laws of 1969 of the State (the "**Act**"), the Authority was created and empowered to, among other things, promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, civic and research facilities and facilities for use by a federal agency or medical facility, among others, and thereby advancing the job opportunities, health, general prosperity and economic welfare of the people of the City of Auburn and improving their medical care and standard of living; and

WHEREAS, the Act further authorizes the Authority to lease its projects, to charge and collect rent therefore, for the purpose of carrying out any of its corporate purposes; and

WHEREAS, the Company has requested the Authority to undertake the following project (the "**Project**"): (i) the acquisition of approximately 2.64 acres of land, and the structures thereon, near the intersections of State Street, Water Street and Arterial West in the City of Auburn, being more specifically identified as a closed section of Water Street and Tax Parcels 115.52-1-70, 71, 72.1, 82 and 84 (the "**Land**"); (ii) the construction thereon of a building of approximately 71,000 square feet for an 92-room Hilton Garden Inn with a mid-size conference center (the "**Building**"); (iii) the equipping of the Building for use as a hotel and conference center (the "**Equipment**", and collectively with the Land and the Building, the "**Facility**"); and (iv) the providing of certain financial assistance as described below with respect to the Facility; and

WHEREAS, the Corporation is the fee owner of the Land and a portion of the buildings which it has leased to the LP; and

WHEREAS, the Authority has entered into certain lease agreements, dated the date hereof, with both the Corporation and the LP whereby the Authority has acquired a leasehold interest in the respective interests held by the Corporation and the LP in the Facility (collectively, the "**Lease Agreements**") and leased the Facility back to the Corporation and the LP pursuant to Leaseback Agreements dated the date hereof (collectively, the "**Leaseback Agreements**"); and

WHEREAS, under the present provisions of the Act and Section 412-a of the Real Property Tax Law (the "RPTL") of the State of New York, the Authority is exempt from the payment of taxes imposed upon real property and improvements owned by it, other than special ad valorem levies, special assessments and service charges against real property which are or may be imposed for special improvements or special district improvements; and

WHEREAS, the Authority and the Company deem it necessary and proper to enter into an agreement making provisions for payments in lieu of taxes by the Company to the Authority for the benefit of the County of Cayuga (the "**County**"), City of Auburn (the "**City**"), and the Auburn City School District (the "**School**" and collectively with the County and the City, the "**Affected Tax Jurisdictions**"). Capitalized terms not otherwise defined herein shall have the meanings assigned to such terms in the Leaseback Agreements.

NOW, THEREFORE, in consideration of the covenants herein contained, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is mutually agreed as follows:

ARTICLE I

REPRESENTATIONS AND WARRANTIES

1.1 Representations and Warranties of the Company. The Company does hereby represent and warrant as follows:

(a) The Company is duly organized and validly existing under the laws of the State and by proper action of its governing bodies, has been duly authorized to execute, deliver and perform this Agreement.

(b) The Company is authorized and has the organizational power 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 in any material respect conflict with or violate or constitute a material breach of or a default under) the terms, conditions or provisions of 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 neither the Company's entering into this Agreement nor the Company's discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Agreement will be in any material respect 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, or 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 the legal, valid and binding obligation of the Company enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting enforcement of creditors' rights generally, or by general principles of equity.

(c) No 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.

1.2 Representations and Warranties of the Authority. The Authority does hereby represent and warrant as follows:

(a) The Authority 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) The Authority presently intends to acquire a leasehold interest in the Facility and to lease the Facility back to the Company.

(c) The Authority is authorized and has the corporate power under the Act, its by-laws and the laws of the State 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 Authority has duly authorized the execution, delivery and performance of this Agreement and the consummation of the transactions herein contemplated.

(d) The Authority 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 Authority is a party or by which the Authority is bound.

