

# Putnam County INDUSTRIAL DEVELOPMENT AGENCY

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## APPLICATION

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William Nulk, Chairman  
PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
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For NYS Legislation and Compliance requirements see Authorities  
Budget Office at: <http://www.abo.ny.gov/>

For information on Members and Committees, Policies and Bylaws,  
Uniform Tax Exempt Policy and Annual Reports, See:  
[www.putnamida.com](http://www.putnamida.com)

## Section I: Applicant Information

Please answer all questions. Use "None" or "Not Applicable" where necessary.

### A) Applicant Information-company receiving benefit:

Applicant Name: Ahana Hospitality, LLC by Shalinder Nichani, Member

Applicant Address: 26 Mill River Street, Stamford, CT 06902

Phone: (203) 550-7747 Fax: \_\_\_\_\_

Website: \_\_\_\_\_ E-mail: shellynichani@msn.com

- Federal ID#: 47-2112933 NAICS: NAICS Code 721110

State and Year of Incorporation/Organization: June 30, 2014 in State of CT

List of stockholders, members, or partners of Applicant: Shalinder Nichani as to 50% and Anita Mehra as to 50%

Will a Real Estate Holding Company be utilized to own the Project property/facility? ☐ Yes ☒ No

What is the name of the Real Estate Holding Company \_\_\_\_\_

Federal ID#: \_\_\_\_\_

State and Year of Incorporation/Organization: \_\_\_\_\_

List of stockholders, members, or partners of Real Estate Holding Company: \_\_\_\_\_

**SEE ATTACHMENT 1 FOR LLC INFORMATION.**

### B) Individual Completing Application:

Name: Michael T. Liguori, Esq. of Hogan & Rossi with Shalinder Nichani

Title: Attorney

Address: 3 Starr Ridge Road, Brewster, NY 10509

Phone: 845-279-2986 Fax: \_\_\_\_\_

E-Mail: mtliguori@hoganandrossi.com

### C) Company Contact (if different from individual completing application):

Name: Shalinder Nichani (Shelly)

Title: Managing Member

Address: 26 Mill River Street, Stamford, CT 06902

Phone: see above Fax: \_\_\_\_\_

E-Mail: see above

### D) Company Counsel:

Name of Attorney: Michael T. Liguori, Esq. of Hogan & Rossi

Firm Name: See above.  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
E-mail: \_\_\_\_\_

**E) Identify the assistance being requested of the Agency (select all that apply):**

- |   |   |
|---|---|
| 1. Exemption from Sales Tax                                 | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 2. Exemption from Mortgage Tax—1.05%                        | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 3. ***Payment for Exemption from Real Property<br>Tax—PILOT | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| 4. Tax Exempt Financing *                                   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
- \* (typically for not-for-profits & small qualified manufacturers)

**F) Business Organization (check appropriate category):**

Corporation	<input type="checkbox"/>	Partnership	<input type="checkbox"/>
Public Corporation	<input type="checkbox"/>	Joint Venture	<input type="checkbox"/>
Sole Proprietorship	<input type="checkbox"/>	Limited Liability Company	<input checked="" type="checkbox"/>

Formation: June 30, 2014 in State of CT

Other (please specify) \_\_\_\_\_

Year Established: \_\_\_\_\_

State in which Organization is established: \_\_\_\_\_

**G) List all stockholders, members, or partners with % of ownership greater than 20%:**

<u>Name</u>	<u>% of ownership</u>
Shalinder Nichani	50%
Anita Mehra	50%

**H) Applicant Business Description:**

Describe in detail company background, products, customers, goods and services. Description is critical in determining eligibility: Applicant, through various entities, owns and operates a number of branded hotels. Applicant desires to acquire the Fox Ridge project, complete its construction and to operate it as a Comfort Inn. Applicant seeks to move into NY Market. Future plans include the expansion of the existing hotel and the construction and operation of a restaurant on the property.

Estimated % of sales within County/City/Town/Village: 100%

Estimated % of sales outside County/City/Town/Village but within New York State: N/A

Estimated % of sales outside New York State but within the U.S.: N/A

Estimated % of sales outside the U.S. N/A

(\*Percentage to equal 100%)

D) What percentage of your total annual supplies, raw materials and vendor services are purchased from firms in County/City/Town Village. Include list of vendors, raw material suppliers and percentages for each. Provide supporting documentation including estimated percentage of local purchases.

Annual Supplies:

SEE SUPPLEMENT ATTACHED HERETO.

Raw Materials:

Vendor services:

## Section II: Project Description & Details

### A) Project Location:

Municipality or Municipalities of current operations: No current operations exist.

Will the Proposed Project be located within the Municipality, or within a Municipality, identified above?

☒ Yes   No ☐

If yes, in which Municipality will the proposed project be located: Town of Southeast

If No, in which Municipality will the proposed project be located: \_\_\_\_\_

Provide the Property Address of the proposed Project: 7-11 Peach Lake Road, Brewster, New York 10509

Will the completion of the project result in the removal of an industrial or manufacturing plant of the project 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 the project occupant located within the state?

☐ Yes   No ☒

If the proposed project is located in a different municipality than the municipality in which current operations are being undertaken, is it expected that any of the facilities in any other municipality will be closed or be subject to reduced activity?

☐ Yes   No ☒

If yes, you will need to complete Section II (Q) and Section IV of this Application.

SBL Number for Property upon which proposed Project will be located: 68.14-1-30

What are the current real estate taxes on the proposed Project Site? \$142,363.63

If amount of current taxes is not available, provide assessed value for each:

Land: \$ 1,200,000

Buildings(s): \$2,700,000

**\*\* Please include a copy of the most recent tax bill.**

Are real property taxes current? ☐ Yes ☒ No. If no, please explain: **SEE ATTACHMENT 2- The most recent tax bill issued is the 2018/2019 school tax bill. The bill has not been paid, but will be paid at the closing for the acquisition. All prior taxes paid per attached receipt.**

Town/City/Village: Southeast School District: Brewster Central

Does the Applicant or any related entity currently hold fee title to the Project site? ☐ Yes ☒ No

If No, indicate name of present owner of the Project Site: Fox Ridge Motor Inn, Inc.

Does Applicant or related entity have an option/contract to purchase the Project site? ☒ Yes ☐ No

Describe the present use of the proposed Project site: Hotel under construction. No other uses exist.

**B) Please provide narrative of project and the purpose of the project (new build, renovations, and/or equipment purchases). Identify specific uses occurring within the project. Describe any and all tenants and any/all end users: (This information is critical in determining project eligibility):** The Project consists of a 57-room branded hotel on 12.4 acres of land located at Route 6 and 121 in Brewster, New York. The hotel is under construction and is approximately 70% complete. The Applicant intends on completing the construction of the hotel, developing a future expansion and a restaurant on premises. The existing hotel is approved and permitted. The expansion and restaurant require approvals, however, those components are necessary for the overall sustainability of the Project and are permitted uses in the Zoning District.

**Describe the reasons why the Agency's Financial Assistance is necessary, and the effect the Project will have on the Applicant's business or operations. Focus on competitiveness issues, project shortfalls, expansion needs, location. Your eligibility determination will be based in part on your answer (attach additional pages if necessary):** SEE ATTACHMENT 3

**Please confirm by checking the box, below, if there is likelihood that the Project would not be undertaken but for the Financial Assistance provided by the Agency?**

☒ Yes ☐ No If the Applicant does not receive Agency benefits, it will not proceed with the Acquisition. Said contingency is specifically listed in the Contract of Sale.

**If the Project could be undertaken without Financial Assistance provided by the Agency, then provide a statement in the space provided below indicating why the Project should be undertaken by the Agency:** Not applicable

**If the Applicant is unable to obtain Financial Assistance for the Project, what will be the impact on the Applicant and County/City/Town/Village?** If the Applicant does not receive Agency benefits, it will not proceed with the acquisition. If the acquisition is not successful, PCSB will foreclose on the property and thereafter it is likely that the Project would be sold at auction to satisfy the bank's outstanding debt.

**C) Will Project include leasing any equipment** ☐ Yes ☒ No

*If yes, please describe:* \_\_\_\_\_

**D) Site Characteristics:**

Will the Project meet zoning/land use requirements at the proposed location? ☒ Yes ☐ No

Describe the present zoning/land use: Gateway Commercial - Includes hotel

Describe required zoning/land use, if different: N/A

If a change in zoning/land use is required, please provide details/status of any request for change of zoning/land use requirements: N/A

Is the proposed project located on a site where the known or potential presence of contaminants is complicating the development/use of the property? If yes, please explain: No.

E) Has a Phase I Environmental Assessment been prepared, or will one be prepared with respect to the proposed project site? ☒ Yes ☐ No If yes, please provide a copy. **SEE ATTACHMENT 4- Copy OF Phase 1.**

F) Have any other studies or assessments been undertaken with respect to the proposed project site that indicate the known or suspected presence of contamination that would complicate the site's development?  
☐ Yes ☒ No. If yes, please provide copies of the study

G) Provide any additional information or details: Phase 1 completed in 2009; and 2014 and 2018.  
No presence of contamination found or any known Recognized Environmental Concerns.

H) Select Project Type for all end users at project site (you may check more than one):

\*\* Please check any and all end users as identified below.

\*\* Will customers personally visit the Project site for either of the following economic activities? If yes with respect to economic activity indicated below, complete the Retail Questionnaire contained in Section IV of the Application.

Retail Sales: ☐ Yes or ☒ No

Services: ☒ Yes or ☐ No

For purposes of this question, the term "retail sales" means (i) sales by a registered vendor under Article 28 of the Tax Law of the State of New York (the "Tax Law") primarily engaged in the retail sale of tangible personal property (as defined in Section 1101(b)(4)(i) of the Tax Law), or (ii) sales of a service to customers who personally visit the project.

Industrial	<input type="checkbox"/>	Back Office	<input type="checkbox"/>
Acquisition of Existing Facility	<input type="checkbox"/>	Retail	<input type="checkbox"/>
Housing	<input type="checkbox"/>	Mixed Use	<input type="checkbox"/>
Equipment Purchase	<input type="checkbox"/>	Facility for Aging	<input type="checkbox"/>
Multi-Tenant	<input type="checkbox"/>	Civic Facility (not for profit)	<input type="checkbox"/>
Commercial	<input type="checkbox"/>	Other <u>Hotel</u>	<input checked="" type="checkbox"/>

I) Project Information:

**Estimated costs in connection with Project:**

1. Land and/or Building Acquisition: \$ 3,300,000.00  
12.4 acres \_\_\_\_\_ square feet
2. \*New Building Construction: 30,000 square feet \$ 1,550,849.27  
\*Completion of Existing Building
3. New Building Addition(s): 0 square feet \$ \_\_\_\_\_
4. Infrastructure Work \$ \_\_\_\_\_
5. Reconstruction/Renovation: \_\_\_\_\_ square feet \$ \_\_\_\_\_
6. Manufacturing Equipment: \$ \_\_\_\_\_
7. Non-Manufacturing Equipment (furniture, fixtures, etc.): \$ 449,150.73
8. Soft Costs: (professional services, etc.): \$ 50,000.00
9. Other, Specify: \_\_\_\_\_ \$ \_\_\_\_\_

TOTAL Capital Costs: \$ 5,350,000.00

**Project refinancing; estimated amount**  
**(For refinancing of existing debt only)**

\$ \_\_\_\_\_

**Sources of Funds for Project Costs:**

Bank Financing:	<u>\$ 4,320,000</u>
Equity (excluding equity that is attributed to grants/tax credits)	<u>\$ 1,030,000</u>
Tax Exempt Bond Issuance (if applicable)	<u>\$ 0</u>
Taxable Bond Issuance (if applicable)	<u>\$ 0</u>
Public Sources (Include sum total of all state and federal grants and tax credits)	<u>\$ 0</u>
Identify each state and federal grant/credit:	

_____	<u>\$ 0</u>
_____	<u>\$ _____</u>
_____	<u>\$ _____</u>
_____	<u>\$ _____</u>

Total Sources of Funds for Project Costs: \$ 5,350,000

Have any of the above costs been paid or incurred as of the date of this Application? ☐ Yes ☒ No

If yes, describe particulars: \_\_\_\_\_  
 \_\_\_\_\_

**Mortgage Recording Tax Exemption Benefit:** Amount of mortgage that would be subject to mortgage recording tax:

Mortgage Amount (include sum total of construction/permanent/bridge financing):  
\$ 4,320,000

Estimated Mortgage Recording Tax Exemption Benefit (product of mortgage amount as indicated above multiplied by ~~1.05%~~): \* Now only .85

\$4,320,000 x full tax rate of 1.3% = \$56,160. MRTE savings is now only .85%, therefore, the sum of \$36,720 would be saved and the sum of \$19,442 would be paid.

**Construction Cost Breakdown:**

Total Cost of Construction \$2,000,000 (sum of 2,3,4,5, and/or 7 in Question I, above)

Cost for materials: \$1,000,000  
% sourced in County/City/Town/Village: 25+/-%  
% sourced in State 50+/-% (including

County/City/Town/Village) **BALANCE OF MATERIALS FOR COMPLETION IS FFE, WHICH IS MANUFACTURED OUT OF STATE. SEE ATTACHMENT 5 FOR FFE ORDER.**

Cost for labor: \$1,000,000

**Sales and Use Tax:** Gross amount of costs for goods and services that are subject to State and local Sales and Use tax, said amount to benefit from the Agency's Sales and Use Tax exemption benefit:

\$1,000,000

Estimated State and local Sales and Use Tax Benefit (product of 8.125% multiplied by the figure above):

\$ 83,750

*\*\* Note that the estimate provided above will be provided to the New York State Department of Taxation and Finance. The Applicant acknowledges that the transaction documents may include a covenant by the Applicant to undertake the total amount of investment as proposed within this Application, and that the estimate, above, represents the maximum amount of sales and use tax benefit that the Agency may authorize with respect to this Application. The Agency may utilize the estimate, above, as well as the proposed total Project Costs as contained within this Application, to determine the Financial Assistance that will be offered.*

**Real Property Tax Benefit:**

Identify and describe if the Project will utilize a real property tax exemption benefit OTHER THAN the Agency's PILOT benefit: None

**IDA PILOT Benefit:** Agency staff will indicate the amount of PILOT Benefit based on estimated Project Costs as contained herein and anticipated tax rates and assessed valuation, including the annual PILOT Benefit abatement amount for each year of the PILOT benefit year and the sum total of PILOT Benefit abatement amount for the term of the PILOT as depicted in Section V of the Application.

**Percentage of Project Costs financed from Public Sector sources:** Agency staff will calculate the percentage of Project Costs financed from Public Sector sources based upon Sources of Funds for Project Costs as depicted above in Section II (I) of the Application.

J) For the proposed facility, please indicate the square footage for each of the uses outlined below:

\*If company is paying for FFE for tenants, please include in cost breakdown (the project must have contracts or leases signed by tenants).

	Square Footage	Cost	% of Total Cost of Project
Manufacturing/Processing			
Warehouse			
Research & Development			
Commercial			
Retail (see section K)			
Office			
Specify Other	33,000	5,350,000	100%
Hotel		With FFE	

K) What is your project timetable (provide dates):

1. Start date: acquisition of equipment or construction of facilities: October 15, 2018
2. Estimated completion date of project: February 15, 2018
3. Project occupancy – estimated starting date of operations: March 1, 2019
4. Have construction contracts been signed? ☐ Yes ☒ No (CONTRACTS PENDING)
5. Has financing been finalized? ☐ Yes ☒ No (CLOSING IS PENDING)

List contractors for the project.

O&G Industries (formerly Brewster Transit Mix)  
 Roger Electric (Danbury);  
 Foley Plumbing (Danbury)  
 APA HVAC (Brewster)  
 Lyons Construction (Brewster)  
 Otis Elevator (Albany)  
 Calculated Fire Protection (Philipstown)  
 Danbury Drywall (Danbury)  
 Arrow Paving (Westchester)

L) Have site plans been submitted to the planning department?

☐ Yes ☒ No Site Plan Approval not required. Project approved by  
 Stipulation of Settlement with Town of Southeast. SEE ATTACHMENT 6.

*Please provide the Agency with a copy of the related State Environmental Quality Review Act ("SEQR") Environmental Assessment Form. Please provide the Agency with the status with respect to any required planning department approval.*

**The issuance of the Building Permit pursuant to the Stipulation of Settlement was exempt from SEQRA.**

Has the project received site plan approval from the planning department? ☐ Yes ☒ No.

*If yes, please provide the Agency with a copy of the planning department approval along with the related SEQR determination.*

M) Is the project necessary to expand project employment? ☒ Yes ☐ No

Is project necessary to retain existing employment?

☒ Yes ☐ No

**O) Employment Plan (specific to the proposed project location):**

	Current # of jobs at proposed project location or to be relocated to project location	IF FINANCIAL ASSISTANCE IS GRANTED – project the number of FTE and PTE jobs to be RETAINED	IF FINANCIAL ASSISTANCE IS GRANTED – project the number of FTE and PTE jobs to be CREATED upon TWO years after project completion	Estimate number of residents of the Labor Market Area in which the project is located that will fill the FTE and PTE jobs to be created upon TWO years after project completion **
Full time (FTE)	0	0	8	8
Part Time (PTE)	0	0	8	8
Total ***	0	0	8	8

\*\* For purposes of this question, please estimate the number of FTE and PTE jobs that will be filled, as indicated in the third column, by residents of the Labor Market Area, in the fourth column. The Labor Market Area includes Orange County and the remaining counties of the Mid-Hudson Region as defined by Empire State Development.

\*\*\* By statute, Agency staff must project the number of FTE jobs that would be retained and created if the request for Financial Assistance is granted. Agency staff will project such jobs over the two-year time period following project completion. Agency staff converts PTE jobs into FTE jobs by dividing the number of PTE jobs by two (2).

Salary and Fringe Benefits for Jobs to be Retained and Created:

Category of Jobs to be Retained and Created	Average Salary or Range of Salary	Average Fringe Benefits or Range of Fringe Benefits
Management	\$55,000+/-	\$12,000
Professional		
Administrative	\$45,000+/-	\$12,000
Production		
Independent Contractor		
Housekeeping	\$25,000+/-	\$5,000

Employment at other locations in County/City/Town/Village: (provide address and number of employees at each location): N/A

	Address	Address	Address
Full time			
Part Time			
Total			

P) Will any of the facilities described above be closed or subject to reduced activity? ☐ Yes ☐ No N/A  
*If any of the facilities described above are located within the State of New York, and you answered yes to the question, above, you must complete Section IV of this Application.*

*\*\* Please note that the Agency may utilize the foregoing employment projections, among other items, to determine the Financial Assistance that will be offered by the Agency to the Applicant. The Applicant acknowledges that the transaction documents may include a covenant by the Applicant to retain the number of jobs and create the number of jobs with respect to the Project as set forth in this Application.*

Q) Is the project reasonably necessary to prevent the project occupant from moving out of New York State?  
☐ Yes ☐ No. N/A

If yes, please explain and identify out-of-state locations investigated, type of assistance offered and provide supporting documentation if available \_\_\_\_\_

R) What competitive factors led you to inquire about sites outside of New York State? \_\_\_\_\_  
 N/A

S) Have you contacted or been contacted by other local, state and/or federal Economic Development Agencies? ☐ Yes ☐ No

*If yes, please identify which agencies and what other local, state and/or federal assistance was sought and dollar amount that is anticipated to be received: \_\_\_\_\_*

### Section III Retail Questionnaire

To ensure compliance with Section 862 of the New York General Municipal Law, the Agency requires additional information if the proposed Project is one where customers personally visit the Project site to undertake either a retail sale transaction or to purchase services.

