

RESOLUTIONS OF THE TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY APPROVING THE CONVEYANCE TO **MCRS BROOKHAVEN LLC** OF CERTAIN EQUIPMENT AND AUTHORIZING THE EXECUTION, DELIVERY AND PERFORMANCE OF AGREEMENTS PERTAINING THERETO, APPROVING THE SALE OF A CERTAIN FACILITY BY **MCRS BROOKHAVEN LLC** TO **AMERICAN HOTEL INCOME PROPERTIES REIT INC.** AND/OR **AHIP NY BELLPORT PROPERTIES LLC** AND/OR **AHIP NY BELLPORT ENTERPRISES LLC** AND/OR **ONE NY BELLPORT 2 MANAGEMENT LLC** AND/OR THE PRINCIPALS OF ANY OF THE FOREGOING AND/OR OTHER ENTITIES TO BE FORMED ON BEHALF OF ANY OF THE FOREGOING (COLLECTIVELY, THE “**APPLICANTS**”) AND AUTHORIZING THE EXECUTION, DELIVERY AND PERFORMANCE OF AGREEMENTS PERTAINING THERETO, AND APPROVING A MORTGAGE REFINANCING AND EXTENSIONS AND INCREASES THEREOF, AND THE EXECUTION, DELIVERY AND PERFORMANCE OF THE AGREEMENTS IN CONNECTION THEREWITH.

WHEREAS, the Town of Brookhaven Industrial Development Agency (the “**Agency**”) was created by Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 358 of the Laws of 1970 of the State of New York (collectively, the “**Act**”), with the authority and power to, among other things, acquire, construct, renovate and equip a project, provide financial assistance, and mortgage, lease, grant options with respect to and dispose of property; and

WHEREAS, the Agency previously provided its assistance to **BRIAD LODGING GROUP YAPHANK, LLC** (the “**Original Company**”) (i) in connection with the acquisition, construction and equipping of an approximately 60,115 square foot, 128-room hotel facility on approximately 4.6 acres of land (the “**Land**”) located at the intersection of Sawgrass Drive and Horseblock Road, Bellport New York 11713 (SCTM # 200-813-1-008.32) (the “**Original Facility**”), title to which was acquired by the Agency pursuant to a deed dated December 19, 2008, and leased by the Agency to the Original Company, with an obligation of the Original Company to purchase same, for use as a hotel facility that is a tourism destination, (ii) by granting of mortgage liens thereon and security interests therein, and (iii) by providing financial assistance within the meaning of the Act; and

WHEREAS, the Agency held a public hearing on August 21, 2008, so that all persons with views in favor of, or opposed to either the financial assistance for the Original Facility contemplated by the Agency or the location or nature of the Original Facility, could be heard; and

WHEREAS, on September 15, 2008, the Agency adopted its authorizing resolution, by which, among other matters, the Agency determined (i) that the action relating to the acquisition, construction, equipping and operation of the Original Facility is an “unlisted” action, as that term is defined in the State Environmental Quality Review Act (Article 8 of the

Environmental Conservation Law) and will not have a “significant effect” on the environment, such determination constituting a negative declaration for purposes of said law, (ii) based upon the representations of the Original Company and its representative, RK Consulting Service, Inc., that the Original Facility and its operations thereat constitutes a “tourism destination,” (iii) to proceed under the provisions of the Act to acquire, construct, equip, repair and maintain the Original Facility, lease the Original Facility to the Company (with an obligation to purchase), and to provide “financial assistance” within the meaning of the Act to the Company, including straight leases, exemptions from taxation in accordance with Section 874 of the Act, and (iv) to grant mortgages on, and/or security interest in, the Original Facility, including replacements, substitutions, extensions and additions to such mortgages and security interests; and

WHEREAS, the Agency acquired title to the Original Facility pursuant to a certain Bargain and Sale Deed, dated December 19, 2008 (the “**Bargain and Sale Deed**”) from the Original Company to the Agency; and

WHEREAS, the Agency leased the Original Facility to the Original Company pursuant to a certain Lease Agreement, dated as of December 1, 2008 (the “**Original Lease Agreement**”) by and between the Agency, as lessor, and the Original Company, as lessee; and

WHEREAS, in connection with the leasing of the Original Facility, the Agency and the Original Company entered into a certain PILOT Agreement, dated as of December 1, 2008 (the “**Original PILOT Agreement**”), whereby the Original Company agreed to make payments-in-lieu-of-taxes on the Original Facility; and