ARTICLE II

COVENANTS AND AGREEMENTS

2.1 Tax Exempt Status of Facility; Effective Date.

(a) Pursuant to Section 2326 of the Public Authorities Law and Section 412-a of the RPTL, the parties hereto understand that for so long thereafter as the Authority shall hold a leasehold in the Facility, the Facility shall be assessed by the Affected Tax Jurisdictions as exempt upon the first assessment rolls of the Affected Tax Jurisdictions prepared subsequent to the date of this Agreement (the "**Effective Date**"). The Company shall take such action as may be necessary to ensure that the Facility shall be assessed as exempt upon the assessment rolls of

the Affected Tax Jurisdictions prepared subsequent to the Effective Date, including ensuring that a Real Property Tax Exemption Form and a copy of this Agreement shall be filed with the appropriate officer or officers of each respective Affected Tax Jurisdictions responsible for assessing properties on behalf of each such Affected Tax Jurisdictions (each such officer being hereinafter referred as an "Assessor").

(b) For so long thereafter as the Authority shall own such leasehold interest in the Facility, the Company shall take such further action as may be necessary to maintain such exempt assessment with respect to the Affected Tax Jurisdictions. The parties hereto understand that the Facility shall not be entitled to such tax-exempt status on the tax rolls of any Affected Tax Jurisdictions until the first tax year of such Affected Tax Jurisdiction following the tax status date of such Affected Tax Jurisdictions occurring subsequent to the date upon which the Authority becomes the owner of records of such leasehold interest in the Facility and the Real Property Tax Exemption Forms are filed with the Assessor. Pursuant to the provisions of the Lease Agreements, the Company will be required to pay all taxes and assessments lawfully levied and/or assessed against the Facility, including taxes and assessments levied for the current tax year and all subsequent tax years until the Facility shall be entitled to exempt status on the tax rolls of the respective Affected Taxing Jurisdictions. The Agency will cooperate with the Company to obtain and preserve the tax-exempt status of the Facility.

(c) The parties hereto understand that the tax exemption extended to the Authority by Section 2326 of the Public Authorities Law and Section 412-a of the RPTL does not entitle the Authority to exemption from special assessments, special district charges, special ad valorem levies (including, but not limited to, fire district charges, pure water charges and sewer charges). Pursuant to the Leaseback Agreement, the Company will be required to pay all such charges and assessments lawfully levied and/or assessed against the Facility.

2.2 Term. This Agreement shall take effect on the Effective Date and shall remain in effect for a period of twenty-five (25) years unless earlier terminated in accordance with the provisions hereof. As used below, "Year 1" shall mean the one (1) year period beginning with the Effective Date and ending the day prior to the anniversary of the Effective Date. Each subsequent year shall begin with the next anniversary of the Effective Date and be similarly measured.

2.3 Valuation of the Facility. The value of the Facility (the "Value") for purposes of determining payments in lieu of taxes due hereunder shall be as follows:

Years 1-15	\$ 819,000
Years 16-25	\$7,500,000

2.4 Amount of Payments in Lieu of Taxes. Beginning with the Effective Date, the Company shall make payments in lieu of taxes to the Authority in an amount computed by (a) multiplying the Value of the Facility determined pursuant to Section 2.3 above by (b) the actual tax rate of the Affected Tax Jurisdictions in effect at time of such payment; all multiplied by (c) the following percentages:



HANCOCK
ESTABROOK, LLP
COUNSELORS AT LAW

RICHARD W. COOK
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September 14, 2011

David Norcross, Sr. Vice President Acquisitions
Auburn Community Hotel, L.P.
250 S. Clinton Street, Suite 200
Syracuse, New York 13202

**Re: Auburn Industrial Development Authority
Hotel Project**


Dear Dave:

I am enclosing with this letter a corrected page 5 of the PILOT Agreement for the captioned transaction. There was a typo in the percentage for year 21. Please substitute this page in your copy of the PILOT Agreement.

If you have any questions, please feel free to call me.