Please answer the following:

- A. Will any portion of the project (including that portion of the cost to be financed from equity or other sources) consist of facilities or property that are or will be primarily used in making sales of goods or services to customers who personally visit the project site?

☒ Yes ☐ No If the answer is yes, please continue. If no, proceed to section V

For purposes of Question A, the term "retail sales" means (i) sales by a registered vendor under Article 28 of the Tax Law of the State of New York (the "Tax Law") primarily engaged in the retail sale of tangible personal property (as defined in Section 1101(b)(4)(i) of the Tax Law), or (ii) sales of a service to customers who personally visit the Project.

- B. What percentage of the cost of the Project will be expended on such facilities or property primarily used in making sales of goods or services to customers who personally visit the project?  
100 %. If the answer is less than 33% do not complete the remainder of the retail determination and proceed to section V.

If the answer to A is Yes AND the answer to Question B is greater than 33.33%, indicate which of the following questions below apply to the project:

1. Will the project be operated by a not-for-profit corporation ☐ Yes ☒ No.

2. Is the Project location or facility likely to attract a significant number of visitors from outside the economic development region (list specific County or ED region) in which the project will be located?

☒ Yes ☐ No

If yes, please provide a third-party market analysis or other documentation supporting your response. See Appraisal and Feasibility Study. (ATTACHMENT 7)

3. Is the predominant purpose of the project to make available goods or services which would not, but for the project, be reasonably accessible to the residents of the municipality within which the proposed project would be located because of a lack of reasonably accessible retail trade facilities offering such goods or services?

☒ Yes ☐ No

If yes, please provide a third party market analysis or other documentation supporting your response. See Appraisal and Feasibility Study. (ATTACHMENT 7)

4. Will the project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York?

☒ Yes ☐ No.

If yes, please explain: No jobs are provided by the property in its current state, therefore, completion of same shall increase the number of permanent private sector jobs.

4. Is the project located in a Highly Distressed Area? ☐ Yes ☒ No

## Section IV Inter-Municipal Move Determination

The Agency is required by state law to make a determination that, if completion of a Project benefiting from Agency Financial Assistance results in the removal of an industrial or manufacturing plant of the project 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 the project occupant located within the state, Agency Financial Assistance is required to prevent the project occupant from relocating out of the state, or is reasonably necessary to preserve the project occupant's competitive position in its respective industry.

**Will the Project result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state?**

☐ Yes ☒ No

**Will the Project result in the abandonment of one or more plants or facilities of the project occupant located within the state?**

☐ Yes ☒ No

If Yes to either question, explain how, notwithstanding the aforementioned closing or activity reduction, the Agency's Financial Assistance is required to prevent the Project from relocating out of the State, or is reasonably necessary to preserve the Project occupant's competitive position in its respective industry:

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**Does the Project involve relocation or consolidation of a project occupant from another municipality?**

Within New York State

☐ Yes ☒ No

Within County/City/Town/Village

☐ Yes ☒ No

*If yes to either question, please explain:* \_\_\_\_\_

## Section V: Estimate of Real Property Tax Abatement Benefits\*\*\* and Percentage of Project Costs financed from Public Sector sources

### CURRENT Assessment and Taxes of project.

Year	County Tax	Town Tax	School Tax	
2018	12,051	12,244	115,916	

Dollar Value of New Construction	Estimated New Assessed Value of	County Tax Rate/1000	Local Tax Rate (Town/City/Village)/1000	School Tax Rate/1000
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and Renovation Costs	Property Subject to IDA*			
1,300,000	5,200,000	16,068	16,325.92	154,554

\*Apply equalization rate to value

**Request for PILOT:** PILOT applies to Structure only

**Provide backup data such as a project pro forma to establish need for PILOT.**

PILOT Year	% Payment	County PILOT Amount	Local PILOT Amount	School PILOT Amount	Total PILOT	Full Tax Payment w/o PILOT	Net Exemption
1	50%	6,180	6,279	59,445	71,903	143,807	71,903
2	55%	5,512	5,651	53,550	64,763	143,807	64,713.15
3	60%	4,994	5,023	47,600	57,623	143,807	57,523
4	65%	4,326	4,395	41,650	50,483	143,807	50,332
5	70%	3,708	3,767	35,700	43,343	143,807	43,142
6	75%	3,090	3,139	29,750	36,203	143,807	35,951
7	80%	2,472	2,511	23,800	29,063	143,807	14,380
8	85%	1,854	1,883	17,850	21,923	143,807	21,571
9	90%	1,236	1,258	11,900	14,783	143,807	14,380
10	95%	618	654	5,950	7,643	143,807	7,190
TOTAL	100%	33,770	34,560	327,195	433,933	1,438,000	395,466

\*\*\* Estimates provided are based on current property tax rates and assessment value (current as of date of application submission) and have been calculated using Office of Assessment data.

**Percentage of Project Costs financed from Public Sector Table Worksheet:**

Total Project Cost	Estimated Value of PILOT	Estimated Value of Sales Tax Incentive	Estimated Value of Mortgage Tax Incentive	Total of Other Public Incentives (Tax Credits, Grants, ESD Incentives, etc.)
5,350,000	395,466	83,750	28,050	

<b>Project Cost</b>	\$ 5,350,000
<b>Estimated Value of PILOT</b>	\$ 395,466
<b>Estimated Value of Sales Tax Incentive</b>	\$ 83,750
<b>Estimated Value of Mortgage Tax Incentive</b>	\$ 28,050
<b>Total of Other Public Incentives</b>	\$ 0
<b>(Tax Credits, Grants, ESD Incentives, etc.)</b>	

**Calculate %** \_\_\_\_\_ %

**Total Project Costs** \$4,842,734  
**(Est. PILOT + Est. Sales Tax+ Est. Mortgage Tax+ Other)**

**\*\* This Section of the Application can only be completed upon the Applicant receiving, and must be completed after the Applicant receives, IDA Staff confirmation that Section I through Section V of the Application are complete.**

\_\_\_\_\_ (name of CEO or other authorized representative of Applicant) confirms and says that he/she is the \_\_\_\_\_ (title) of \_\_\_\_\_ (name of corporation or other entity) named in the attached Application (the "Applicant"), that he/she has read the foregoing Application and knows the contents thereof, and hereby represents, understands, and otherwise agrees with the Agency and as follows:

- A. Job Listings: In accordance with Section 858-b(2) of the New York General Municipal Law, the Applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the Project will be listed with the New York State Department of Labor Community Services Division (the "DOL") and with the administrative entity (collectively with the DOL, the "JTPA Entities") of the service delivery area created by the federal job training partnership act (Public Law 97-300) ("JTPA") in which the Project is located.
- B. First Consideration for Employment: In accordance with Section 858-b(2) of the New York General Municipal Law, the Applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the Applicant will first consider persons eligible to participate in JTPA programs who shall be referred by the JTPA Entities for new employment opportunities created as a result of the Project.
- C. Annual Sales Tax Filings: In accordance with Section 874(8) of the New York General Municipal Law, the Applicant understands and agrees that, if the Project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874(8) of the General Municipal Law, the Applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the Applicant and all consultants or subcontractors retained by the Applicant. Copies of all filings shall be provided to the Agency.
- D. Employment Reports: The Applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, the Applicant agrees to file, or cause to be filed, with the Agency, at least annually or as otherwise required by the Agency, reports regarding the number of people employed at the project site, salary levels, contractor utilization and such other information (collectively, "Employment Reports") that may be required from time to time on such appropriate forms as designated by the Agency. Failure to provide Employment Reports within 30 days of an Agency request shall be an Event of Default under the PILOT Agreement between the Agency and Applicant and, if applicable, an Event of Default under the Agent Agreement between the Agency and Applicant. In addition, a Notice of Failure to provide the Agency with an Employment Report may be reported to Agency board members, said report being an agenda item subject to the Open Meetings Law.
- E. The Applicant acknowledges that certain environmental representations will be required at closing. The Applicant shall provide with this Representation, Certification and Indemnification Form copies of any known environmental reports, including any existing Phase I Environmental Site Assessment Report(s) and/or Phase II Environmental

Investigations. The Agency may require the Company and/or owner of the premises to prepare and submit an environmental assessment and audit report, including but not necessarily limited to, a Phase I Environmental Site Assessment Report and a Phase II Environmental Investigation, with respect to the Premises at the sole cost and expense of the owner and/or the Applicant. All environmental assessment and audit reports shall be completed in accordance with ASTM Standard Practice E1527-05, and shall be conformed over to the Agency so that the Agency is authorized to use and rely on the reports. The Agency, however, does not adopt, ratify, confirm or assume any representation made within reports required herein.

- F. The Applicant and/or the owner, and their successors and assigns, hereby release, defend and indemnify the Agency from any and all suits, causes of action, litigations, damages, losses, liabilities, obligations, penalties, claims, demands, judgments, costs, disbursements, fees or expenses of any kind or nature whatsoever (including, without limitation, attorneys', consultants' and experts' fees) which may at any time be imposed upon, incurred by or asserted or awarded against the Agency, resulting from or arising out of any inquiries and/or environmental assessments, investigations and audits performed on behalf of the Applicant and/or the owner pursuant hereto, including the scope, level of detail, contents or accuracy of any environmental assessment, audit, inspection or investigation report completed hereunder and/or the selection of the environmental consultant, engineer or other qualified person to perform such assessments, investigations, and audits.
- G. Hold Harmless Provision: The Applicant acknowledges and agrees that the Applicant shall be and is responsible for all costs of the Agency incurred in connection with any actions required to be taken by the Agency in furtherance of the Application including the Agency's costs of general counsel and/or the Agency's bond/transaction counsel whether or not the Application, the proposed Project it describes, the attendant negotiations, or the issue of bonds or other transaction or agreement are ultimately ever carried to successful conclusion and agrees that the Agency shall not be liable for and agrees to indemnify, defend, and hold the Agency harmless from and against any and all liability arising from or expense incurred by: (i) the Agency's examination and processing of, and action pursuant to or upon, the Application, regardless of whether or not the Application or the proposed Project described herein or the tax exemptions and other assistance requested herein are favorably acted upon by the Agency; (ii) the Agency's acquisition, construction and/or installation of the proposed Project described herein; and (iii) any further action taken by the Agency with respect to the proposed Project including, without limiting the generality of the foregoing, all causes of action and attorney's fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. Applicant hereby understands and agrees, in accordance with Section 875(3) of the New York General Municipal Law and the policies of the Agency that any New York State and local sales and use tax exemption claimed by the Applicant and approved by the Agency, any mortgage recording tax exemption claimed by the Applicant and approved by the Agency, and/or any real property tax abatement claimed by the Applicant and approved by the Agency, in connection with the Project, may be subject to recapture and/or termination by the Agency under such terms and conditions as will be established by the Agency and set forth in transaction documents to be entered into by and between the Agency and the Applicant. The Applicant further represents and warrants that the information contained in this Application, including without limitation information regarding the amount of the New York State and local sales and use tax exemption benefit, the amount of the mortgage recording tax exemption benefit, and the amount of the real property tax abatement, if and as applicable, to the best of the Applicant's knowledge, is true, accurate and complete.
- H. This obligation includes an obligation to submit an Agency Fee Payment to the Agency in accordance with the Agency Fee policy effective as of the date of this application.

- I. By executing and submitting this application, the Applicant covenants and agrees to pay the following fees to the Agency and the Agency's general counsel and/or the Agency's bond/transaction counsel, the same to be paid at the times indicated:
- (i) a non-refundable \$ 250.00 application and publication fee (the "Application Fee");
  - (ii) a \$TBD expense deposit or escrow account for the Agency's Counsel Fee Deposit.
  - (iii) Unless otherwise agreed to by the Agency, an amount equal to five percent (.05%) of the total abatement taken.
  - (iv) All fees, costs and expenses incurred by the Agency for (1) legal services, including but not limited to those provided by the Agency's general counsel and/or the Agency's bond/transaction counsel, thus note that the Applicant is entitled to receive a written estimate of fees and costs of the Agency's general counsel and the Agency's bond/transaction counsel; and (2) other consultants retained by the Agency in connection with the proposed project (such as cost-benefit analysis) with all such charges to be paid by the Applicant at the closing.
  - (v) An annual Compliance fee of \$250 due each February 1 for the duration of the Project.
- J. If the Applicant fails to conclude or consummate the necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable proper or requested action, or withdraws, abandons, cancels, or neglects the Application, or if the Applicant is unable to find buyers willing to purchase the bond issue requested, or if the Applicant is unable to facilitate the sale/leaseback or lease/leaseback transaction, then, upon the presentation of an invoice, Applicant shall pay to the Agency, its agents, or assigns all actual costs incurred by the Agency in furtherance of the Application, up to that date and time, including but not necessarily limited to, fees of the Agency's general counsel and/or the Agency's bond/transaction counsel.
- K. The Applicant acknowledges and agrees that all payment liabilities to the Agency and the Agency's general counsel and/or the Agency's bond and/or transaction counsel as expressed in Sections H and I are obligations that are not dependent on final documentation of the transaction contemplated by this Application.
- L. The cost incurred by the Agency and paid by the Applicant, the Agency's general counsel and/or bond/transaction counsel fees and the processing fees, may be considered as a cost of the Project and included in the financing of costs of the proposed Project, except as limited by the applicable provisions of the Internal Revenue Code with respect to tax-exempt bond financing.
- M. The Applicant acknowledges that the Agency is subject to New York State's Freedom of Information Law (FOIL). **Applicant understands that all Project information and records related to this application are potentially subject to disclosure under FOIL subject to limited statutory exclusions.**
- N. The Applicant acknowledges that it has been provided with a copy of the Agency's Policy for Termination of Agency Benefits and Recapture of Agency Benefits Previously Granted (the "Termination and Recapture Policy"). The Applicant covenants and agrees that it fully understands that the Termination and Recapture Policy is applicable to the Project that is the subject of this Application, and that the Agency will implement the Termination and Recapture Policy if and when it is so required to do so. The Applicant further covenants and agrees that its Project is potentially subject to termination of Agency financial assistance and/or recapture of Agency financial assistance so provided and/or previously granted.

- O. The Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if Financial Assistance is provided for the proposed Project:

§ 862. Restrictions on funds of the agency. (1) No funds of the agency shall be used in respect of any project if the completion thereof would result in the removal of an industrial or manufacturing plant of the project 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 the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.

- P. The Applicant confirms and acknowledges that the owner, occupant, or operator receiving Financial Assistance for the proposed Project is in substantial compliance with applicable local, state and federal tax, worker protection and environmental laws, rules and regulations.
- Q. The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any Financial Assistance and the reimbursement of an amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement the Project.
- R. The Applicant confirms and hereby acknowledges that as of the date of this Application, the Applicant is in substantial compliance with all provisions of Article 18-A of the New York General Municipal Law, including, but not limited to, the provision of Section 859-a and Section 862(1) of the New York General Municipal Law.
- S. The Applicant and the individual executing this Application on behalf of Applicant acknowledge that the Agency and its counsel will rely on the representations and covenants made in this Application when acting hereon and hereby represents that the statements made herein do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein not misleading.

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

Shelly Nichani, being first duly sworn, deposes and says:

1. That I am the Applicant That I have read the attached Application, I know the contents thereof, and that to the best of my knowledge and belief, this Application and the contents of this Application are true, accurate and complete.

\_\_\_\_\_  
(Signature of Officer)

Subscribed and affirmed to me under penalties of perjury  
this \_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(Notary Public)

Attachments as appropriate :

Long or short form SEQRA

Municipal approval of SEQRA

Marketing Study if required

Project Proforma supporting a PILOT request

Adaptive Reuse Schedule

ATTACHMENT 2

LLC INFO

# Business Inquiry

## Business Details

Business Name:	AHANA HOSPITALITY LLC	Citizenship/State Inc:	Domestic/CT
Business ID:	1147822	Last Report Filed Year:	2018
Business Address:	32 GRENHART ROAD, STAMFORD, CT, 06902	Business Type:	Domestic Limited Liability Company
Mailing Address:	32 GRENHART ROAD, STAMFORD, CT, 06902	Business Status:	Active
Date Inc/Registration:	Jun 30, 2014		
Annual Report Due Date:	03/31/2019		

## Principals Details

Name/Title	Business Address	Residence Address
ANITA MEHRA MEMBER	NONE	5 ELDER DR, EDISON, NJ, 08837
SHALINDER NICHANI MEMBER	NONE	12-B HICKORY DRIVE, GREENWICH, CT, 06902

## Agent Summary

Agent Name	SHALINDER NICHANI
Agent Business Address	NONE
Agent Residence Address	12-B HICKORY DRIVE, GREENWICH, CT, 06831
Agent Mailing Address	NONE

## Business Inquiry

### Filing History

**Business ID**

1147822

**Business Name**

AHANA HOSPITALITY LLC

Filing Number	Filing Date/Time	Effective Date/Time	Filing Type	Volume Type	Volume	Start Page	Page #
0005138527	Jun 30, 2014 1:00 PM		ORGANIZATION	B	01957	0003	3
0005637402	Aug 25, 2016 4:58 PM		REPORT (2015)	B	02235	2391	2
0005637404	Aug 25, 2016 4:59 PM		REPORT (2016)	B	02235	2397	2
0005859365	Jun 06, 2017 5:23 PM		REPORT (2017)	B	02358	0837	2
0006011730	Jan 16, 2018 6:19 PM		REPORT (2018)	B	02444	0534	2



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
CINCINNATI OH 45999-0023

AHANA HOSPITALITY  
ANITA MEHRA MBR  
8075 STEILEN DR  
FLORENCE, KY 41042

Date of this notice: 10-20-2014

Employer Identification Number:  
47-2112933

Form: SS-4

Number of this notice: CP 575 B

For assistance you may call us at:  
1-800-829-4933

IF YOU WRITE, ATTACH THE  
STUB AT THE END OF THIS NOTICE.

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER

Thank you for applying for an Employer Identification Number (EIN). We assigned you EIN 47-2112933. This EIN will identify you, your business accounts, tax returns, and documents, even if you have no employees. Please keep this notice in your permanent records.

When filing tax documents, payments, and related correspondence, it is very important that you use your EIN and complete name and address exactly as shown above. Any variation may cause a delay in processing, result in incorrect information in your account, or even cause you to be assigned more than one EIN. If the information is not correct as shown above, please make the correction using the attached tear off stub and return it to us.

Based on the information received from you or your representative, you must file the following form(s) by the date(s) shown:

Form 1065

04/15/2015

If you have questions about the form(s) or the due date(s) shown, you can call us at the phone number or write to us at the address shown at the top of this notice. If you need help in determining your annual accounting period (tax year), see Publication 538, *Accounting Periods and Methods*.

We assigned you a tax classification based on information obtained from you or your representative. It is not a legal determination of your tax classification, and is not binding on the IRS. If you want a legal determination of your tax classification, you may request a private letter ruling from the IRS under the guidelines in Revenue Procedure 2004-1, 2004-1 I.R.B. 1 (or superseding Revenue Procedure for the year at issue). Note: Certain tax classification elections can be requested by filing Form 8832, *Entity Classification Election*. See Form 8832 and its instructions for additional information.