WHEREAS, in connection with the acquisition, construction and equipping of the Original Facility, the Agency entered into a certain Mortgage, Security Agreement and Fixture Filing, dated as of December 19, 2008 (the “**2008 Mortgage**”), from the Agency and the Original Company to Sun National Bank, securing the original principal amount of \$17,044,000.00, and the Agency provided its financial assistance in connection with said mortgage, inter alia, in the form of exemptions from mortgage recording tax;

WHEREAS, the Agency previously consented to the assignment of the Original Facility by the Original Company to MCRS BROOKHAVEN LLC (the “**Assignor Company**”) pursuant to a certain Assignment and Assumption of Lease Agreement and Consent, dated December 1, 2010 (the “**2010 Lease Assignment**”), and pursuant to a certain Assignment and Assumption of PILOT Agreement, dated December 1, 2010 (the “**2010 PILOT Assignment**”), both by and among the Agency, the Original Company, and the Assignor Company; and

WHEREAS, the Agency (i) entered into, and currently leases the Original Facility to the Assignor Company pursuant to, a certain Amended and Restated Lease Agreement, dated as of December 1, 2010 (the “**2010 Amended and Restated Lease Agreement**”), by and between the Agency and the Assignor Company, amending and restating the Original Lease Agreement, and (ii) entered into a certain Amended and Restated Payment-In-Lieu-of-Tax Agreement, dated as of December 1, 2010 (the “**2010 Amended and Restated PILOT Agreement**”), by and between the Agency and the Assignor Company, amending and restating the Original PILOT Agreement; and

WHEREASE, the Assignor Company subleased the Original Facility to MCRS Brookhaven Tenant LLC (the “**MCRS Subtenant**”), pursuant to a certain sublease agreement, dated as of December 1, 2010 (the “**Original Sublease Agreement**”), by and between the Assignor Company and the MCRS Subtenant; and

WHEREAS, the Assignor Company previously requested the Agency enter into a refinancing with The Washington Trust Company (the “**2012 Lender**”), with respect to the Original Facility, including a new mortgage in place of the 2008 Mortgage, and in furtherance thereof, the Agency entered into a certain Mortgage, Assignment of Rents, Security Agreement and Fixture Filing, dated as of April 4, 2012 (the “**2012 Mortgage**”), from the Agency, the Assignor Company and MCRS Subtenant to the 2012 Lender, securing the original principal amount of \$10,350,000.00, and in place of the 2010 Mortgage, and the Agency provided its financial assistance in connection with said mortgage, inter alia, in the form of exemptions from mortgage recording tax;

WHEREAS, in connection with the 2012 Mortgage, the Agency and the Assignor Company amended the 2010 Amended and Restated Lease Agreement under a certain Amendment of Lease Agreement, dated as of April 4, 2012 (the “**2012 Lease Amendment**”); together with the 2010 Amended and Restated Lease Agreement, the “**MCRS Lease Agreement**”), by and between the Agency and the Assignor Company and countersigned by the MCRS Subtenant;

WHEREAS, the Assignor Company has requested that the Agency convey to the Assignor Company the Equipment (as defined under the MCRS Lease Agreement) other than fixtures affixed to and constituting a part of the building and structures on the Land (the “**Released Property**”); the Original Facility after the conveyance of the Released Property, may be referred to as the “**Facility**”) under the MCRS Lease Agreement (the “**Equipment Release**”); and

WHEREAS, the Assignor Company and AHIP NY Bellport Properties LLC (the “**Company**”) on its behalf and on behalf of American Hotel Income Properties REIT Inc. and/or AHIP NY Bellport Enterprises LLC (the “**Operator**”) and/or One NY Bellport 2 Management LLC (the “**Manager**”) and/or the principals of any of them and/or other entities to be formed on behalf of any them, has requested the Agency’s consent to sale of the Facility to the Company and the assignment by the Assignor Company to the Company of all of the Assignor Company’s rights, title and interest in, and the assumption by the Company of the Assignor Company’s obligations under, the MCRS Lease Agreement, the 2010 Amended and Restated PILOT Agreement and certain other agreements in connection with the Facility, and, in connection therewith, the Assignor Company will sell and convey the Released Equipment to the Operator (collectively, the “**Facility Sale**”); and