Very truly yours,

HANCOCK ESTABROOK, LLP


Richard W. Cook

RWC/lrd

Enc.

cc: Jennifer Haines, Executive Director (*with replacement page*)

SEP 15 2011

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<u>Year</u>	<u>Percentage</u>
Years 1-15	100%
Year 16	12%
Year 17	19%
Year 18	28%
Year 19	37%
Year 20	46%
Year 21	55%
Year 22	64%
Year 23	73%
Year 24	82%
Year 25	91%

(CORRECTED COPY)

2.5 Valuation of Future Additions to the Facility.

(a) If there shall be a future addition to the Facility constructed or added in any manner after the date of this Agreement, the Company shall notify the Authority of such future addition ("**Future Addition(s)**"). The notice to the Authority shall contain a copy of the application for a building permit, plans and specifications, and any other relevant evidence that the Authority may thereafter request. Upon the Authority's receipt of the notice, the parties hereto shall use their best efforts to agree upon additional payments in lieu of tax for such Future Additions ("**Additional Payments**") and shall amend this Agreement to provide for such Additional Payments.

(b) If the parties are unable to agree on such Additional Payments, the value of the Future Additions for purposes of determining the amount of real property taxes owed by the Company shall be determined by the Assessor. The Assessor shall establish the Assessed Value of the Future Additions. The Company shall be entitled to prompt written notice of the initial establishment of such Assessed Value for the Future Additions.

(c) Commencing on the first tax year following the date on which any Future Additions shall be completed, the Company agrees to make Additional Payments to the Authority with respect to such Future Additions, such Additional Payments to be computed by multiplying (x) the Assessed Value of such Future Additions determined pursuant to subsection (b) above by (y) the tax rate or rates that would be applicable to such Future Additions if the Authority did not hold a leasehold interest in the Future Additions, and (z) reduce the amount so determined by the amounts of any tax exemptions that would be afforded to the Company if the Authority did not hold a leasehold interest in such Future Additions.

(d) If the Company shall disagree with the determination of Assessed Value for any Future Additions, the Company shall have such rights, remedies and recourses available to it as would lawfully be available to the Company if the Authority did not hold a leasehold interest in the Facility and therefore not exempt upon the assessment rolls of the Affected Tax Jurisdictions. If a lesser Assessed Value is determined by a court of competent jurisdiction and

the Additional Payment is thereby reduced, any excess payment shall be refunded to the Company or, in the Authority's sole discretion, such excess payment shall be applied as a credit against the next succeeding Additional Payment.

2.6 Statements. The Authority agrees to submit to the Company periodic statements specifying the amount and due date or dates of the payments due hereunder, such periodic statements to be submitted to the Company once the tax rates for the Affected Tax Jurisdictions have been established for the fiscal year. Each such statement shall be for that portion of the payment due in that year as apportioned to the taxes otherwise payable to each such entity as set forth in Section 2.8 below.

2.7 Method of Payment. All payments by the Company hereunder shall be paid to the Authority in such coin and currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

2.8 Agreement to Pay Proportionate Share. The Authority covenants and agrees that it shall make payment to each of the Affected Tax Jurisdictions its pro rata share of the payments received from the Company pursuant to Section 2.4 hereof in the same proportion to the amount of real property tax and other taxes which would have been received by each Affected Tax Jurisdiction had the Facility not been exempt due to the status of the Authority.

2.9 Limitation of Benefits. The Company agrees that it will not seek any tax exemption for the Facility which could provide benefits for more than the periods provided for herein and specifically agrees that the exemptions provided for herein, to the extent actually received (based on the number of lease years elapsed), supersede and are in substitution of the exemptions provided by Article 4 of the RPTL. It is hereby agreed and understood that the Affected Tax Jurisdictions can rely upon and enforce the above waiver to the same extent as if they were signatories hereto.

2.10 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 rate per annum which would be payable if such amounts were delinquent taxes, until so paid in full.