A limited liability company (LLC) may file Form 8832, *Entity Classification Election*, and elect to be classified as an association taxable as a corporation. If the LLC is eligible to be treated as a corporation that meets certain tests and it will be electing S corporation status, it must timely file Form 2553, *Election by a Small Business Corporation*. The LLC will be treated as a corporation as of the effective date of the S corporation election and does not need to file Form 8832.

To obtain tax forms and publications, including those referenced in this notice, visit our Web site at [www.irs.gov](http://www.irs.gov). If you do not have access to the Internet, call 1-800-829-3676 (TTY/TDD 1-800-829-4059) or visit your local IRS office.

# ATTACHMENT 2

TAX Receipt  
+  
CURRENT Bill

**2018/2019 BREWSTER CENTRAL SCHOOL TAXES**

\* For Fiscal Year 07/01/2018 to 06/30/2019

\* Warrant Date 08/21/2018

 Bill No. 004821  
 Sequence No. 3972  
 Page No. 1 of 1
**MAKE CHECKS PAYABLE TO:**
 SUSAN TOBACCO, RECEIVER  
 BREWSTER CENTRAL SCHOOLS  
 PO Box 415, Brewster, NY 10509  
 845-279-7665  
 www.southeast-ny.gov
**TO PAY IN PERSON**
 SOUTHEAST TOWN HALL  
 1360 ROUTE 22, Brewster, NY  
 MON-FRI, 9AM TO 4:30PM  
 9/17 & 10/1 \*\*OPEN TILL 7PM\*\*  
 Visit www.southeast-ny.gov
**SWIS S/B/L ADDRESS & LEGAL DESCRIPTION & CK DIGIT**
 373089 68.14-1-30  
 Address: 7-11 Peach Lake Rd  
 Town of: Southeast  
 School: Brewster Central  
 NYS Tax & Finance School District Code: 060  
 415 - Motel Roll Sect. 1  
 Parcel Acreage: 12.53  
 Account No.  
 Bank Code

 Fox Ridge Motor Inn Inc  
 John Gillen  
 P O Box 223300-147  
 Princeville, HI 96722-3300

Estimated State Aid: SCHL 19,881,776

**PROPERTY TAXPAYER'S BILL OF RIGHTS**
 The Total Assessed Value of this property is: 3,900,000  
 The Uniform Percentage of Value used to establish assessments in your municipality was: 100.00  
 The assessor estimates the Full Market Value of this property as of July 1, 2017 was: 3,900,000

If you feel your assessment is too high, you have the right to seek a reduction in the future. A publication entitled "Contesting Your Assessment in New York State" is available at the assessor's office and on-line: www.tax.ny.gov. Please note that the period for filing complaints on the above assessment has passed.

Exemption	Value	Tax Purpose	Full Value Estimate	Exemption	Value	Tax Purpose	Full Value Estimate
-----------	-------	-------------	---------------------	-----------	-------	-------------	---------------------

**PROPERTY TAXES**

Taxing Purpose	Total Tax Levy	% Change From Prior Year	Taxable Assessed Value or Units	Rates per \$1000 or per Unit	Tax Amount
----------------	----------------	--------------------------	---------------------------------	------------------------------	------------

\*\*NON-HOMESTEAD PARCEL\*\*

 Town Of  
 Southeast

School Tax	74,111,529	2.2	3900,000.00	29.680089	115,752.35
------------	------------	-----	-------------	-----------	------------

FULL PAYMENT DUE 10/1/18, NO PENALTY. ADD 2% IN OCTOBER \*\*OR\*\*

1ST HALF PARTIAL BY 9/17/18 TO SUSAN TOBACCO, RECEIVER

2ND HALF PARTIAL BY 3/15/19 TO COMMISSIONER OF FINANCE

 You may pay taxes online via ELECTRONIC CHECK (ACH) OR  
 CREDIT CARD at www.southeast-ny.gov.

Partial Payment Fee

4,630.09

Property description(s): 069000000040030020000 008650000000000000839 69-4-3.2

PENALTY SCHEDULE	Penalty/Interest	Amount	Total Due	TOTAL TAXES DUE	\$115,752.35
------------------	------------------	--------	-----------	-----------------	--------------

Due By: 09/15/2018	60,191.22	60,191.22
03/15/2019	60,191.22	60,191.22

Apply For Third Party Notification By: 07/15/2019

Taxes paid by \_\_\_\_\_ CA CH

RETURN THE ENTIRE BILL WITH PAYMENT AND PLACE A CHECK MARK IN THIS BOX [ ] IF YOU WANT A RECEIPT OF PAYMENT. THE RECEIVER'S STUB MUST BE RETURNED WITH PAYMENT.

**2018/2019 BREWSTER CENTRAL SCHOOL TAXES**  
**RECEIVER'S STUB**

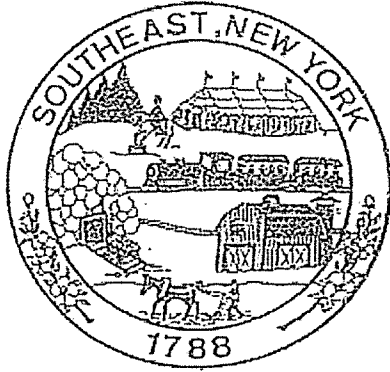
 Town of: Southeast  
 School: Brewster Central  
 Property Address: 7-11 Peach Lake Rd

 Bill No. 004821  
 373089 68.14-1-30  
 Bank Code

Pay By: 09/15/2018	60,191.22	60,191.22
03/15/2019	60,191.22	60,191.22

 Fox Ridge Motor Inn Inc  
 John Gillen  
 P O Box 223300-147  
 Princeville, HI 96722-3300

 TOTAL TAXES DUE  
 \$115,752.35



## Welcome to the Town of Southeast

### Online Tax Payment(s) and Search System

---

Tax Bills can be paid online with the below fees.

#### Convenience Fee Information

E-Check                \$1.75 Flat Processing Fee  
Visa Debit Cards    \$3.95 Flat Processing Fee  
Credit Cards\*        2.45% of Total Bill

*\*MasterCard, Visa, Discover, & American Express*

Town and County 2018

Tax Bill #	SWIS	Tax Map #	Status
2608	373089	68.14-1-30	Paid
Address		Municipality	School
7-11 Peach Lake Rd		0373089	373001

Owners	Property Information	Assessment Information
FOX RIDGE MOTOR INN INC JOHN GILLEN P O BOX 223300-147 PRINCEVILLE, HI 96722-3300	Roll Section: 1	Full Market Value: 3,900,000
	Property Class: 415	Total Assessed Value: 3,900,000
	Lot Size: 12.53 Acres	Uniform %: 100

Total Tax Amount: \$219,851.70

Total Tax Paid:  
\$219,851.70

Uncollected Amount: \$0.00

Fiscal Year Start: 1/1/2018 Fiscal Year End: 12/31/2018 Warrant Date: 12/20/2017

Installments

Select the Payment Option Checkbox then click the Make Payment Button to pay your bill.

**Existing Payments**

Posted	Total Tax Amount	Via	Type	Fees
02/12/2018	\$222,050.22	\$219,851.70	Mail Full	\$2,198.52

**Levy Line Item Listing**

Description	Tax Levy	Percent Change	Taxable Value	Rate	Tax Amount
COUNTY TAX	41435402	0.000	3,900,000	3.090053	\$12,051.21
TOWN TAX	6576258	4.600	3,900,000	3.1396	\$12,244.44
17/18 SCH RELEVY	0	0.000	0	1	\$126,511.66
BREWSTER FIRE	1556732	1.800	3,900,000	0.551569	\$2,151.12
1617PPSCHRELEVY	0	0.000	66,893	1	\$66,893.27

**Total Taxes: \$219,851.70**

Powered by Business Automation Services, Inc. (BAS) © 2018

ATTACHMENT 3

MEMO RE NECESSITY

## SUPPLEMENTAL INFORMATION FOR SECTION 1(I)

### % of Annual Supplies, Raw Materials & Vendor Services by Source

Certain aspects of operation are brand specific and cannot be sourced locally. Those aspects include linens, toiletries, etc.

Office supplies can all be sourced within Putnam County.

Food can be supplied within Town of Southeast via Ace Endico or Croton Egg Farm.

Local services can be supplied from contractors within Town of Southeast for plow, landscape, and building system repairs.

Garbage will be by available vendors.

## Attachment 3

### Page 5. B

#### Describe the reasons for Agency's Financial Assistance.

---

The following provides additional information about the project to substantiate the requirements of the IDA that "but for" the assistance of the IDA, the Applicant would not go forward with the Project.

Mr. Nichani will not go forward without the assistance of the IDA because the grant of benefits are necessary to offset (i) the risk associated with purchasing a hotel that is under construction in a location where the market is not yet tested; and (ii) the high cost of taxes which take a significant bite out of the rate of return for the project.

To elaborate on Item (i), the current project cost of \$5,350,000 divided by 57 rooms indicates a per key (room) cost of \$93,859. The current market rate for a 3-4 star property in the Danbury vicinity is \$77,000 per key for an operating hotel. Therefore, to spend nearly 120% of fair market cost per key for a property that is not yet operating and not yet market proven as a hotel (versus its previous use as a motel) places a burden on the Applicant to apply for and receive as many incentives that are available in order to offset project risk. The rationale for going forward is that the current project, due to it being both brand new and in Putnam County, New York, where is no other hotel competition, allows the Applicant to charge higher rates and potentially generate more revenue.

With regard to taxes, The City of Danbury, CT taxes at a rate of approximately \$28 per \$1,000 of assessed valuation at approximately 69% of assessed valuation. The combined tax rate for the current project is \$36 per \$1,000 of assessed valuation at 100% assessment. In comparison, the Holiday Inn Express, a 77-room hotel located at 89 Mill Plain Road is assessed for taxes at \$4,153,000 being 69% of \$5,933,000 and pays \$116,284 per year in taxes, when the current project, a 57-room hotel, if assessed at \$5,350,000, will pay \$192,000 in taxes. It is abundantly clear that being in Danbury, CT would save \$76,316 per year in taxes. Again, this puts great burden on obtaining the PILOT benefits because without those benefits, the project rate of return decreases significantly. Importantly, rate of return is not paramount. Retaining those earnings allows the Applicant to hire better qualified people, pay more in salary and in benefits, and fund capital reserves for the upkeep, maintenance, repair and expansion of the facility.

Attachment 4

Phase 1 Summary



Blanca Garcia-Luciano  
Savoy Bank  
600 Fifth Avenue, 17th Floor  
New York, New York 10020

RE: Phase I Environmental Site Assessment  
Fox Ridge Motor Inn  
7-11 Peach Road  
Block 1, Lot 30  
Brewster, New Jersey 10509

Dear Blanca Garcia-Luciano:

Geographic Services Inc. (GSI) has completed a Phase I Environmental Site Assessment (ESA) of the above-referenced Property in accordance with the Savoy Bank scope of work in the award.

The main objective of the ESA was to identify Recognized Environmental Conditions ("RECs") as defined in ASTM Standard Practice E1527-13 and is consistent with the level of investigation set out in E1527-13. The scope of the assessment also included consideration of the following environmental issues or conditions that are beyond the scope of ASTM Standard Practice E1527-13: visual Asbestos-Containing Material (ACM) survey; visual lead based paint (LBP) assessment, and visual microbial inspection of the Property building for the presence of water intrusion and/or visual microbial matter growth.

The ESA report is electronically provided. If requested, copies of the report will be distributed in hard copy as specified in the engagement.

GSI appreciates the opportunity to be of service to Savoy Bank and its successors, assignees and affiliates for this project and we look forward to working with you on future assignments.

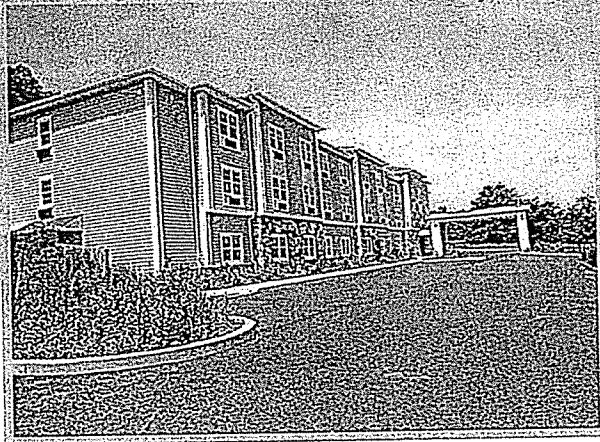
Sincerely,  
Geographic Services Inc.

A handwritten signature in black ink, appearing to read "Ruxandra Niculescu". The signature is fluid and cursive, with a large, sweeping "R" and "N".

Ruxandra Niculescu  
Environmental Professional

A handwritten signature in black ink, appearing to read "Nicole Lopez". The signature is fluid and cursive, with a large, sweeping "N" and "L".

Nicole Lopez  
Technical Review



### **PHASE I ENVIRONMENTAL SITE ASSESSMENT**

Fox Ridge Motor Inn  
7-11 Peach Road  
Block 1, Lot 30  
Brewster, New Jersey 10509  
July 3, 2018

#### **Prepared by:**

Geographic Services Inc.  
105 Evesboro-Medford Road, Suite D  
Marlton, New Jersey 08053  
Phone: (856) 229-7018  
Fax: (856) 229-7152  
GSI Project # 18-135

#### **Prepared for:**

Blanca Garcia-Luciano  
Savoy Bank  
600 Fifth Avenue, 17th Floor  
New York, New York 10020



**SAVOY BANK.**





## **Reliance**

The investigation was prepared in accordance with the scope of work provided by the client for the use and benefit of Savoy Bank, its successors, and assignees. It is based, in part, upon documents, writings, and information owned, possessed, or secured by Savoy Bank. Neither this report, nor any information contained herein shall be used or relied upon for any purpose by any other person or entity without the express written permission of Savoy Bank.



## Project Summary

Fox Ridge Motor Inn

7-11 Peach Road, Brewster, Putnam County, New Jersey, 10509

Report Section	No Further Action	REC	CREC	HREC	BER	Recommended Action
4.1.1 Property Listings	✓					
4.1.2 Adjoining Facilities	✓					
4.1.3 Facilities of Concern	✓					
4.2.1 Tier 1 Vapor Encroachment Condition Screening	✓					
4.3 Regulatory Non-Compliance	✓					
5.10 Historical Summary	✓					
6.1 Methodology and Limiting Conditions	✓					
6.2 Property Observations	✓					
8.1 Asbestos-Containing Material (ACM)					✓	ACM survey prior to demolition
8.2 Lead-Based Paint (LBP)					✓	LBP survey prior to demolition
8.3 Radon	✓				✓	
8.4 Drinking Water	✓				✓	
8.5 Mold Screening	✓				✓	
8.6 Wetlands	✓					



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## Executive Summary

Geographic Services Inc. (GSI) has completed a Phase I Environmental Site Assessment (ESA) of Fox Ridge Motor Inn located at 7-11 Peach Road, Brewster, Putnam County, New Jersey 10509 which is hereinafter referred to as the Property.

The following Property characteristics were identified as part of this assessment:

Property Information	
Size of Property (approximate)	12.53-acres
Adjoining and/or Access/Egress Roads	Access and egress from Peach Lake Road (Route 121) to the east. Danbury Road (Route 6) adjacent to the north and I-84 to the south.
General Topography of Property	Generally hilly, moderately sloping downward to the north-northeast
Potable Water Source	Potable well
Sanitary Sewer Utility	None (will be connected to municipal sewer when building is complete)
Electrical Utility	NYSEG
Natural Gas Utility	Propane
Current Operations	Vacant Commercial
General Building Description	Concrete foundation with concrete block walls and steel frame in the hotel. Wood walls and frame, concrete foundation in the residence.
Number of Floors/Subgrade Area(s)	Two (2) in the hotel, one (1) with basement in residence.
Total Square Feet of Space (approximate)	10,000
Construction Completion Date (year)	Constructed 1950 for the residence, hotel under construction
Cooling System Type	None
Heating System Type	None



The following historical operations were identified at the Property and adjoining facilities:

<b>Property</b>	The Property was initially developed for residential and agricultural purposes, with the current residential dwelling, prior to 1941. Between 1960 and 1962 a hotel building was constructed, and this building was present until 1998, when the building was partially destroyed in a propane gas explosion. The Property remained vacant from 1998 until the present, and in 2012 construction was initiated to replace the hotel.
<b>Adjoining facilities</b>	Activities in the vicinity of the Property have been primarily residential. No adjoining or up-gradient facilities of concern were identified in the historical review.

Specific uses of surrounding properties are detailed as follows:

**Adjoining Sites Table**

<b>North</b>	Danbury Road followed by the East Branch Reservoir (1100 Route 22),
<b>East</b>	Peach Lake Road followed by a residential dwelling (8 Peach Lake Road)
<b>South</b>	Interstate Route 84 (I-84) followed by residential dwellings
<b>West</b>	Vacant land associated with the East Branch Reservoir (1100 Route 22),



## **Findings and Conclusions**

GSI has performed a Phase I Environmental Site Assessment (ESA) in conformance with the scope and limitations of ASTM Practice E 1527-13 of Fox Ridge Motor Inn located at 7-11 Peach Road, Brewster, Putnam County, New Jersey, 10509 (the Property). Any exceptions to or deletions from this practice are described in Section 1.0 of the report. This assessment has revealed no evidence of recognized environmental conditions (REC), controlled recognized environmental condition (CREC), or historical recognized environmental conditions (HREC) in connection with the Property.

### **Recognized Environmental Conditions (RECs)**

A REC is identified as the presence or likely presence of any hazardous substances or petroleum products in, on, or at a property: (1) due to release to the environment; (2) under conditions indicative of a release to the environment; or (3) under conditions that pose a material threat of a future release to the environment.

- No RECs were identified as a result of activities or conditions at the subject Property or nearby properties that may impact the subject Property.

### **Controlled Recognized Environmental Conditions (CRECs)**

A CREC exists when a REC has been addressed to the satisfaction of the applicable regulatory authority with hazardous substances or petroleum products allowed to remain in place subject to the implementation of required controls; for example, where property use restrictions, activity and use limitations, institutional controls, or engineering controls are required as conditions of regulatory approval, or where cleanup has been completed to a commercial use standard, but does not meet unrestricted residential cleanup criteria, this would be considered a CREC. Despite the name, no evaluation of the adequacy, implementation, or continued effectiveness of the required controls is required in completion of the Phase I.

- No CRECs were identified as a result of activities or conditions at the subject Property or nearby properties.

### **Historical Recognized Environmental Conditions (HRECs)**

An HREC is a past release of any hazardous substances or petroleum products that has occurred in connection with the property and has been addressed to the satisfaction of the applicable regulatory authority or meeting unrestricted use criteria established by a regulatory authority, without subjecting the property to any required controls (for example, property use restrictions, activity and use limitations, institutional controls, or engineering controls).

- No HRECs were identified as a result of activities or conditions at the subject Property or nearby properties.