WHEREAS, the Company has requested the Agency’s consent to the refinancing of 2012 Mortgage, and increase in the amount secured thereby, in the aggregate amount of \$20,000,000.00, but not to exceed \$24,000,000.00, which refinancing and increase in amount secured thereby may be accomplished by the replacement of the 2012 Mortgage with a new mortgage in the aggregate amount of \$20,000,000.00, but not to exceed \$24,000,000.00, or

further encumbering the Facility with a new mortgage securing the approximate amount of \$10,000,000, but not to exceed \$14,000,000.00, to be consolidated with the 2012 Mortgage to secure the aggregate amount of \$20,000,000.00, but not to exceed \$24,000,000.00 (the “**Refinance**”); and

WHEREAS, the Company will sublease the Facility to the Operator pursuant to a certain sublease agreement (the “**Sublease Agreement**”) by and between Company, as sublessor, and the Operator, as sublessee; and

WHEREAS, the Facility will be managed by the Manager pursuant to a certain management agreement (the “**Management Agreement**”) by and among the Operator and the Manager; and

WHEREAS, the Agency, the Assignor Company, and others will enter such documents, upon advice of counsel, in both form and substance, as may be reasonably required to effectuate the Equipment Release, including a bill of sale, and such other documents as the Agency may require (the “**Release Documents**”); and

WHEREAS, the Agency, the Assignor Company, the Company, the Operator, the Manager and others will enter into such documents upon advice of counsel, in both form and substance, as may be reasonably required to effectuate the Facility Sale, including an assignment and assumption of the MCRS Lease Agreement and the 2010 Amended and Restated PILOT Agreement, an Amended and Restated Lease and Project Agreement, and such other documents as the Agency may require ( collectively, the “**Assignment Documents**”); and

WHEREAS, the Agency, the Company, the lender with respect to the Refinance, and others will enter into such documents upon advice of counsel, in both form and substance, as may be reasonably required to effectuate the Refinance, including a mortgage in the amount of \$10,000,000.00, but not to exceed \$14,000,000.00, and a consolidation, extension and modification agreement securing the aggregate sum of \$20,000,000.00, but not to exceed \$24,000,000.00, or a replacement mortgage in the amount of \$20,000,000.00, but not to exceed \$24,000,000.00, and such other such other documents as the Agency may approve (collectively, the “**Refinance Documents**”); and

WHEREAS, the Agency will not provide financial assistance in connection with the Equipment Release, the Facility Sale or the Refinance in the form of exemptions from mortgage recording taxes or sales or use taxes, or any additional abatement of real estate taxes; and

WHEREAS, the Agency has given due consideration to the representations of the Applicants that the transactions referred to herein are either an inducement to the Company to maintain the Facility in the Town of Brookhaven or are necessary to maintain the competitive position of the Company in its industry; and

WHEREAS, the Act authorizes and empowers the Agency to promote, develop, encourage and assist projects such as the Facility and to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York; and

WHEREAS, the Company, the Operator and Manager have agreed to indemnify the Agency against certain losses, claims, expenses, damages and liabilities that may arise in connection with the transactions contemplated by the Equipment Release, the Facility Sale and the Refinance.

NOW, THEREFORE, BE IT RESOLVED by the Town of Brookhaven Industrial Development Agency (a majority of the members thereof affirmatively concurring) that:

Section 1. The Agency hereby finds and determines:

a. By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and

b. The Facility constitutes a “project”, as such term as defined in the Act; and

c. The Equipment Release, the Facility Sale and the Refinance will promote and maintain the job opportunities, health, general prosperity and economic welfare of the citizens of the Town of Brookhaven, Suffolk County and the State of New York and improve their standard of living and thereby serve the public purposes of the Act; and

d. The Equipment Release, the Facility Sale and Refinance are reasonably necessary to induce the Company to maintain and expand its business operations in the State of New York; and

e. Based upon the representations of the Applicants, the Facility conforms with the local zoning laws and planning regulations of the Town of Brookhaven and all regional and local use plans for the area in which the Facility is located; and

f. The Facility and the operations conducted therein will not cause or result in the violation of the health, labor or other laws of the United States of America, the State of New York, or the Town of Brookhaven; and

g. It is desirable and in the public interest for the Agency to consent to and effectuate the Equipment Release, the Facility Sale and the Refinance.

Section 2. The Agency, subject to the resolutions herein, including the execution and delivery, and receipt, of such instruments and documents as may be required hereunder, in furtherance of the purposes of the Act, hereby consents to the Equipment Release, the Facility Sale and the Refinance.