2.11 Company to Furnish Subleases. The Company agrees to furnish the commissioner of assessments of each Affected Tax Jurisdiction an annual report, certified by the Company, and if requested by each Affected Tax Jurisdiction, certified to each Affected Tax Jurisdiction by certified public accountants, of the area subleased in the Facility, if any, and to furnish copies of each and every sublease, if any, within ten (10) days of the execution of said sublease.

2.12 Credit for Taxes Paid.

(a) It is understood and agreed that should the Company pay in any calendar year to the Affected Tax Jurisdictions any amounts in the nature of general property taxes, general assessments, service charges or other governmental charges of a similar nature levied and/or assessed upon the Facility or in the interest therein of the Company or the occupancy thereof by the Company (but not including, by way of example, (i) sales and use taxes and (ii) special assessments, special ad valorem levies or governmental charges in the nature of utility charges, including, but not limited to water, solid waste, sewage treatment or sewer or other rents, rates and charges), then the Company's obligation to make payments in lieu of taxes for such calendar year to the Authority hereunder shall be reduced by the amounts which the Company shall have so paid in such calendar year, but there shall be no cumulative or retroactive credit as to any payment in lieu of taxes due to the Authority or as to any payment in lieu of taxes due to the Authority in any other calendar year.

(b) If the Company desires to claim a credit against any particular payment in lieu of tax due hereunder, the Company shall give the Authority prior written notice of its intention to claim any credit pursuant to the provisions of this Section 2.12, said notice to be given by the Company at least thirty (30) days prior to the date on which such payment in lieu of tax is due pursuant to the provisions of Section 2.4 hereof.

2.13 Recapture. In the event the Company sells, transfers or assigns its interest in the Facility or if there occurs a transfer of more than forty-nine percent (49%) of the voting or dividend or distribution control of either the Corporation or the LP prior to the expiration of the seventh (7th) year following the Effective Date, the Company shall repay to the Authority an amount equal to the difference between the taxes which would have been payable by the Company had the Facility not had the benefit of the tax exemption afforded by the Authority hereunder (but giving effect to any other tax exemption which would otherwise be available to the Company under Article 4 of the RTPL) and the amounts paid by the Company during the term of this Agreement between the Effective Date and the date of the event giving rise to the payment due under this section. Such payment shall be made within ten (10) days of presentment by the Authority to the Company of a statement of the amount due hereunder and shall thereafter bear interest two percent (2%) in excess of the Prime Rate. An assignment made to a trust for the benefit of the transferor's family for estate planning purposes shall not be deemed a transfer within the meaning of this section.

ARTICLE III

TRANSFER OF THE FACILITY

3.1 Obligation to Pay. In the event that the Facility is transferred from the Authority to the Company (the Lease Agreement is terminated), and the Company is ineligible for a continued tax exemption under some other tax incentive program, or the exemption results in a payment to the Affected Tax Jurisdictions in excess of the payment described in Article II herein, or this Agreement terminates and the Facility is not timely transferred back to the Company, the Company agrees to pay no later than the next tax lien date (plus any applicable grace period), to

each of the Affected Tax Jurisdictions, an amount equal to the taxes and assessments which would have been levied on the Facility if the Facility had been classified as fully taxable as of the date of transfer or loss of eligibility of all or a portion of the exemption described herein or date of termination.

3.2 Assignment. The Company may sell, sublease, assign or otherwise transfer the Facility or any part thereof or permit a transfer of more than 49% of the total membership interest in the Company only with the prior written consent of the Authority which consent shall not be unreasonably withheld, provided that the transferee assumes all of the Company's covenants, stipulations, promises, agreements and obligations contained in this Agreement. An assignment made to a trust for the benefit of the transferor's family for estate planning purposes shall not be deemed a transfer within the meaning of this section.