## Business Environmental Risk

The scope of this assessment also included consideration of the following environmental issues or conditions that do not constitute an REC as defined by the ASTM Standard Practice E1527-13: such as de minimis conditions, a visual assessment of Asbestos-Containing Material (ACM); Lead Based Paint (LBP), potential presence of wetlands, radon, and/or mold. The opinions drawn regarding these non-ASTM scope services were based solely off of non-intrusive visual observations as well as records available to GSI at the time of the assessment. This investigation has revealed no concerns relating to these non- ASTM scope considerations in connection with the Property, except for the following:

- No de minimis conditions were identified as a result of activities or conditions at the subject Property.
- BER: The Property was historically used for agricultural purposes until approximately 1962 and the possibility exists that agricultural chemicals were used on-site. Portions of the Property have been graded and redeveloped since agricultural operations ceased. New improvements include the footprint of the building and paved surfaces. These improvements make direct contact with any potential remaining concentrations in the soil unlikely. Furthermore, the Property is developed and used for commercial purposes (hotel). Based on this, no further investigation is warranted at this time.
- BER: Due to the age of the subject property building(s), there is a potential that ACMs are present. The residence has been vacant for approximately 20 years and significant damage was observed on potential ACMs. In addition, the residence is scheduled to be demolished when construction has been completed on the hotel. Prior to demolition or renovation activities that may disturb suspect ACMs, a thorough asbestos survey to identify asbestos-containing building materials is required in accordance with the EPA NESHAP 40 CFR Part 61.
- BER: Due to the age of the former residence, there is a potential that LBP is present. The residence has been vacant for approximately 20 years and significant damage was observed to painted surfaces. In addition, the building is scheduled to be demolished when construction on the hotel has been completed. Local regulations may apply to LBP in association with building demolition/renovations and worker/occupant protection. Actual material samples would need to be collected or an x-ray fluorescence (XRF) survey performed in order to determine if LBP is present. It should be noted that construction activities that disturb materials or paints containing any amount of lead may be subject to certain requirements of the OSHA lead standard contained in 29 CFR 1910.1025 and 1926.62.
- BER: GSI observed interior areas of the subject property buildings in order to identify the presence/absence of visible mold (fungal) growth. The residence has been vacant for approximately 20 years and significant mold and water damage were observed throughout the building; however, based on interviews the building is scheduled to be demolished when construction on the hotel has been completed.
- BER: GSI's review of published radon data indicates the Property is located in Zone 1, which has a predicted average indoor screening level above the 4 pCi/L action level set forth by the EPA. The Property is not used for residential purposes. There are no sub-grade areas occupied by employees for any extended period of time. Based on these facts, it is GSI's opinion that potentially high radon levels on the subject property are not expected



to represent a significant health concern. Sampling would be necessary to determine site-specific radon levels.

- BER: Drinking water at the Property is supplied by an on-site Potable Well. Water sampling was not conducted to verify water quality.

## **Recommendations**

BER: Prior to demolition, an ACM and LBP survey should be completed on the residential dwelling. In addition, the potable well on the Property should be tested in accordance with SDWA regulations when construction is completed.

# ATTACHMENT 5

FF+E Proposal

Hotel-Motel Concepts, Inc.  
 1106 West Fairfield Road Suite #  
 102  
 High Point, NC 27263  
 (336) 847-1100  
 hotmotco@aol.com  
 www.hotmotco.com

\$ 454,479.84

— Sales Tax \$9,329.11

449,150.73

ADDRESS  
 AHANA HOSPITALITY  
 COMFORT INN  
 BREWSTER, NY

SHIP TO  
 AHANA HOSPITALITY  
 COMFORT INN  
 BREWSTER, NY

ESTIMATE 4653

DATE 07/30/2018

P.O. NUMBER  
 AS LISTED

SALES REP  
 RK

ACCOUNT NUMBER  
 1702

ACTIVITY	QTY	RATE	AMOUNT
38 QUEEN/QUEEN 19 KINGS			
Furniture X-200-3447-548 48" KING HEADBOARD FOR WALL UNIT TRULY YOURS ZANZIBAR FINISH	19	269.00	5,111.00
Furniture X-200-3447-546 48" QUEEN HEADBOARD FOR WALL UNIT	76	229.00	17,404.00
Furniture X-207B-3447-238 22" W NIGHTSTAND FOR KING ROOMS	38	189.00	7,182.00
Furniture X-207A-3447-237 24" W NIGHTSTAND FOR QUEEN ROOMS	38	209.00	7,942.00
Furniture X-209-3447-422 R/L WRITING DESK 50 1/4" W RIGHT / LEFT GROMMET	57	289.00	16,473.00

ACTIVITY	QTY	RATE	AMOUNT
Furniture X-211A-3447-376 48 " UPHOLSTERED LUGGAGE BENCH	57	299.00	17,043.00
Furniture CUSTOM-3447-960 96" VANITY BASE FOR KING & QUEEN ROOMS	57	499.00	28,443.00
Furniture X-212 LOUNGE CHAIR FABRIC CULP WEEHAWKEN COLOR COPPER QUEEN ROOMS	38	399.00	15,162.00
Furniture X-219 SLEEPER SOFA FABRIC CULP WEEHAWKEN COLOR COPPER KING ROOMS	19	829.00	15,751.00
Furniture X-216 COCKTAIL OTTOMANS WITH CULP TABBY CHOCALATE KING ROOMS	38	209.00	7,942.00
Furniture X-214 ERGO CHAIR STX-685 FLORENCE CHAIR	57	179.00	10,203.00
Furniture LOBBY-200 LOUNG CHAIR RICHLOOM BAYSTATE COBALT	4	499.00	1,996.00
Furniture LBY-200P PILLOW RICHLOOM FIDENZA CARMIN	4	60.00	240.00
Furniture LBY-201 OTTOMAN CULP TABBY CHOCOLATE	4	299.00	1,196.00

ACTIVITY	QTY	RATE	AMOUNT
Furniture LBY-202 SOFA FABRICUT FABRIC CLANCY SAPPHIRE	2	999.00	1,998.00
Furniture LBY-202 BOLSTER PILLOW RICHLOOM FIDENZA CARMINE	4	60.00	240.00
Furniture LBY-203 LOUNGE CHAIR RICHLOOM FIDENZA CARMINE	4	569.00	2,276.00
Furniture BR-200B RICHLOOM CAJUN/RICHLOOM VOLATILE MUSHROOM	22	299.00	6,578.00
Furniture BUS-200A BARSTOOL RICHLOOM VOLATILE MUSHROOM	12	349.00	4,188.00
Furniture BR-206 BANQUEETE SEATING CULP RIBBY MIDNIGHT SEAT VOLATILE MUSHROOM	3	1,399.00	4,197.00
Furniture COR-200 BENCH RICHLOOM VOLATILE MUSHROOM	2	349.00	698.00
BEDDING			
Bedding SERTA P/S CHOICE ELITE III PLUSH TWO SIDED MATTRESS AND DURAFORCE FOUNDATION QUEEN SIZE SET.	76	429.00	32,604.00T

ACTIVITY	QTY	RATE	AMOUNT
Bedding SERTA P/S CHOICE ELITE III PLUSH TWO SIDED MATTRESS AND DURAFORCE FOUNDATION KING SIZE SET.	19	529.00	10,051.00T
Bedding #1050 LEGGETT AND PLATT 10" HIGH METAL BED BASE QUEEN SIZE	76	79.00	6,004.00
Bedding #1066 LEGGETT AND PLATT 10 " HIGH METAL BED BASE KING SIZE	19	89.00	1,691.00
CARPET			
Carpet BACK OF THE HOUSE AREA ( OFFICE AND FRONT DESK) STYLE 1632 -1221 COLOR # 294	93	11.99	1,115.07
Carpet STAIRS & LANDING 4 FLOORS STYLE 1636-1221 COLOR 294	374	11.99	4,484.26
Carpet GUEST ROOM CARPET STYLE #1696-1221 COLOR #294	2,200	10.99	24,178.00
Carpet CORRIDOR, LOBBY INSERTS AND REGISTRATION	700	17.99	12,593.00
Carpet GUESTROOM COVE BASE 4" STYLE 728S -7509	4,000	0.95	3,800.00

ACTIVITY	QTY	RATE	AMOUNT
Carpet CORRIDOR PUBLIC SPACES AND BOH AREAS 4" COVE BASE STYLE 728S-7509	2,000	1.15	2,300.00
Carpet STAIRS AND LANDING 4" COVE BASE STYLE #728S-7509	600	0.95	570.00
Carpet MEETING ROOM CARPET STYLE # 1636-92740 COLOR # 294	75	17.99	1,349.25
Carpet CARPET PADDING 32 OZ	2,400	2.09	5,016.00T
Carpet CARPET PADDING DOUBLE STICK PUBLIC SPACES	900	2.69	2,421.00T
LIGHTING			
Lighting UW910DWH SINGLE NIGHT STAND LAMP WITH USB	38	68.00	2,584.00
Lighting UW910DWH DOUBLE NIGHT STAND LAMP WITH USB	38	75.00	2,850.00
Lighting #CL-DS-1-USB DESK LAMP ALL ROOMS	57	79.00	4,503.00
Lighting #CL-FL-4 FLOOR LAMP FOR ALL ROOMS	57	89.00	5,073.00
Lighting # CL-ES-3 ENTRY SCONCE ALL ROOMS	57	25.00	1,425.00
Lighting MBV503SI VANITY LIGHT	57	79.00	4,503.00

ACTIVITY	QTY	RATE	AMOUNT
Lighting LBY-300 LOBBY SIDE TABLELAMP	2	109.00	218.00
Lighting LBY-301 LOBBY FLOOR LAMP	1	169.00	169.00
Lighting LBY-402 LOBBY WALL SCONCE FIREPLACE	2	89.00	178.00
Lighting BUS-400 BUSINESS CENTER/ COFFEE COUNTER	2	89.00	178.00
Lighting MR-402 MEETING ROOM WALL SCONCE	4	89.00	356.00
Lighting COR-400 CORRIDOR WALL SCONCE	40	89.00	3,560.00
Lighting OFF-300 DESK LAMP (GM & SALES OFFICE	2	109.00	218.00
Lighting COR-402 WALL SCONCE AT ELEVATOR/ LOBBY	4	39.00	156.00
ARTWORK AND MIRRORS			
Art Work M-C-FL NON BEVELED FULL LENGTH MIRROR ALL ROOMS	57	79.00	4,503.00
Art Work M-C-VA3036 NON BEVELED VANITY MIRROR 30" X 36"	57	69.00	3,933.00

ACTIVITY	QTY	RATE	AMOUNT
<b>Art Work</b> GUEST ROOM WALL ABOVE THE SOFA X-500A, X- 500B AND X- 500C REGIONAL ARTWORK OF GREENSBORO, 2" ESPRESSO FRAME 19" X 19" FINISHED SIZE	171	19.99	3,418.29
<b>Art Work</b> X-501 ARTWORK GUEST ROOM ABOVE THE LUGGAGE BENCH 24" X 36" FINISHED 2" ESPRESSO FINISH	57	26.99	1,538.43
<b>Art Work</b> X-502A ARTWORK GUEST BATHROOM 13" X 11" FINISHED SIZE 1" FRAME, ESPRESSO FINISH	57	16.99	968.43
DRAPERY			
<b>Drapes</b> BLACK OUT LINERS 76 X78 3 PASS	57	99.00	5,643.00
<b>Drapes</b> SHEERS 76 X 78 KEYS/MARBLE COMFORT SUITES SPECS	57	79.00	4,503.00
<b>Drapes</b> SIDE PANELS 18 X96 BEIGE COCOA	57	129.00	7,353.00
<b>Drapes</b> PAINTED CORNICE WOOD 80 X8 X12	57	149.00	8,493.00
<b>Drapes</b> SETS DOUBLE ARCHITRAC HARDWARE 76"	57	50.00	2,850.00

ACTIVITY	QTY	RATE	AMOUNT
Drapes SETS RIPPLEFOLD HARDWARE 18"	57	29.00	1,653.00
Television LG TELEVISION 43" PRO IDUM COMMERCIAL TVS	57	475.00	27,075.00T
Amenities 2.6 AUTO DEFROST REFRGERATOR WITH MICROWAVE OVEN	57	229.00	13,053.00T
Ice Machines HOSHIKAKI ICE MACHINES DB 300 WITH DISPENSER	3	5,600.00	16,800.00
VINYL			
Vinyl CHI-1310 CORRIDOR VINYL	1,200	5.45	6,540.00T
Vinyl CHI-1311 MEETING, BREAKFAST ROOM VINYL	740	5.45	4,033.00T
Vinyl CHI-1318 ACCENT WALL, PUBLIC BATHROOMS	180	5.45	981.00T
Drapes BREAKFAST ROOM WINDOW SHADES	6	269.00	1,614.00T
Drapes LOBBY SHEERS	6	99.00	594.00T
Drapes LOBBY CORNICE BOARDS	6	199.00	1,194.00T

ATTN MR SHELLY

SUBTOTAL

423,150.73

TAX (8.87%)

*\$ 37,533* ~~9,329.11~~

SHIPPING

22,000.00

TO BE TAX FREE

TOTAL

**\$454,479.84**

Accepted By

Accepted Date

Attachment 6

Stipulation of Settlement

1 SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF WESTCHESTER  
2 -----X  
3 FOX RIDGE MOTOR INN, INC. and FOX RIDGE Index No.  
HOTEL & SUITES, LLC, 267/2010  
4 Plaintiffs,  
5 -against-  
6  
7 THE TOWN OF SOUTHEAST, NEW YORK and  
MICHAEL LEVINE, in his official capacity  
8 as Building Inspector of the Town of  
Southeast,  
9 Defendants.  
10 -----X  
STIPULATION OF SETTLEMENT  
11 Westchester County Courthouse  
111 Dr. Martin Luther King Blvd  
12 White Plains, New York 10601  
September 17, 2013  
13  
B E F O R E:  
14  
HON. JAMES W. HUBERT,  
15 Supreme Court Justice  
16 A P P E A R A N C E S:  
17 HOGAN & ROSSI, ESQS.  
Attorneys for Plaintiffs  
18 3 Starr Ridge Road, Suite 200  
Brewster, New York 10509  
19 BY: DAVID SIMON, ESQ.  
AND: MICHAEL T. LIGUORI, ESQ.  
20  
21 GAINES, NOVICK, PONZINI, COSSU &  
VENDITTI, LLP  
22 Attorneys for Defendants  
11 Martine Avenue, 8th Floor  
23 White Plains, New York 10606  
BY: JAMES A. RANDAZZO, ESQ.  
24  
25 ELIZABETH WINKELMAN, R.P.R.  
SENIOR COURT REPORTER

1 THE COURT: The case on trial, the  
2 parties are all present. The jury is not present.  
3 Have we resolved anything at this point now?

4 MR. SIMON: Yes, I believe we have, your  
5 Honor. I believe we're ready to put a stipulation  
6 on the record.

7 THE COURT: Okay. Stipulation of  
8 settlement; sure. Who wants to do that?

9 MR. LIGUORI: I will, your Honor.

10 THE COURT: You will do that. Okay.

11 MR. RANDAZZO: Judge, we have an outline  
12 here that I can hand up to you.

13 THE COURT: Please.

14 MR. RANDAZZO: With just a few changes  
15 to it, but it generally gives you the outline.

16 THE COURT: All right. Just to set the  
17 table on this, the case has been on trial. We are  
18 or were about to resume testimony on the trial,  
19 and I've been at various times in conference with  
20 the parties, but basically we were really going to  
21 resolve certain legal issues and motions that had  
22 been raised.

23 I have been advised that the parties have  
24 reached the terms of a stipulation of settlement  
25 of the issues in this case. So without further

1       ado, I'll hear from counsel for Plaintiff with  
2       respect to that settlement.

3               MR. LIGUORI: Your Honor, if I could  
4       just hand these up. These are the attachments  
5       that are referred to.

6               THE COURT: Sure.

7               MR. LIGUORI: Number one is the sum of  
8       \$325,000 to be paid by the carrier NYMIR to the  
9       Plaintiff.

10              Number two, the project shall be constructed  
11      in accordance with plans by Sullivan Architecture  
12      and site plan by Bibbo Associates, LLP; the date,  
13      September 30th, 2011. That's the reference to the  
14      Bibbo site plan. Sullivan Architecture plans are  
15      annexed hereto and Bibbo plans are annexed hereto.

16              Sullivan Architecture plans call for a  
17      portico, nine bedrooms on the ground floor, and  
18      use of the remaining ground floor space other than  
19      the lobby area as conference room/mixed use space.

20              The exterior of the finish of the building  
21      with regard to exterior trim details and  
22      fenestration shall conform to the Sullivan  
23      Architecture artist rendering plan sheet, also  
24      attached hereto.

25              Your Honor, for that reference for the

1 purposes of what I've given you, the artist  
2 rendering is the picture part of the plan set that  
3 I've given you.

4 THE COURT: And on the plan set that's  
5 been given to the Court, that picture has at the  
6 top Fox Ridge Motor Inn, Southeast, New York  
7 10509, and there's a picture, a facade of a  
8 building, and below it it says project team, is  
9 that correct?

10 MR. LIGUORI: That's correct. And we  
11 can supply the Court if the Court desires with a  
12 clean copy of that.

13 THE COURT: I don't need a clean copy.  
14 I just want the record to reflect what it is  
15 you're referring to.

16 MR. LIGUORI: Okay.

17 MR. RANDAZZO: Judge, just perhaps so  
18 there's no confusion once we leave the courtroom,  
19 with respect to the site plan and the proposed  
20 project and the photograph, maybe we could staple  
21 that together and mark it as an exhibit, as Court  
22 Exhibit A, which then gets incorporated into the  
23 terms of the settlement so we are all on the same  
24 page going forward.

25 THE COURT: That's fine. The Court is

1 in possession of something entitled site plan, and  
2 on the lower right-hand corner of the site plan it  
3 says Fox Ridge Hotel & Suites, LLC, 7-11 Peach  
4 Lake Road, Town of Southeast, Putnam County, New  
5 York. Below that is Bibbo Associates, LLP with  
6 their address, and the date denoted thereon looks  
7 like 9/30/11. It has a scale reference, a file  
8 number, looks like 3F, and other data on it. And  
9 drawing number is SP-1. And would you like that  
10 marked as Court Exhibit 1?

11 MR. RANDAZZO: Yes, Judge.

12 THE COURT: Or Court Exhibit A.

13 MR. RANDAZZO: Or collectively we can  
14 mark all of these as one exhibit.

15 MR. LIGUORI: Sure.

16 THE COURT: Well, that's one document.

17 The graphic depiction, I don't know if it's a  
18 photograph or a generated computerized depiction  
19 that's part of it. There is also an overhead  
20 floor plan from Sullivan Architecture, PC. It  
21 says first floor plan, guest services, Fox Ridge  
22 Motor Inn, and there's a number or a letter and  
23 number on the right-hand corner, A-01a.

24 There is also a document, again an overhead  
25 floor plan depiction as an artistic rendering,

1 architectural rendering from Sullivan  
2 Architecture. It is entitled second floor plan  
3 guest rooms. Again, Fox Ridge Motor Inn. And on  
4 the extreme right-hand side lower corner it is  
5 enumerated A-02.

6 There is another depiction, again a downward  
7 depiction, again an overhand looking at the floor  
8 plan that is entitled third floor plan guest  
9 rooms, A-03, Fox Ridge Motor Inn, again by  
10 Sullivan Architecture, PC.