Section 3. The Chairman, Chief Executive Officer, and/or any other member of the Agency are hereby authorized and directed to, on behalf of and in the name of the Agency, and in furtherance of these resolutions, (a) execute, deliver and perform, such agreements, modifications, amendments, approvals, notices, and other documents or instruments (including a Bill of Sale conveying the Released Equipment to the Assignor Company (the “**Bill of Sale**”), an Assignment and Assumption Agreement and Consent (the “**Assignment and Assumption Agreement and Consent**”) among the Agency, the Assignor Company and the Company, an Amended and Restated Lease and Project Agreement (the “**Amended and Restated Lease and Project Agreement**”) between the Agency and the Company, an Agency Compliance Agreement (the “**Operator Agency Compliance Agreement**”) between the Agency and the Operator, an Agency Compliance Agreement (the “**Manager Agency Compliance Agreement**”) between the Agency and the Manager, and a mortgage and/or mortgages and consolidation, extension and modification agreement(s) (collectively, the “**Mortgage**”) from or among the Agency, and the Company and/or the Operator, with or to lenders thereunder, in such form and containing such terms, conditions and provisions, as the person executing same or taking such action on behalf of the Agency shall deem necessary or desirable, and shall approve, such necessity or desirability and approval to be conclusively evidenced by his or her execution and delivery thereof, (b) require the Assignor Company to execute, deliver and perform, such agreements, modifications, amendments, approvals, notices, and other documents or instruments (including the Assignment and Assumption Agreement and Consent), in such form and containing such terms, conditions and provisions, and take such actions as the person acting on behalf of the Agency shall deem necessary or desirable, (c) require the Company, the Operator and/or the Manager to execute, deliver and perform, such agreements, modifications, amendments, approvals, notices, and other documents or instruments (including the Assignment and Assumption Agreement and Consent, the Amended and Restated Lease and Project Agreement, the Operator Agency Compliance Agreement, the Manager Agency Compliance Agreement, and the Mortgage), in such form and containing such terms, conditions and provisions, and take such actions as the person acting on behalf of the Agency shall deem necessary or desirable, and (d) take such further actions on behalf of the Agency as any of the Chairman, Chief Executive Officer and/or any other member of the Agency shall deem necessary or desirable.

Section 4. The Company, the Operator and the Manager hereby agree to comply with Section 875 of the Act. The Company, the Operator and the Manager further agree that the financial benefits provided pursuant to the Act are subject to termination and recapture of benefits pursuant to Section 875 of the Act and the recapture provisions of the Amended and Restated Lease and Project Agreement.

Section 5. Weinberg Gross & Pergament LLP are hereby appointed Transaction Counsel to the Agency, and is authorized and directed to work with Counsel to the Assignor Company, the Company, the Operator, the Manager, counsel to the lenders with respect to the Mortgages, and others, to prepare, for submission to the Agency, all documents necessary to effect the transaction described in these resolutions.

Section 6. Any and all acts, instruments, and other writings heretofore or hereafter performed and/or executed and delivered by any one or more of the Chairman, Chief Executive Officer or any member of the Agency, pursuant to the several foregoing resolutions,

for and on behalf of and in the name of the Agency, in connection with the transactions contemplated thereby, be and the same hereby are, in all respects ratified, confirmed and approved.

Section 7. The documents, including the Bill of Sale, the Assignment and Assumption Agreement and Consent, the Amended and Restated Lease and Project Agreement, the Operator Agency Compliance Agreement, the Manager Agency Compliance Agreement, and the Mortgage, promptly following the execution, and delivery thereof, be identified by any of the Chairman, Chief Executive Officer or any member of the Agency by his or her endorsement thereon and when so identified be filed with the official records of the Agency.

Section 8. The Chairman, Chief Executive Officer, Counsel to the Agency or any member of the Agency are hereby authorized and directed (i) to distribute copies of this resolution to the Assignor Company, the Company, the Operator, the Managers, and others, and (ii) to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this resolution.

Section 9. Any expenses incurred by the Agency with respect to the Facility or the transactions contemplated hereby shall be paid by the Company, the Operator and/or the Manager. By acceptance hereof, the Company, the Operator and the Manager agree to pay such expenses and further agrees to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Facility or the transactions contemplated hereby.

Section 10. This resolution shall take effect immediately.

Adopted: June 14, 2017

Accepted: June \_\_, 2017

AHIP NY Bellport Properties LLC

By: \_\_\_\_\_, \_\_\_\_\_

AHIP NY Bellport Enterprises LLC

By: \_\_\_\_\_, \_\_\_\_\_

One NY Bellport 2 Management LLC

By: \_\_\_\_\_, \_\_\_\_\_