ARTICLE IV

EVENTS OF DEFAULT

4.1 Events of Default. Any one or more of the following events shall constitute "Events of Default" hereunder: (a) failure of the Company to pay any amount due and payable by it pursuant to this Agreement and continuance of said failure for a period of ten (10) days after written notice to the Company stating that such payment is due and payable; (b) failure of the Company to observe and perform any other covenant, condition or agreement on its part to be observed and performed, other than as referred to in paragraph (a) above and Section 2.12 herein, 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 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; and (d) the occurrence and continuance of any events of default under the Lease Agreement after any applicable cure periods. Upon the occurrence of any Event of Default hereunder, in addition to any other right or remedy the Authority and/or the Affected Tax Jurisdictions may have at law or in equity, the Authority and/or Affected Tax Jurisdictions may, immediately and without further notice to the Company (but with notice to the Authority with respect to actions maintained by the Affected Tax Jurisdictions) pursue any action in the courts to enforce payment or to otherwise recover directly from the Company any amounts so in default.

4.2 Remedies upon Default. Whenever any Event of Default shall have occurred with respect to this Agreement, the Authority may take whatever action at law or in equity 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.

4.3 Recording of Documents. Whenever the Company shall have failed to make any payment required of it under this Agreement, the Authority may upon sixty (60) days notice to the Company, record any documents necessary in the appropriate county clerk's office,

conveying the premises to the Company and/or terminating the Lease Agreement. The Company hereby appoints the Authority as its attorney in fact to execute and deliver all documents necessary for such conveyance and/or termination, and recording thereof in the county clerk's office shall constitute delivery thereof so long as notice thereof, including a copy with notice of recording, is sent to the Company.

4.4 Payment of Attorneys Fees and Expenses. If the Company should default in performing any of its obligations, covenants and agreements under this Agreement and the Authority should employ attorneys or incur other 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 therefore, pay to the Authority the reasonable fees and disbursements of such attorneys and such other reasonable expenses so incurred.

4.5 Cumulative Remedies; Waiver and Notice.

(a) No remedy herein conferred upon or reserved to the Authority 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) 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) In order to entitle the Authority 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) 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

5.1 Assignment. No portion of any interest in this Agreement may be assigned by the Company, nor shall any person other than the Company be entitled to succeed to or otherwise obtain any benefits of the Company hereunder without the prior written consent of the Authority, which shall not be unreasonably withheld or delayed. The Company shall continue to be liable for obligations hereunder notwithstanding such assignment.

5.2 Counterparts. This Agreement may be executed in any number of counterparts each of which shall be deemed an original but which together shall constitute a single instrument.

5.3 Notices. All notices, claims and other communications hereunder shall be in writing and shall be deemed to be duly given if personally delivered or mailed first class, postage prepaid, as follows:

To the Authority: Auburn Industrial Development Authority
 Memorial City Hall
 24 South Street
 Auburn, New York 13021
 Attn.: James Dacey, Chairman

With a Copy to: Hancock Estabrook, LLP
 1500 AXA Tower I
 100 Madison Street
 Syracuse, New York 13202
 Attn.: Richard W. Cook, Esq.

To the Company: Auburn Real Estate Company, Inc.
 Auburn Community Hotel, L.P.
 250 S. Clinton Street, Suite 200
 Syracuse, New York 13202
 Attention: David Norcross, Sr. Vice President Acquisitions

With a Copy to: Bond, Schoeneck & King, PLLC
 One Lincoln Center
 Syracuse, New York 13202
 Attention: Edwin J. Kelley, Esq.

or at such other address as any party may from time to time furnish to the other party by notice given in accordance with the provisions of this Section. All notices shall be deemed given when mailed or personally delivered in the manner provided in this Section.

5.4 Governing Law; Jurisdiction. This Agreement shall be governed by, and all matters in connection herewith shall be construed and enforced in accordance with, the laws of the State of New York applicable to agreements executed and to be wholly performed therein and the parties hereto hereby agree to submit to the personal jurisdiction of the federal or state courts located in Cayuga County, New York.