11 There is an overhead roof plan which is  
12 A-03a, again Fox Ridge Motor Inn. Sullivan  
13 Architecture, PC is the author of it.

14 There is an exterior elevation, both front  
15 and back, and that is A-04. It's Fox Ridge Motor  
16 Inn, and Sullivan Architecture, PC is again the  
17 drafter.

18 And then there is side-view exterior  
19 elevations, left and right sides, and that is  
20 inscribed A-05, Fox Ridge Motor Inn, Sullivan  
21 Architecture, PC.

22 And those are the documents that the Court  
23 is in possession of with respect to the amendments  
24 or attachments to the settlement.

25 All right. I think when you had finished we

1       were at item number three on the stipulation, the  
2       second paragraph. You had stated the exterior  
3       finish of the building with regard to exterior  
4       trim details and fenestration shall conform to  
5       Sullivan Architectural artist rendering plan sheet  
6       attached thereto, and that's when we broke.

7               MR. LIGUORI: We broke to make  
8       reference. And you can just track from here that  
9       the plan sheet A-04 which is the plan sheet that  
10      shows the elevations both front and back, it is  
11      those front elevations that will comply with the  
12      plan that is entitled project team, with that  
13      rendering.

14             THE COURT: Yes. Okay.

15             MR. LIGUORI: And an additional point of  
16      clarification, the nine additional hotel rooms  
17      that are shown on the ground floor, those are  
18      shown on sheet A-01a. And that brings the total  
19      hotel room count from its current count of 48  
20      rooms, plus the nine to a new total of 57 rooms.

21             THE COURT: Okay.

22             MR. LIGUORI: The Bibbo plan shows  
23      improvements such as the relocation of a lift  
24      station, parking islands to be landscaped for  
25      driveway circulation, and minor drainage

1 improvements. The Bibbo plans result in a zero  
2 net increase in run off. That's a statement with  
3 regard to impervious surfaces, that when the Bibbo  
4 plan is complete, the impervious surface amount  
5 for the project will have not changed.

6 The septic system approval that is currently  
7 in place by the Putnam County Health Department  
8 and New York City Department of Environmental  
9 Protection referred to herein further as D.E.P.  
10 does not include the nine bedrooms on the ground  
11 floor. Therefore, Putnam County Health Department  
12 and D.E.P. approvals are required as a condition  
13 of the occupancy and the use of the nine  
14 additional bedrooms.

15 Number five, Town Supervisor Tony Hay shall  
16 assist Plaintiff with the D.E.P. in the  
17 reinstatement of its prior septic system use in  
18 the form of his time and position with the Town  
19 and knowledge of the subject litigation.

20 Number six refers to signage. Judge, we  
21 have a couple deviations from what we gave you.

22 THE COURT: Read into the record what  
23 you want it to say.

24 MR. LIGUORI: Plaintiff shall be  
25 permitted to install its prior free-standing sign

1 for the Fox Ridge Hotel, one wall sign per each  
2 side of the hotel, a monument sign to be located  
3 in the area of the property on the line next to  
4 the intersection of Route 6 and 121, sign  
5 dimensions not to exceed the current sign  
6 regulations in effect.

7 THE COURT: Current sign regulations  
8 mean sign regulations in effect as of this date of  
9 settlement?

10 MR. LIGUORI: This date of settlement.  
11 Number seven, except for the D.E.P. approval of  
12 the septic system for the nine additional hotel  
13 rooms, no other Town approval shall be required  
14 hereunder. All plans shall be prepared in  
15 accordance with the New York State Building Code.  
16 Building permits shall be obtained wherever  
17 necessary, and if any other outside agency  
18 approval is triggered by Plaintiff's improvements,  
19 they shall be obtained to the extent that they are  
20 not already in place.

21 The project shall be completed within four  
22 years from the date hereof.

23 THE COURT: That would be item number  
24 eight?

25 MR. LIGUORI: Item number eight. Or

1 else it shall be deemed to be abandoned.

2 THE COURT: Okay.

3 MR. LIGUORI: And last, we ask the Court  
4 to retain jurisdiction over the matter for the  
5 purposes of this stipulation of settlement.

6 THE COURT: So the Court to retain  
7 jurisdiction only as to execution of the  
8 stipulation of settlement, correct?

9 MR. LIGUORI: I believe that's correct.

10 THE COURT: Anything additional?

11 MR. LIGUORI: The Defendant's counsel  
12 raises a good point which is there may be some  
13 concern over some technical definition of the word  
14 abandonment, and the appropriate thing to say  
15 would be that if the project is not completed  
16 within four years from the date hereof, then  
17 whatever approvals would be necessary in order to  
18 effectuate what is agreed in this stipulation  
19 would then be required to be obtained.

20 THE COURT: Okay. So eight is amended  
21 to read as you just stated as opposed to as  
22 previously stated. Yes, sir?

23 MR. RANDAZZO: Just one further thing,  
24 Judge, that we discussed. The Plaintiffs agree as  
25 a condition to execute general releases for the

1 Town, their employees, and certainly Mr. Levine.

2 THE COURT: Right. Now, one further  
3 thing. Upon acceptance and confirmation of this  
4 stipulation, which will happen momentarily, all  
5 pending motions are withdrawn?

6 MR. RANDAZZO: Yes, your Honor.

7 MR. SIMON: Yes, your Honor.

8 THE COURT: Okay. Counsel for the  
9 defense, you've had an opportunity to hear  
10 Plaintiff's recitation of the terms of  
11 stipulation. Do you have any disagreements,  
12 additions, deletions, amendments at all at this  
13 time?

14 MR. RANDAZZO: No, Judge. And I'd also  
15 like to add that Supervisor Tony Hay is present in  
16 Court and has been for every day of the trial. He  
17 has had an opportunity while we were going through  
18 negotiations and getting to this point to speak to  
19 the other four Town Board Members who have given  
20 their approval for this settlement as well, so  
21 it's five/zero in favor of the approval of this  
22 settlement. And as part of the process, we've  
23 been in touch with the Town Attorney, Willis  
24 Stephens, on these points and he has reviewed them  
25 as well.

1                   THE COURT: All right. Do any of the  
2 parties want me to voir dire any of the individual  
3 plaintiffs or defendants at this time? If so,  
4 please tell me and I'll be happy to do it, but  
5 it's up to you.

6                   MR. LIGUORI: No, thanks.

7                   THE COURT: Okay.

8                   MR. RANDAZZO: No, Judge.

9                   THE COURT: All right. Then this  
10 stipulation is accepted by the Court. If you have  
11 a -- if you want me to use this set of documents  
12 and have them marked as a Court Exhibit, I can do  
13 that, or if you have a separate set that you want  
14 to use for that purpose, that's fine. It's up to  
15 you. These documents will collectively be marked  
16 as Court Exhibit A.

17                  MR. RANDAZZO: That's fine, your Honor,  
18 and what I'll do is I'll order a copy of the  
19 transcript, and then once we get the transcript,  
20 maybe we can attach the Court Exhibit to the  
21 transcript and circulate it to everyone.

22                  THE COURT: Are you going to -- do you  
23 intend to execute any other documents or specific  
24 stipulation, or the record will speak for itself  
25 so to speak?

1                   MR. RANDAZZO: The record I think is  
2 going to speak for itself. Is that okay with you?

3                   MR. LIGUORI: That's fine.

4                   THE COURT: Then the stipulation is so  
5 entered before the Court and is so ordered.

6                   All right. That's pretty much it. I  
7 think that it's good that the two sides have  
8 reached a resolution and settlement of this case.  
9 Settlements are always a mixture of relief,  
10 disappointment, and all other emotions that you  
11 could think of. But I would say that litigation  
12 inevitably is something of the last resort in any  
13 situation where there is a transaction that has  
14 fallen into disagreement. It's best to resolve  
15 these things among the parties, because otherwise  
16 it's entirely possible that the sides will be  
17 unhappy, more unhappy with however the situation  
18 might have been resolved by a third party, albeit  
19 the Court, a jury, or some combination thereof.

20                  So I want to congratulate both sides on  
21 reaching an agreement and settlement in this  
22 matter and wish you good luck going forward in the  
23 execution of the project and with the governing of  
24 the Town.

25                  I'm going to bring the jury out and

1 discharge them. If you want to be here for that,  
2 then just remain seated. Otherwise I'll allow you  
3 to be on your way. Let's have the jury.

4 I have a lot of documents here, a huge pile  
5 of exhibits. I'm going to give those back when  
6 the jury leaves to the various parties and return  
7 whatever courtesy copy the Court had of the  
8 various submissions and items that were necessary  
9 for trial.

10

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11 Certified to be a true and accurate transcript.

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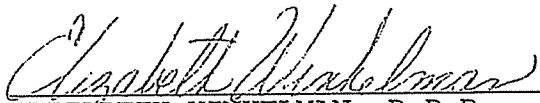
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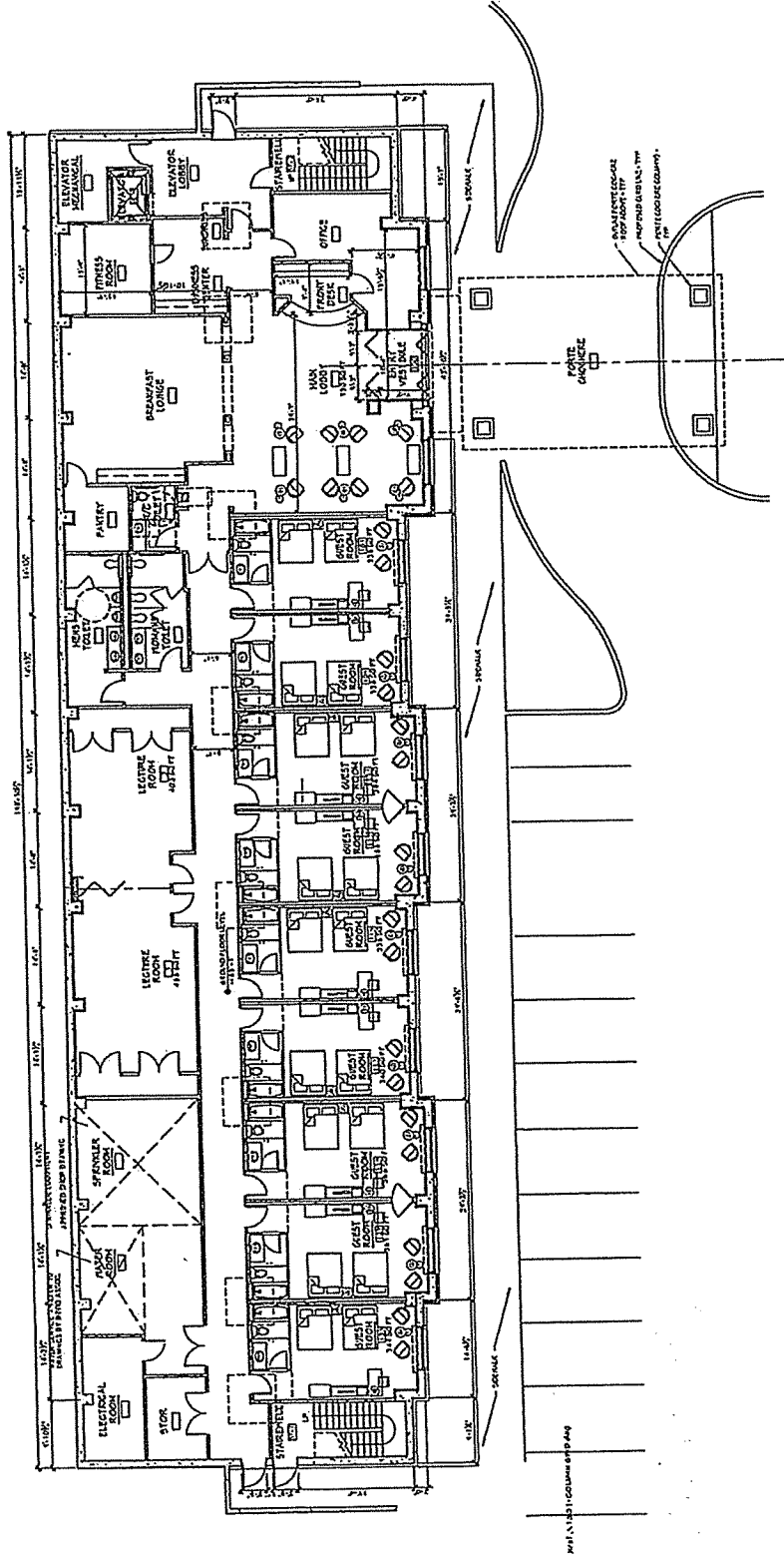
  
ELIZABETH WINKELMAN, R.P.R.  
Senior Court Reporter.



# FOR RICHIE MOTOR CO.

SALES OFFICE NEW YORK OFFICE

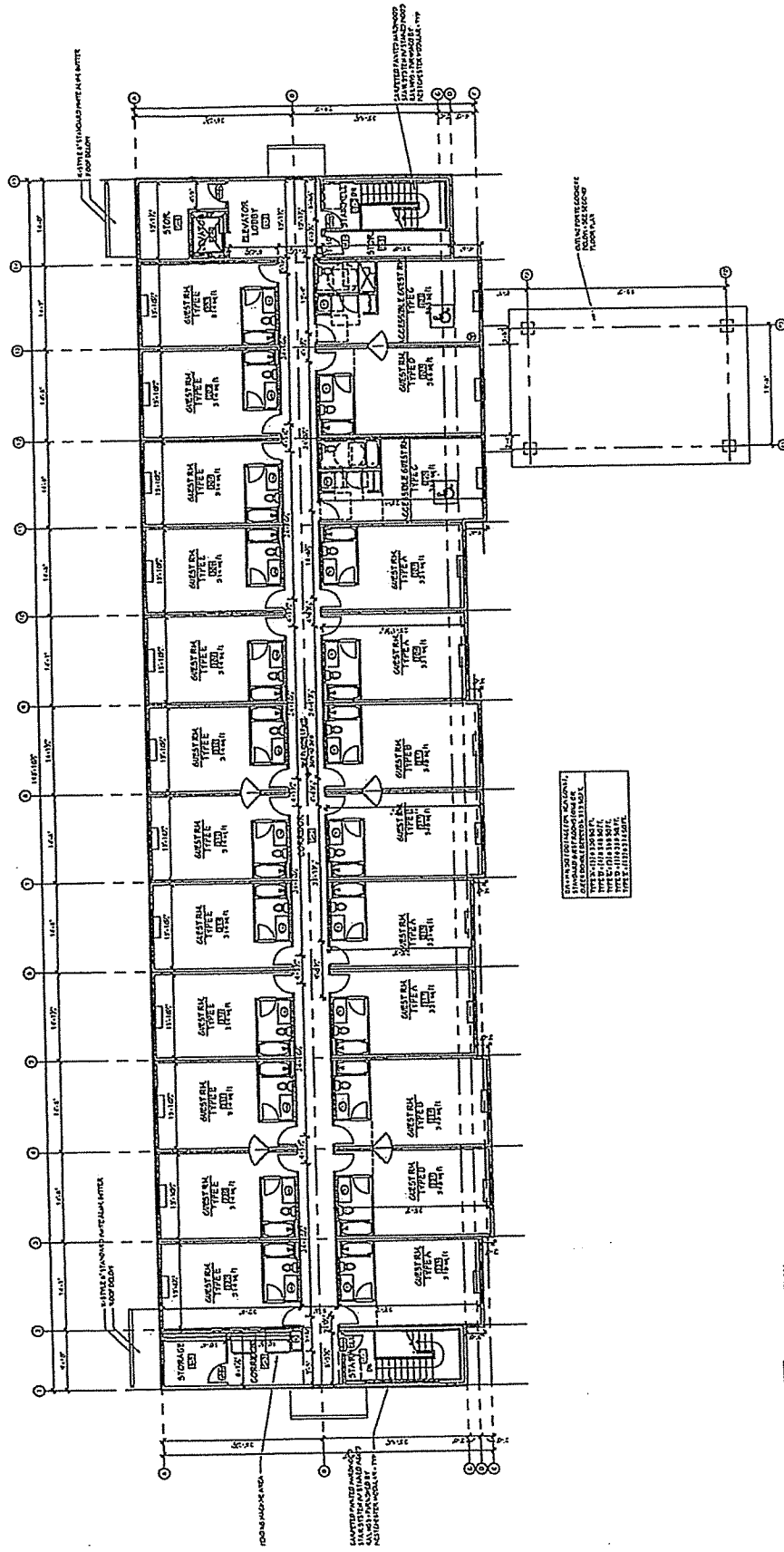
SALES OFFICE



1 SECOND FLOOR PLAN

<p>Project No. <b>A-01a</b></p>	<p>Project Name <b>Fox Ridge Motor Inn</b></p>	<p>Project No. <b>101</b></p>	<p>Project No. <b>101</b></p>	<p>Project No. <b>101</b></p>	<p>Project No. <b>101</b></p>	<p>Project No. <b>101</b></p>	<p>Project No. <b>101</b></p>	<p>Project No. <b>101</b></p>	<p>Project No. <b>101</b></p>
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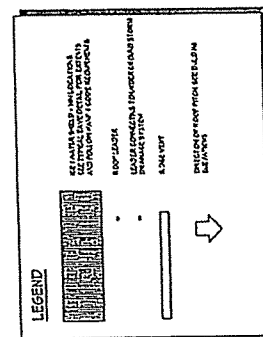




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1 THIRD FLOOR PLAN

<p> <b>Sullivan Architecture, P.C.</b>            31 Monmouth Avenue            White Plains, New York 10601            914-761-4006 (M) 914-761-4919         </p>	<p> <b>Fox Ridge Motor Inn</b>            7-11 Tenth Lake Road - Rt. 121            Town of Southeast, N. Y.         </p>	<p> <b>THIRD FLOOR PLAN</b>            GUEST ROOMS         </p>	<p> <b>A-03</b> </p>
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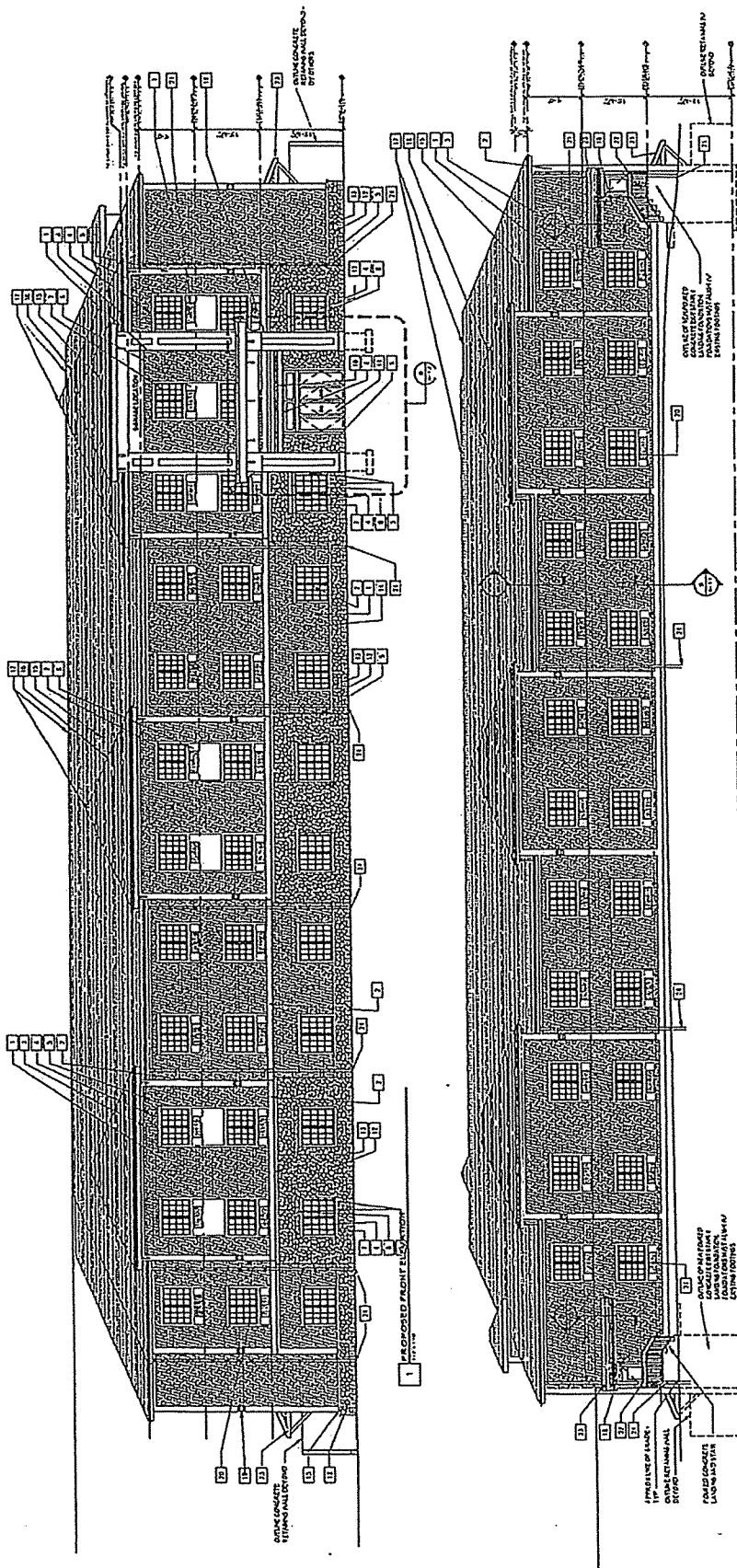
**Fox Ridge Motor Inn**  
7-11 Peach Lake Road - Rt. 121  
Town of Southeast, N. Y.

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**ROOF PLAN**

A-03a



**ELEVATION KEY NOTES:**

1. CEILING/INTERIOR WALLS - 1/2" THICK CONCRETE BLOCK - TO BE DETERMINED BY ARCHITECT
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**1 PROPOSED FRONT ELEVATION**

**2 PROPOSED REAR ELEVATION**

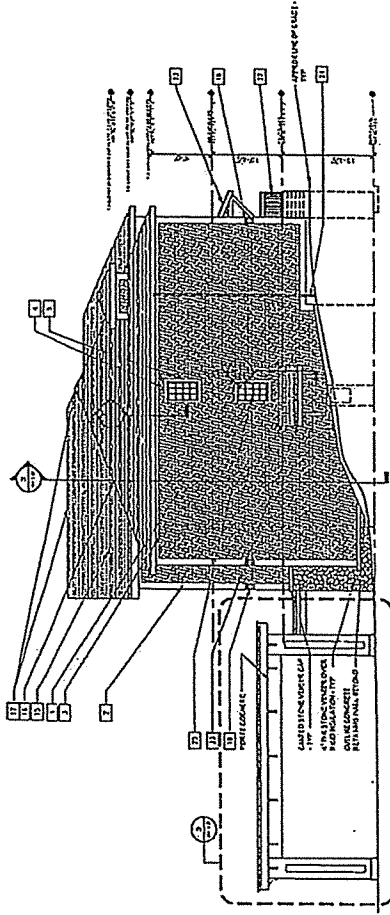
Sheet No. **A-04**

**EXTERIOR ELEVATIONS**

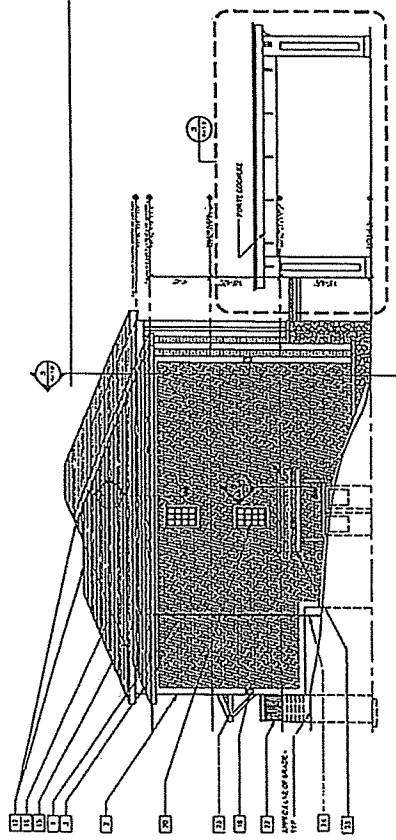
Project No. 1001  
 Date 11/11/11  
 Drawn By JAF  
 Scale 1/4" = 1'-0"

**Fox Ridge Motor Inn**  
 311 West 1st Street  
 Town of Sackett, N. Y.

**Sullivan Architecture, P.C.**  
 31 Monmouth Avenue  
 White Plains, New York 10601  
 914-761-4006 F 914-761-4919



1 PROPOSED RIGHT SIDE ELEVATION  
SEE 1-1 FOR COMPLETE ELEVATION



2 PROPOSED LEFT SIDE ELEVATION  
SEE 1-1 FOR COMPLETE ELEVATION

ELEVATION KEY NOTES:

- 1 CONTINGENT GLASS SWEEPSTOWNS
- 2 CONTINGENT GLASS SWEEPSTOWNS
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Sullivan Architecture, P.C.  
311 West 14th Street  
New York, New York 10011  
914-721-4003 (F) 914-721-4010

Fox Ridge Motor Inn  
7411 Park Lane Road - R121  
Town of Southeast, N.Y.

DATE: 12/11/11  
BY: [Signature]  
CHECKED: [Signature]  
APPROVED: [Signature]

EXTERIOR ELEVATIONS

Sheet No. A-05

# ATTACHMENT 7

## Appraisal + Feasibility Analysis

COMMITMENT Letter

+

Proof of Funds



## APPRAISAL & FEASIBILITY STUDY

---



**7-11 Peach Lake Road  
Town of Southeast, New York (Brewster)**

**SUBMITTED TO:**

Ms. Diana Carbon  
Savoy Bank  
600 5th Avenue, 17th Floor  
New York, New York, 10020

+1 (646) 775-4073

**PREPARED BY:**

HVS Consulting & Valuation  
Division of TS Worldwide, LLC  
1601 Concord Pike, Suite 74-76  
Wilmington, Delaware, 19803

+1 (901) 481-3058



July 3, 2018

Ms. Diana Carbon  
Savoy Bank  
600 5th Avenue, 17th Floor  
New York, New York, 10020

Re: Best Western Plus  
Brewster, New York  
HVS Reference: 2018021128

**HVS PHILADELPHIA**

1601 Concord Pike, Suite 74-76  
Wilmington, Delaware, 19803  
+1 (901) 481-3058  
+1 (516) 742-3059 FAX  
www.hvs.com

Dear Ms. Carbon:

Pursuant to your request, we herewith submit our narrative appraisal and feasibility study pertaining to the above-captioned property. We have inspected the real estate and analyzed the market conditions in the surrounding area. Our report has been prepared in accordance with, and is subject to, the requirements of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) and the Uniform Standards of Professional Appraisal Practice (USPAP), as provided by the Appraisal Foundation. This letter of transmittal is not valid as an opinion of value if detached from the supporting report.

The subject of the study is the fee simple interest in a ±12.53-acre parcel that, as of the date of our inspection, is improved with a partially completed 57-room limited-service hotel. The property is under contract for sale to a buyer who intends to complete the construction by year-end 2018. We have used January 1, 2019 as the assumed completion date. The property will reportedly be operated as an affiliate of Best Western Plus and its public facilities will include a ±1,000-square-foot meeting room, a breakfast room, a fitness room, and a business center. This appraisal report was prepared for use in the provision of the buyer's financing, for the acquisition of the existing improvements and the completion of the construction.

The following table details our opinions of the subject property's market value, subject to three dates of value.

	As Is	When Complete	When Stabilized
Date of Value	June 21, 2018	January 1, 2019	January 1, 2021
Exposure Time (Months)	five to seven	five to seven	five to seven
Real Property Value	\$3,300,000	\$5,040,000	\$5,750,000
Personal Property Value	0	460,000	150,000
Intangible Property Value	0	0	0
Reconciled Value	\$3,300,000	\$5,500,000	\$5,900,000
Reconciled Value per Key		96,000	104,000



The analysis is based on the extraordinary assumption that the hotel's construction will be completed, and the property will be opened for operation on or near January 1, 2019. The hotel existed in a partial state of completion as of the date of this appraisal. Our appraisal does not address unforeseeable events that could alter the proposed project, and/or the market conditions reflected in the analyses; we assume that no significant changes, other than those anticipated and explained in this report, shall take place between the date of inspection and the prospective value dates. Our appraisal also assumes the presence of a property tax abatement benefit during the first ten years of the hotel's operation, consistent with the expectations of the hotel buyer.

We have made no other extraordinary or hypothetical assumptions specific to the subject property as part of this assignment. Assumptions that apply to this report and our hotel appraisals in general are set forth in the *Assumptions and Limiting Conditions* chapter of this report.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Sincerely,  
TS Worldwide, LLC

A handwritten signature in black ink, appearing to read 'E. Baum'.

Erich Baum, CRE, Senior Vice President  
ebaum@hvs.com, +1 (603) 502-6625  
State Appraiser License (NY) 46000051318

A handwritten signature in black ink, appearing to read 'J. Byrd'.

Jerod S. Byrd, MAI, Managing Director, Senior Partner  
jbyrd@hvs.com, +1 (901) 481-3058  
State Appraiser License (NY) 46000050131



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# 1. Summary of Salient Data and Conclusions

Project:	Best Western Plus
Location:	7-11 Peach Lake Road Brewster, New York 10509
Interest Appraised:	Fee Simple
Highest and Best Use (as if vacant):	Limited-service hotel

## LAND DESCRIPTION

---

Area:	12.53 acres, or 545,807 square feet
Zoning:	SR6 - Special Route 6 Area
Assessor's Parcel Number:	68.14-1-30
FEMA Flood Zone:	X

## PROPOSED IMPROVEMENTS DESCRIPTION

---

Assumed Opening Date:	January 1, 2019
Property Type:	Limited-service lodging facility
Building Area:	33,000 square feet
Guestrooms:	57
Number of Stories:	Three
Public Facilities:	±1,000-square-foot meeting room, a breakfast room, a fitness room, and a business center
Parking Spaces:	62 surface stalls



**FIGURE 1-1 PROJECTED ROOMS REVENUE METRICS**

Year	Occupancy		Average Rate		RevPAR	
	Total	% Change	Total	% Change	Total	% Change
2019	65.0 %	—	\$99.81	—	\$64.88	—
2020	68.0	4.6 %	105.51	5.7 %	71.75	10.6 %
Stabilized	70.0	2.9	111.46	5.6	78.02	8.7

**FIGURE 1-2 PROJECTED REVENUE, HOUSE PROFIT, AND EBITDA LESS REPLACEMENT RESERVE**

Year	Total Revenue		House Profit		House Profit Ratio	EBITDA Less Replacement Reserve		
	Total	% Change	Total	% Change		Total	% Change	As a % of Ttl Rev
2019	\$1,380,000	—	\$627,000	—	45.5 %	\$422,000	—	30.7 %
2020	1,524,000	10.4 %	735,000	17.2 %	48.2	500,000	18.5 %	32.8
2021 (Stab)	1,655,000	8.6	833,000	13.3	50.3	564,000	12.8	34.1

**FIGURE 1-3 SUMMARY OF INVESTMENT PARAMETERS AND MARKET VALUE OPINIONS**

	As Is	When Complete	When Stabilized
Date of Value	June 21, 2018	January 1, 2019	January 1, 2021
Number of Rooms		57	57
Interest Appraised	Fee Simple	Fee Simple	Fee Simple
Exposure Time (Months)	five to seven	five to seven	five to seven
<b><u>Approaches to Value</u></b>			
<b>INCOME CAPITALIZATION APPROACH</b>		<b>\$5,500,000</b>	<b>\$5,900,000</b>
Per Room		<b>96,000</b>	<b>104,000</b>
Cap Rate - Year One NOI		7.7 %	9.7 %
<b>SALES COMPARISON APPROACH</b>		<b>\$5,100,000 - \$6,000,000</b>	N/A
<b>COST APPROACH</b>		<b>\$6,100,000</b>	N/A
Insurable Value		<b>\$4,200,000</b>	N/A
<b><u>Reconciled Value Opinion</u></b>			
Real Property Value	\$3,300,000	\$5,040,000	\$5,750,000
Personal Property Value	0	460,000	150,000
Intangible Property Value	0	0	0
Reconciled Value	<b>\$3,300,000</b>	<b>\$5,500,000</b>	<b>\$5,900,000</b>
Per Room		<b>96,000</b>	<b>104,000</b>



## 2. Nature of the Assignment

### Subject of the Assignment

The subject of the appraisal and feasibility study is the fee simple interest in a  $\pm 12.53$ -acre parcel that, as of the date of our inspection, is improved with a partially completed 57-room limited-service hotel. The property is under contract for sale to a buyer who intends to complete the construction by year-end 2018. We have used January 1, 2019 as the assumed completion date. The property will reportedly be operated as an affiliate of Best Western Plus and its public facilities will include a  $\pm 1,000$ -square-foot meeting room, a breakfast room, a fitness room, and a business center. The hotel will also contain the appropriate parking capacity (62 surface stalls) and all necessary back-of-the-house space.

The subject is technically located in the town of Southeast, New York, in an area generally referred to as Brewster due to its proximity to Brewster Village, the nearest commercial center. The site's mailing address is 7-11 Peach Lake Road, Brewster, New York, 10509.

### Property Rights Appraised

The property rights appraised are the fee simple ownership of the land and improvements, including the furniture, fixtures, and equipment. The fee simple estate is defined as "absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."<sup>1</sup>

The Best Western Plus is appraised as an open and operating facility.

### Pertinent Dates

Erich Baum, CRE inspected the subject site and existing improvements on June 21, 2018, which serves as the "as is" value date. The buyer of the property intends to complete construction in December 2018. We have used January 1, 2019 as the prospective "when complete" value date. All projections are expressed in inflated dollars.

In addition to the inspection, Erich Baum, CRE participated in the research for this assignment and assisted in the report's preparation. Jerod S. Byrd, MAI participated in the analysis and reviewed the findings but did not personally inspect the property.

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<sup>1</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).



## **Ownership and Management**

Ownership in the subject property is currently vested in two single-purpose legal entities called Fox Ridge Motor Inn, Inc. and Fox Ridge Hotel & Suites, LLC. The property is currently pending sale to a single-purpose legal entity called Greenwich Hospitality Group, LLC for \$3.3 million. This figure is consistent with the “as is” market value conclusion we’ve developed in this appraisal. The sale price encompasses the land and all existing improvements, including the partially-completed building.

The subject property will be owner-operated following its completion. Our appraisal assumes that the hotel is third-party managed by a professional hotel operating company, with fees deducted consistent with market standards, at 3.0% of total revenues.

## **Brand Affiliation**

Our appraisal and feasibility study assumes that the subject hotel will be operated as an affiliate of Best Western Plus, consistent with the buyer’s intentions. Best Western International features more than 4,100 hotels (293,000 hotel rooms) worldwide. With its corporate headquarters in Phoenix, Arizona, the company’s hotel brands include the traditional Best Western, Best Western Plus, Best Western Premier, and BW Premier Collection (tiered by levels of progressively more amenities and features), as well as the boutique brands Vib and GLō. Best Western charges its franchisees a rate that is based on an initial cost plus a fee for each additional room, considered to be a low membership fee in comparison to other major chains’ franchise fees. Memberships are one-year, renewable agreements, with no penalty for withdrawal. The hotels keep their independent identity, although they must use Best Western signage and identify themselves as a Best Western property. Reportedly, close to 90% of Best Western’s hotels retain three- or four-star ratings.

## **Objective of the Appraisal**

The objective of the appraisal is to develop an opinion of the subject property’s “as is” market value, “when complete” prospective market value, and “when stabilized” prospective market value. The following definition of market value has been agreed upon by the agencies that regulate federal financial institutions in the United States:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;



3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.<sup>2</sup>

“As is” market value is defined by the Appraisal Institute as follows:

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.<sup>3</sup>

Prospective market value is defined by the Appraisal Institute as follows:

A value opinion effective as of a specified future date.<sup>4</sup>

The prospective value opinion upon stabilization estimates the market value of a property upon reaching a stabilized level of operation. Operations are stabilized at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist, and the existing conditions are those expected to continue over the economic life of the property.

**Most Probable Buyer**

The most probable buyer of the subject property, whether in its current partially-completed state, or as completed, would be a regional or local entrepreneurial buyer. Such a buyer would owner-operate the property and affiliate it with a nationally-recognized brand affiliation.

**Intended Use and  
Users of the Appraisal**

This appraisal and feasibility study was prepared for use by Savoy Bank in connection with the provision of acquisition and construction financing. This report is intended for the addressee firm and may not be distributed to or relied upon by other persons or entities.

**Assignment Conditions**

The analysis is based on the extraordinary assumption that the hotel’s construction will be completed, and the property will be opened for operation on or near January 1, 2019. The hotel existed in a partial state of completion as of the date of this appraisal. Our appraisal does not address unforeseeable events that could alter the proposed project, and/or the market conditions reflected in the analyses; we assume that no significant changes, other than those anticipated and explained in

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<sup>2</sup> *Federal Register*, Vol. 75, No. 237, December 10, 2010: 77472.

<sup>3</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

<sup>4</sup> *Ibid.*



this report, shall take place between the date of inspection and the prospective value dates. Our appraisal also assumes the presence of a property tax abatement benefit during the first ten years of the hotel's operation, consistent with the expectations of the hotel buyer.

We have made no other extraordinary or hypothetical assumptions specific to the subject property as part of this assignment. Assumptions that apply to this report and our hotel appraisals in general are set forth in the *Assumptions and Limiting Conditions* chapter of this report.

#### **Marketing and Exposure Periods**

Our opinion is that the exposure period for the subject property, prior to our date of value, is estimated to be less than or equal to five to seven months, while the marketing period for the subject property, subsequent to our date of value, is less than or equal to five to seven months. Published surveys report marketing time, not the exposure period. Marketing time is an opinion of the amount of time it might take to sell a property at the concluded market value level during the period immediately after the effective date of an appraisal. According to the HVS Brokers Survey - Spring 2018, reported marketing times averaged 5.7 months for luxury/upper-upscale properties, 6.7 months for full-service hotels, and 5.4 months for select-service hotels. Marketing time for luxury/upper-upscale properties, full-service hotels, and select-service hotels averaged 6.8, 6.0, and 6.6 months, respectively, according to the PWC Real Estate Investor Survey - First Quarter 2018. USRC reported average marketing times of 7.1 and 7.9 months, respectively, for full-service and limited-service hotels in its Winter 2018 Hotel Investor Survey. Overall marketing time is averaging 6.0 months for hotels (similar to 6.0 months for the fourth quarter), as reported by Situs RERC's first-quarter 2018 Real Estate Report.