5.5 No Recourse. All covenants, stipulations, promises, agreements and obligations of the Authority contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any member, officer, agent, servant or employee of the Authority in his individual capacity, and no recourse under or upon any obligation, covenant or agreement contained in this Agreement, or otherwise based 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, officer, agent, servant or employee, as such, of the Authority or any successor public benefit corporation or political subdivision or any person executing this Agreement on behalf of the Authority, either directly or through the Authority 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 whatsoever shall attach to, or is or shall be incurred by any such member, officer, agent, servant or employee of the Authority 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, 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.

5.6 Limited Obligation. The obligations and agreements of the Authority contained herein shall not constitute or give rise to an obligation of the State of New York or the City of Auburn, New York, and neither the State of New York nor the City of Auburn, New York shall be liable thereon, and further such obligations and agreements shall not constitute or give rise to a general obligation of the Authority, but rather shall constitute limited obligations of the Authority payable solely from the revenues of the Authority derived and to be derived from the lease, sale or other disposition of the Facility.

5.7 Limitation on Authority Action. Notwithstanding any provision of this Agreement to the contrary, the Authority shall not be obligated to take any action pursuant to any provision hereof unless (i) the Authority shall have been requested to do so in writing by the Company and (ii) if compliance with such request is reasonably expected to result in the incurrence by the Authority (or any of its members, officers, agents (other than the Company), servants or employees) of any liability, fees, expenses or other costs, the Authority shall have received from the Company security or indemnity satisfactory to the Authority for protection against all such liability, however remote, and for the reimbursement of all such fees, expenses and other costs.

5.8 Amendment. This Agreement may not be effectively amended, changed, modified, altered or terminated unless such amendment, change, modification, alteration or termination is in writing and, in the case of any amendment, change, modification or alteration of this Agreement, unless the Company and its successors and assigns shall assume in writing the obligations of such amended, changed, modified or altered Agreement.

5.9 Binding Effect. This Agreement shall inure to the benefit of, and shall be binding upon, the Authority, the Company and their respective successors and assigns. The provisions of this Agreement are intended to be for the benefit of the Authority and the Affected Tax Jurisdictions.

5.10 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

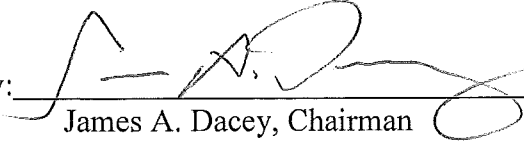
invalid or illegal or unenforceable by any court of competent jurisdiction, such article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion so adjudged invalid, illegal or unenforceable shall be deemed separate, distinct and independent and the remainder of this Agreement 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.

5.11 Entire Agreement. This Agreement is intended to constitute the entire Agreement and to supersede all prior agreements, whether oral or written, between the parties with respect to the subject matter hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

**AUBURN INDUSTRIAL
DEVELOPMENT AUTHORITY**

By: 
James A. Dacey, Chairman

AUBURN REAL ESTATE COMPANY, INC.

By: _____
Name: _____
Title: _____

**AUBURN COMMUNITY HOTEL, L.P.
BY: COMMUNITY HOTEL, LLC,
GENERAL PARTNER**

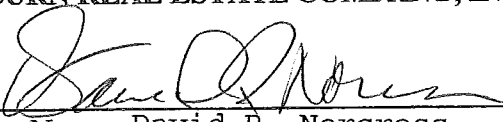
By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.


AUBURN INDUSTRIAL
DEVELOPMENT AUTHORITY

By: _____
James A. Dacey, Chairman

AUBURN REAL ESTATE COMPANY, INC.

By:  _____
Name: David R. Norcross
Title: Vice President

AUBURN COMMUNITY HOTEL, L.P.
BY: COMMUNITY HOTEL, LLC,
GENERAL PARTNER

By:  _____
Name: David R. Norcross
Title: Authorized Agent