#### **Competency**

Our qualifications are included as an addendum to this report. These qualifications reflect that we have the competence required to complete this engagement, in accordance with the competency provision of the Uniform Standards of Professional Appraisal Practice. Our knowledge and experience is appropriate for the complexity of this assignment.

#### **Scope of Work**

The methodology used to develop this appraisal is based on the market research and valuation techniques set forth in the textbooks authored by Hospitality Valuation Services for the American Institute of Real Estate Appraisers and the Appraisal Institute, entitled *The Valuation of Hotels and Motels*,<sup>5</sup> *Hotels, Motels and Restaurants: Valuations and Market Studies*,<sup>6</sup> *The Computerized Income Approach to*

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<sup>5</sup> Stephen Rushmore, *The Valuation of Hotels and Motels*. (Chicago: American Institute of Real Estate Appraisers, 1978).

<sup>6</sup> Stephen Rushmore, *Hotels, Motels and Restaurants: Valuations and Market Studies*. (Chicago: American Institute of Real Estate Appraisers, 1983).



*Hotel/Motel Market Studies and Valuations*,<sup>7</sup> *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations*,<sup>8</sup> and *Hotels and Motels – Valuations and Market Studies*.<sup>9</sup>

1. All information was collected and analyzed by the staff of TS Worldwide, LLC. Information was supplied by the client and/or the property's development team.
2. The subject site has been evaluated from the viewpoint of its physical utility for the future operation of a hotel, as well as access, visibility, and other relevant factors.
3. The subject property's proposed improvements have been reviewed for their expected quality of construction, design, and layout efficiency.
4. The surrounding economic environment, on both an area and neighborhood level, has been reviewed to identify specific hostelry-related economic and demographic trends that may have an impact on future demand for hotels.
5. Dividing the market for hotel accommodations into individual segments defines specific market characteristics for the types of travelers expected to utilize the area's hotels. The factors investigated include purpose of visit, average length of stay, facilities and amenities required, seasonality, daily demand fluctuations, and price sensitivity.
6. An analysis of existing and proposed competition provides an indication of the current accommodated demand, along with market penetration and the degree of competitiveness. Unless noted otherwise, we have inspected the competitive lodging facilities summarized in this report.
7. Documentation for an occupancy and ADR projection is derived utilizing the build-up approach based on an analysis of lodging activity.

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<sup>7</sup> Stephen Rushmore, *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*. (Chicago: American Institute of Real Estate Appraisers, 1990).

<sup>8</sup> Stephen Rushmore, *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations* (Chicago: Appraisal Institute, 1992).

<sup>9</sup> Stephen Rushmore and Erich Baum, *Hotels and Motels – Valuations and Market Studies*. (Chicago: Appraisal Institute, 2001).



8. A detailed projection of income and expense made in accordance with the Uniform System of Accounts for the Lodging Industry sets forth the anticipated economic benefits of the proposed subject property.
9. The appraisal considers the following three approaches to value: cost, sales comparison, and income capitalization. We have investigated numerous improved sales in the market area and have spoken with buyers, sellers, brokers, property developers, and public officials. Because lodging facilities are income-producing properties that are normally bought and sold on the basis of capitalization of their anticipated stabilized earning power, the greatest weight is given to the value indicated by the income capitalization approach. We find that most hotel investors employ a similar procedure in formulating their purchase decisions, and thus the income capitalization approach most closely reflects the rationale of typical buyers.

The value conclusion of the appraisal is based on this investigation and analysis and is conveyed in this appraisal report. The analyses, opinions, and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in USPAP.

### 3. Real Estate Overview

#### LAND

The subject site is located between US highway 202 to the north and Interstate 84 to the south, approximately three-quarters of a mile east of its intersection with Interstate 684. The site is in an area generally referred to as Brewster. Brewster village is less than two miles west of the subject site.

The setting is rural Putnam County, approximately 60 miles north of New York City. At completion, the subject property will become the first branded hotel in Putnam County. Otherwise, the location is influenced by its proximity to Danbury, Connecticut, 10 miles to the east. The location is depicted in the following series of maps.

LOCATON MAP 1

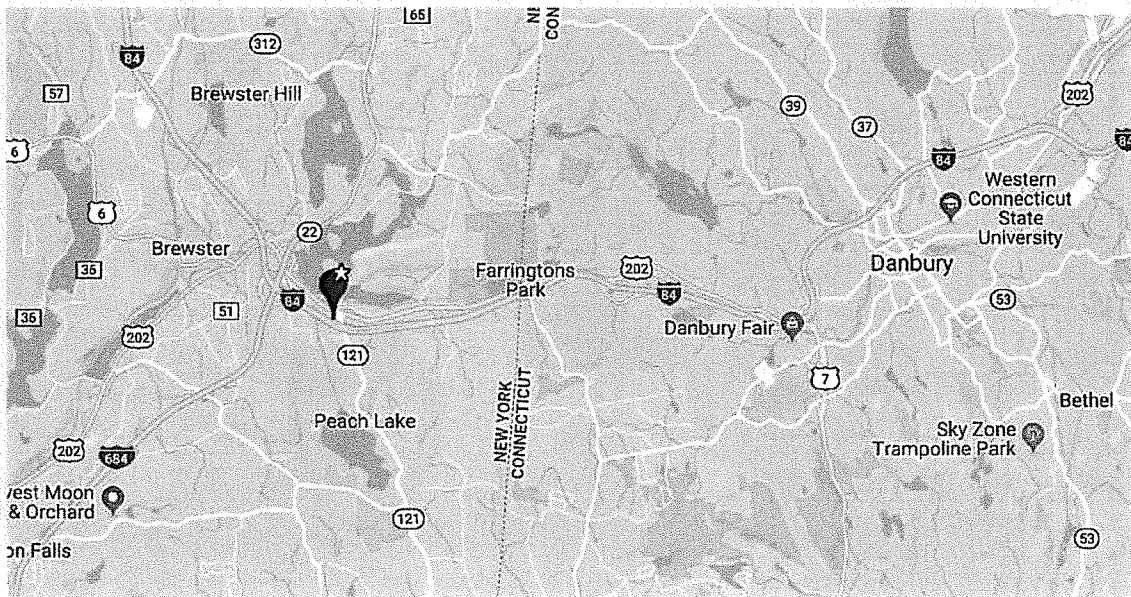




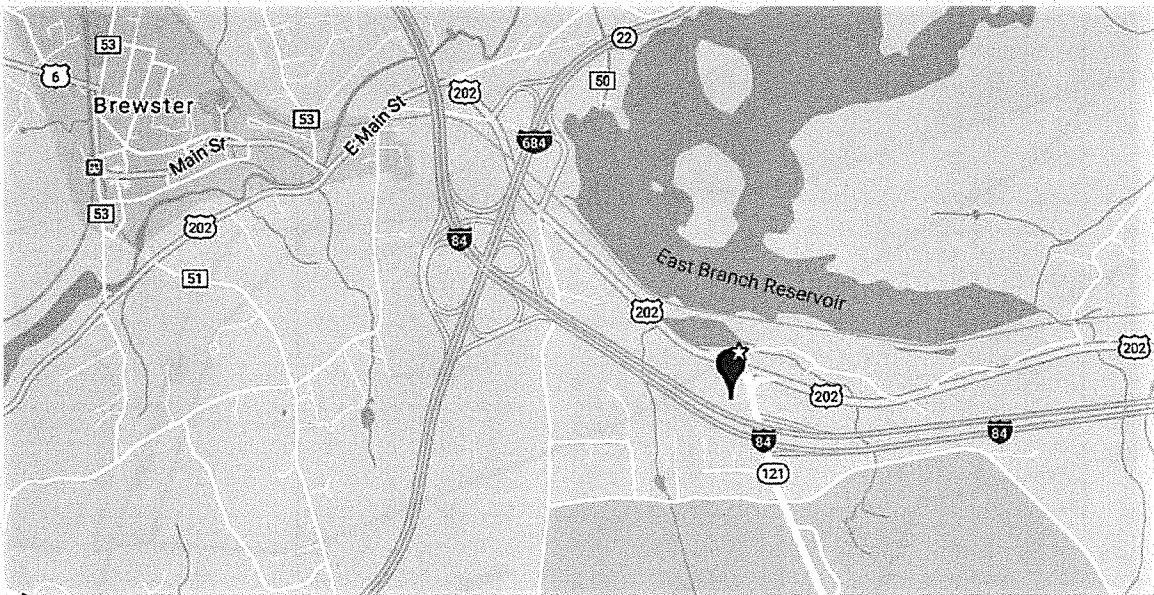
## LOCATON MAP 2



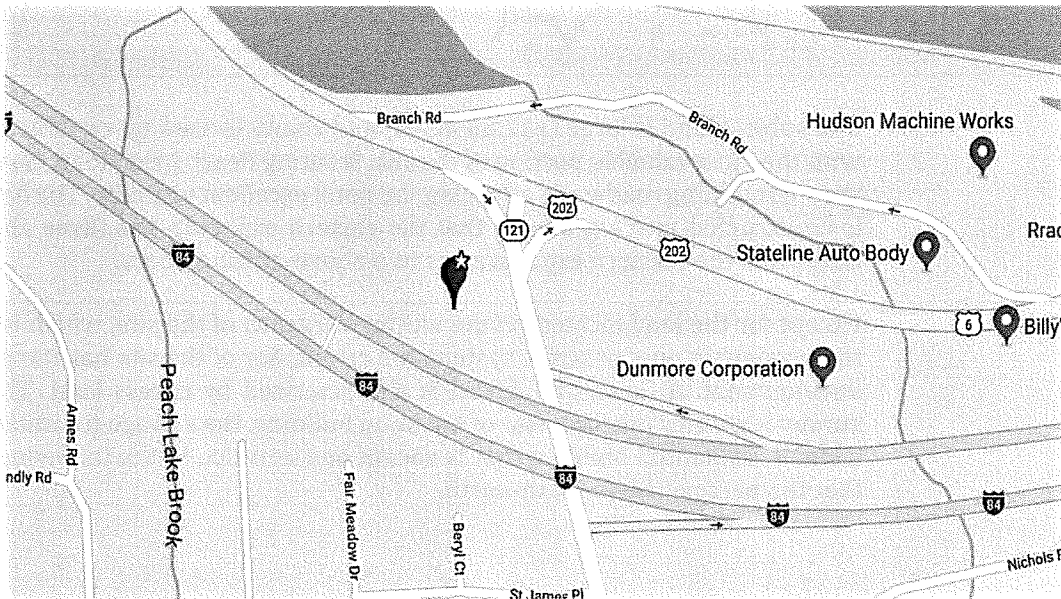
## LOCATON MAP 3



## LOCATON MAP 4

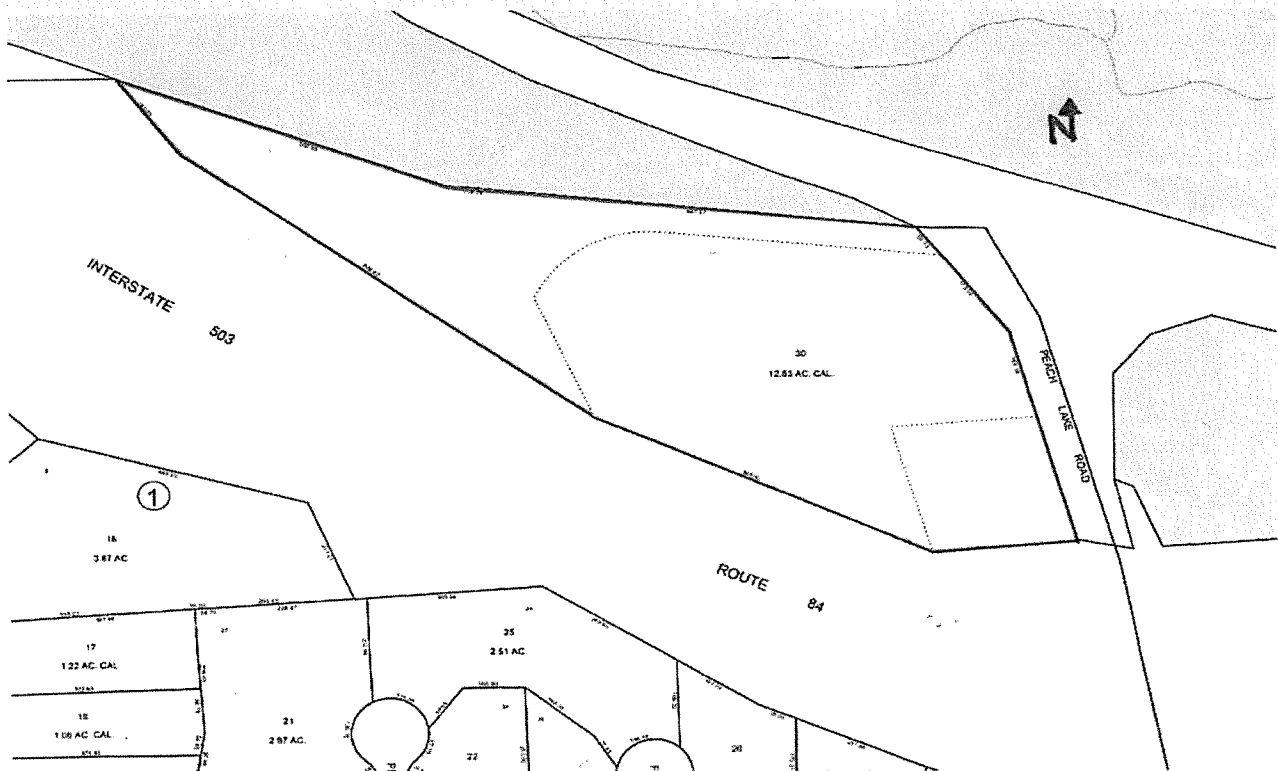


## LOCATON MAP 5



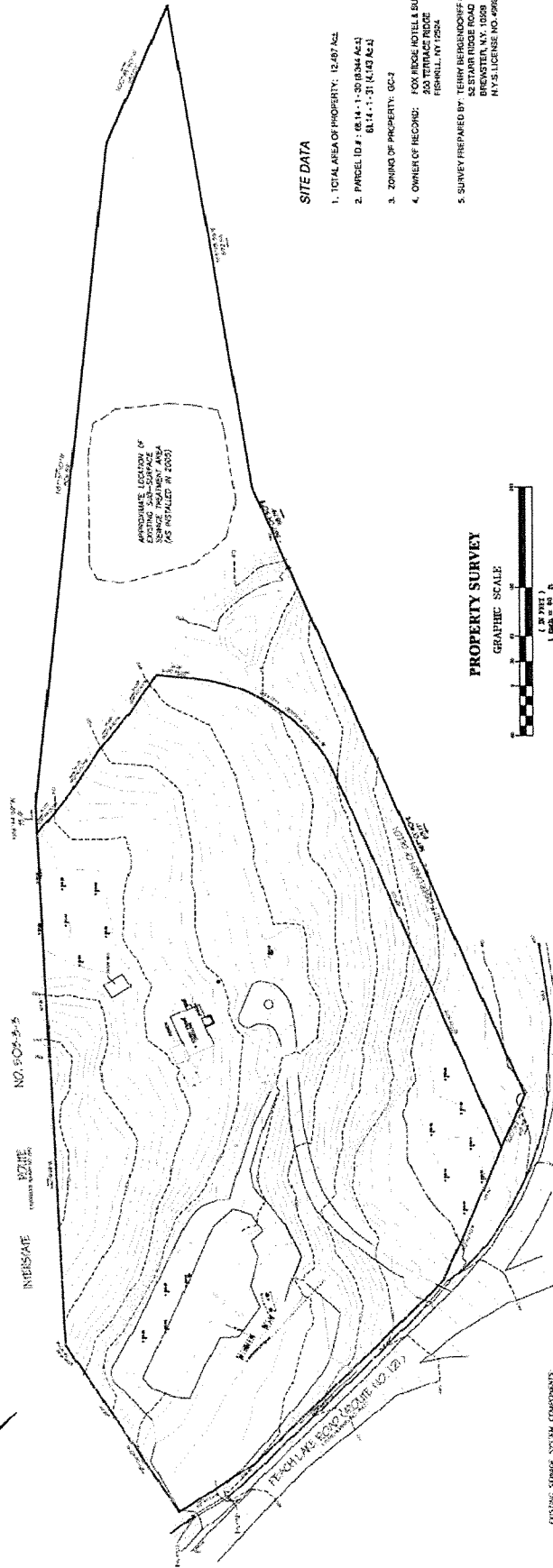


## ASSESSOR'S PARCEL MAP



The subject land is large ( $\pm 12.53$  acres) and characterized by variable topography, with the most valuable portion of the site, fronting Peach Lake Road, elevated above the surrounding roadways, affording the hotel excellent visibility. The hotel building is constructed into a grade so that the eastern exposure has three above-ground floors and the western exposure has two above-ground floors.

Except for the land located on the western reaches of the site, which is devoted to the property's on-site septic system, the remainder of the site has the potential for development. As such, the parcel is characterized by excess land. The following survey identifies the footprint of the hotel building, the sewage treatment area, and a small residential building that is vacant and derelict. In the following view, note that the perspective is south-north.

TABLE V  
continued

GRAPHIC SCALE



EXISTING SEWER SYSTEM COMPONENTS:

1	4,000 GALLON P/C	SEPTIC TANK
2	4,000 GALLON P/C	SEPTIC TANK
3	6,000 GALLON P/C	SEPTIC TANK

1. TOTAL AREA OF PROPERTY: 12.687 AC.
2. PARCEL ID #: 08.14.1-30.03344 Ac.±  
81.14.1-31.01344 Ac.±
3. ZONING OF PROPERTY: GC-2
4. OWNER OF RECORD: FOX RIDGE HOTEL & SUITES, LLC  
500 TERRACE PARK  
FERRISILL, NY 12534
5. SURVEY PREPARED BY: TERRY HUGHENOWSKI COLLINS  
12 STARHURST ROAD  
BREWSTER, N.Y. 10599  
N.Y.S. LICENSE NO. 49991

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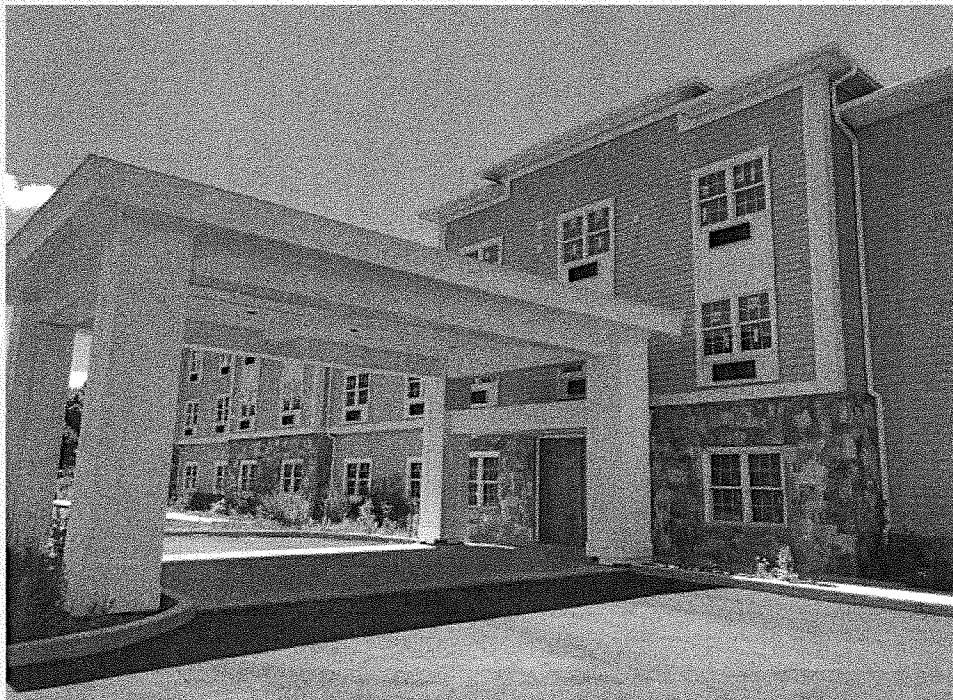
The existing (and nearly complete) hotel building has been designed to allow for future expansion. However, there are no plans or permits for an expansion at this time, and the buyer of the subject property has not allocated additional value for excess land. As such, we have not made an additional allocation. Rather, we have accounted for this value-enhancing feature in the selection of our investment parameters, applied in the income capitalization approach. The following pages contain photographs of and from the site, as well as the existing improvements.

#### VIEW FROM PEACH LAKE ROAD, LOOKING WEST

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VIEW FROM PARKING LOT (TOP) AND OF PORTE-COCHERE (BOTTOM)





**VIEW FROM PEACH LAKE ROAD LOOKING SOUTHWEST (TOP) AND REAR OF BUILDING (BOTTOM)**

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VACANT RESIDENCE (TOP) AND SEPTIC YARD (BOTTOM)



**VIEW FROM SITE DRIVEWAY LOOKING NORTH ALONG PEACH LAKE ROAD**

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**VIEW FROM SITE DRIVEWAY LOOKING SOUTH ALONG PEACH LAKE ROAD**

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**VIEW FROM HOTEL'S THIRD FLOOR LOOKING EAST ACROSS PEACH LAKE ROAD**

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**VIEW FROM HOTEL LOOKING WEST (I-84 BEHIND TREE LINE)**

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**VIEW FROM HOTEL SITE LOOKING NORTHEAST TOWARD U.S. 202**

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**VIEW OF EXCESS LAND, LOOKING NORTH FROM HOTEL**

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### Access and Visibility

The subject property is extremely well-connected to the system of highways serving the region due to its location alongside Interstate 84, in the immediate vicinity of Interstate 684. For northbound I-684 and eastbound I-84 motorists, access is somewhat complicated, requiring use of Exit 10 off I-684, connecting to US Highway 202 eastbound. Peach Lake Road and the subject property are located one mile to the east. For westbound I-84 motorists, access is direct and simple, via Exit 21, which empties onto Peach Lake Road, directly across from the subject property's driveway. As noted above, the subject property offers excellent visibility due to its topography and elevation.

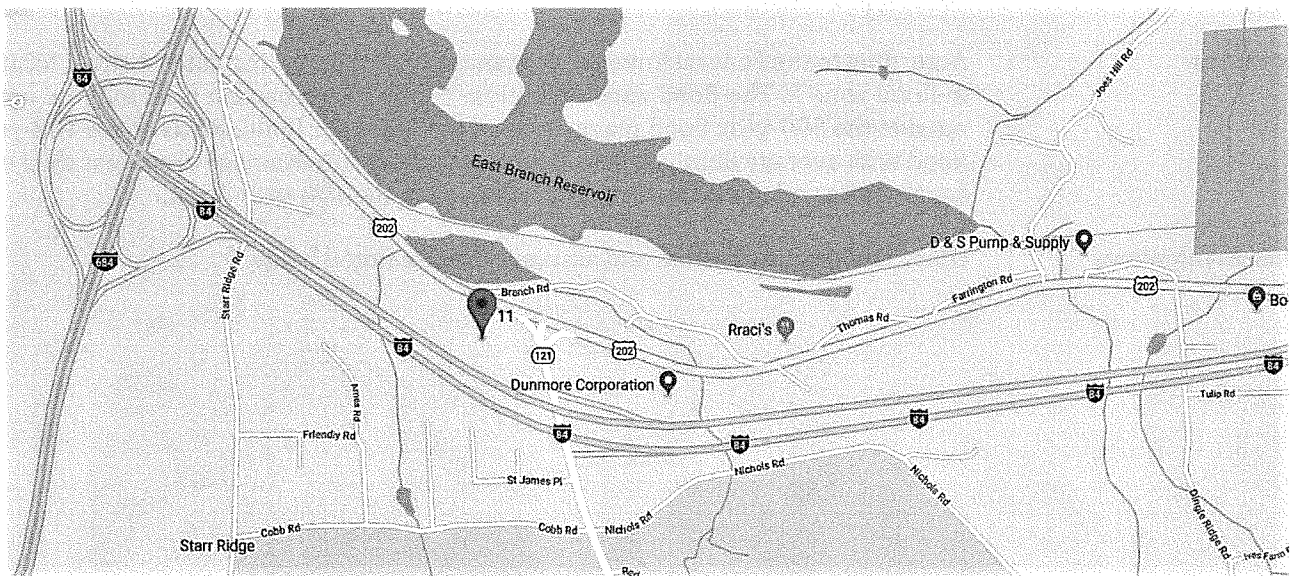
The subject property is located approximately two miles east of the Brewster Metro-North Railroad station, which connects to New York City via the Harlem line. Service is hourly, doubling to twice-hourly during rush hour.

The most proximate commercial airport, Westchester County Airport, is in White Plains, approximately 35 miles to the south, connected to Brewster via Interstate 684.

### Neighborhood

The subject neighborhood can be defined by the East Branch Reservoir to the north, Dingle Ridge Road to the east, Interstate 84 to the south, and Interstate 684 to the west. It is depicted below.

### NEIGHBORHOOD MAP





The neighborhood is sparsely developed, with a mix of residential, commercial, and light industry. Notable nearby land uses include the Friends Network, offering community integration for children and adults with disabilities, located directly across Peach Lake Road; employers such as Fairfield Insulation, Dunmore Corporation, Hudson Machine Works, LJ Coppola Construction, and Paraco Propane Supplier; and service providers such as Stateline Auto Body, Billy's Auto Repair, Lisi's Towing, and Smooth Sensation Electrolysis. There is one restaurant in the neighborhood, Rraci's, Italian Restaurant, serving dinner only. Otherwise, the most proximate restaurants and commercial services are one mile to the west, toward Brewster village, including Dunkin Donuts, Bull and Barrel Brew Pub, Portofino Pizza & Pasta, Tom & Jerry's Bar & Grill, Pizza Place & Trattoria II, and Five Brothers Pizza & Pasta.

Overall, the subject neighborhood is suited to limited-service hotel development, primarily because of its convenience to Interstate 84. The immediate neighborhood has limited surrounding development, but proximity to commercial activity in Brewster village is satisfactory.

#### **Zoning**

According to the town of Southeast's zoning ordinance, the subject site is zoned SR6 - Special Route 6 Area, where principal uses include institutional uses (schools, churches, day-cares) and small-scale recreational uses. Hotels are legal subject to a special permit. Our appraisal assumes that all building permits have been secured and that the hotel building was constructed consistent with all relevant municipal code requirements.

#### **Flood Zone**

According to the Federal Emergency Management Agency, the subject site is located in flood zone X. The flood zone definition for the X designation is as follows: areas outside the 500-year flood plain; areas of the 500-year flood; areas of the 100-year flood with average depths of less than one foot or with drainage areas less than one square mile and areas protected by levees from the 100-year flood.

#### **Other Assumptions**

Other land-related factors and assumptions are noted below.



**FIGURE 3-1 OTHER LAND-RELATED ASSUMPTIONS**

<b>Utilities</b>	We assume the subject site is served by all necessary utilities, in sufficient capacity, at market-level costs
<b>Easements and Encroachments</b>	We assume there are no easements or encroachments encumbering the property that would significantly affect its utility or marketability.
<b>Soil and Subsoil Conditions</b>	We are not qualified to evaluate soil conditions other than by a visual inspection of the surface. We assume there are no extraordinary conditions.
<b>Nuisances and Hazards</b>	We were not informed of any site-specific nuisances or hazards, and there were no visible signs of toxic ground contaminants at the time of our inspection. Because we are not experts in this field, we do not warrant the absence of hazardous waste and urge the reader to obtain an independent analysis of these factors.

## IMPROVEMENTS

The quality of a lodging facility's physical improvements has a direct influence on marketability, attainable occupancy, and average room rate. The design and functionality of the structure can also affect operating efficiency and overall profitability. This section investigates the subject property's proposed physical improvements and personal property to determine how they are expected to contribute to attainable cash flows.

### Project History

The subject land was the site of an older independent motel called the Fox Ridge Motor Inn and an adjacent restaurant when, in July 1997, a propane explosion destroyed the restaurant and badly damaged the motel. All structures were subsequently torn down.

In 2001, the property's owner's application for a building permit to reconstruct the hotel was denied by the Town Building Department, and the owner appealed to the Town's Zoning Board of Appeals (hereinafter the ZBA). The ZBA denied the appeal. In the interim, the Town rezoned the subject premises so that a hotel was no longer a permitted use. In 2005, the property owner and the ZBA entered into a stipulation of settlement, to which the Town was a party, whereby the owner was to apply for a building permit for the reconstruction of the hotel by submitting a specific set of plans to the building inspector, and the Town would then issue a building permit. The owner submitted the building plans and the building inspector issued a building permit. Subsequently, the owner (Fox Ridge Motor Inn, Inc.) leased the ground to Fox Ridge Hotels & Suites, LLC (Lessee). In June 2009, the building inspector revoked the building permit on the grounds, among others, that the owner failed to



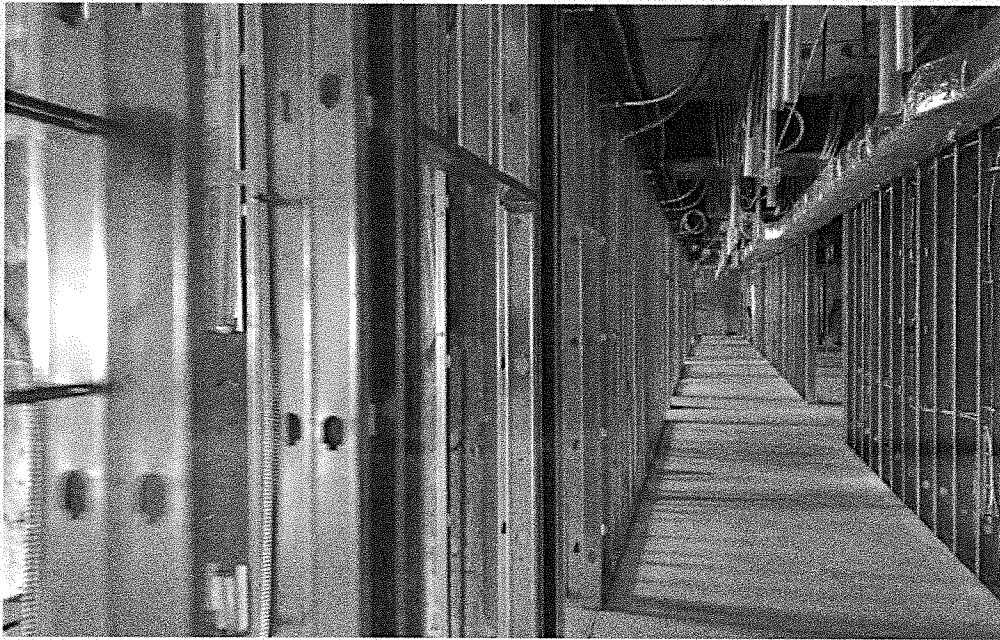
obtain the approval of the Town Architectural Review Board. The Lessee then challenged that determination. By judgment entered March 2010, the Supreme Court found that the building inspector's determination revoking the building permit was arbitrary and capricious and in error of law, and directed that the permit be reinstated, and, in effect, declared that the building permit was valid.

In 2011, the foundation for the new hotel was poured, strictly for purposes of vesting the permits, but full construction did not commence again until July 2015, continuing through February 2017. The property was basically complete except for the completion of the interior walls and finishes, but the property owner lacked the funding. The property has remained in this condition for the past 16 months. Photographs of the building's exteriors as of the inspection date were included previously in this chapter. The following photographs depict the interiors as of the inspection date.



## GROUND LEVEL (TOP) AND SECOND LEVEL (BOTTOM)

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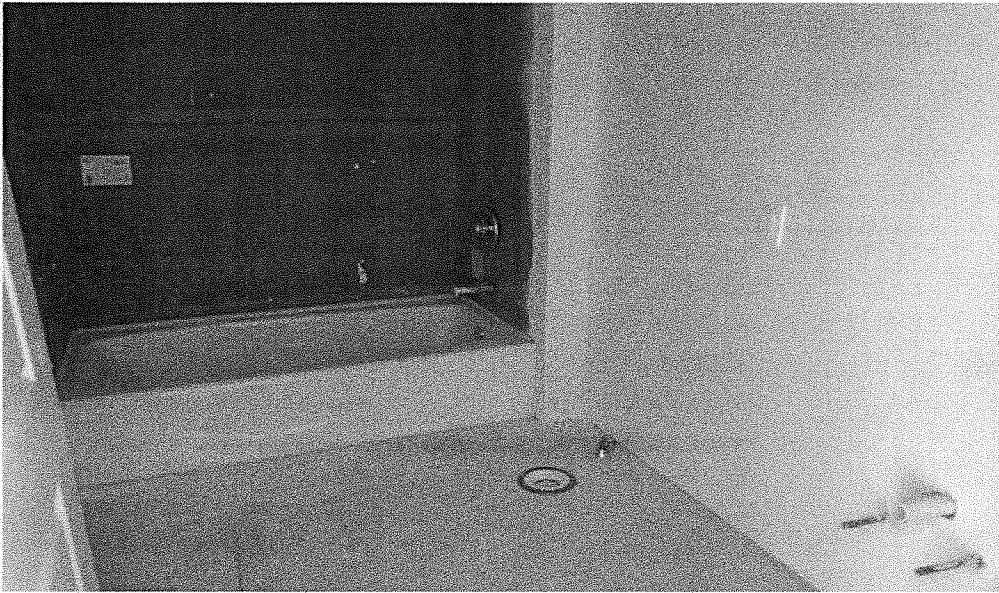
### THIRD LEVEL (TOP) AND GUESTROOM MODULE (BOTTOM)

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**GUEST BATHROOM (TOP) AND MEETING ROOM (BOTTOM)**

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The following table summarizes the subject property's construction and facilities.

**FIGURE 3-2 CONSTRUCTION AND FACILITIES SUMMARY**

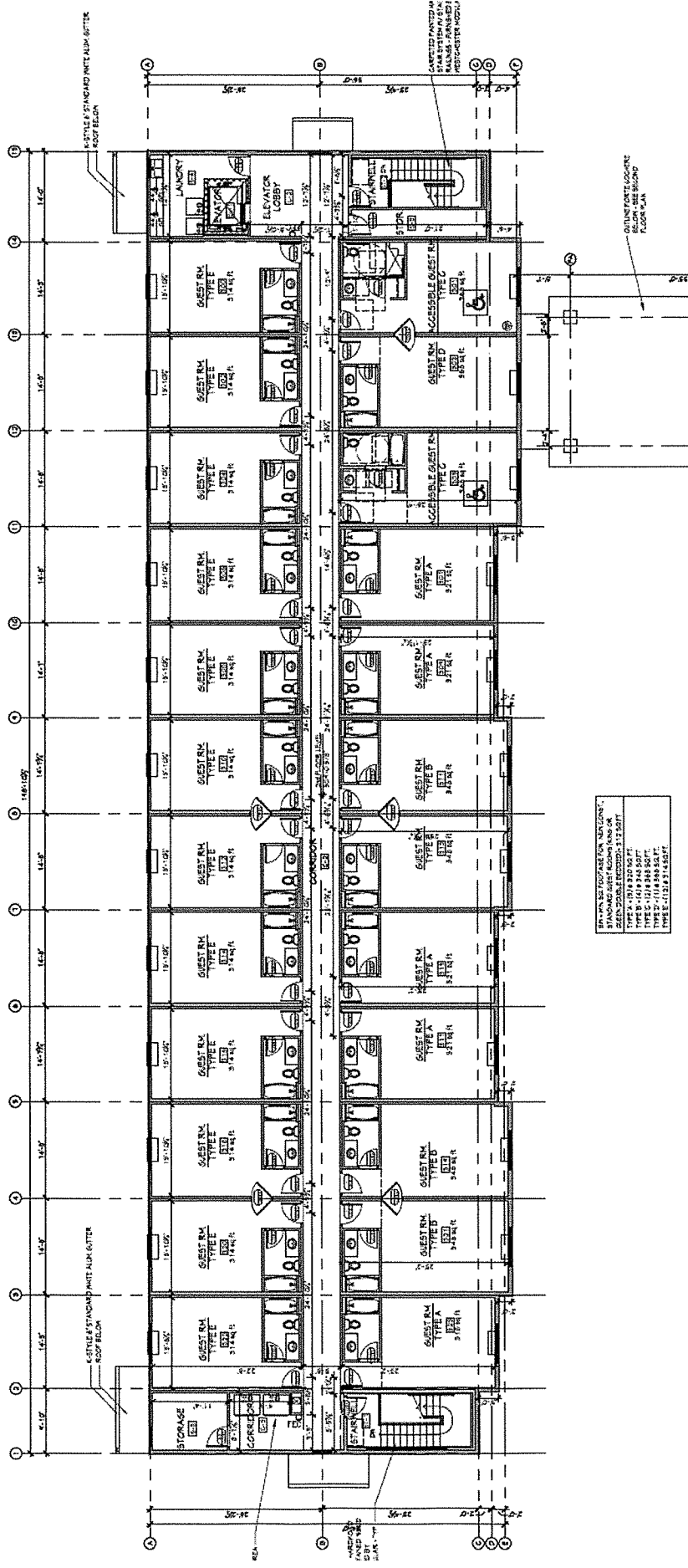
Parcel Number	68.14-1-30
Site Size (acres)	12.53
No. of Rooms	57
Building Size (sf)	33,000
No. of Stories	Three
Basement	No
No. of Parking Spaces	62
Meeting Room (sf)	1,000
Other Public Facilities	Breakfast Room, Fitness Room, Business Center
Projected Opening Date	December 2018
HVAC	PTACs
Elevators	One
On-Site Laundry	Yes
Fire Safety	Fully Sprinklered, Hard-Wired Smoke Detectors
<u>Construction Details</u>	
Foundation	Concrete
Frame	Steel (Ground) and Wood (Second and Third)
Exterior	Connecticut Fieldstone and Vinyl Siding
Roof	Wood Deck and Shingle Covering

Floor plans follow.

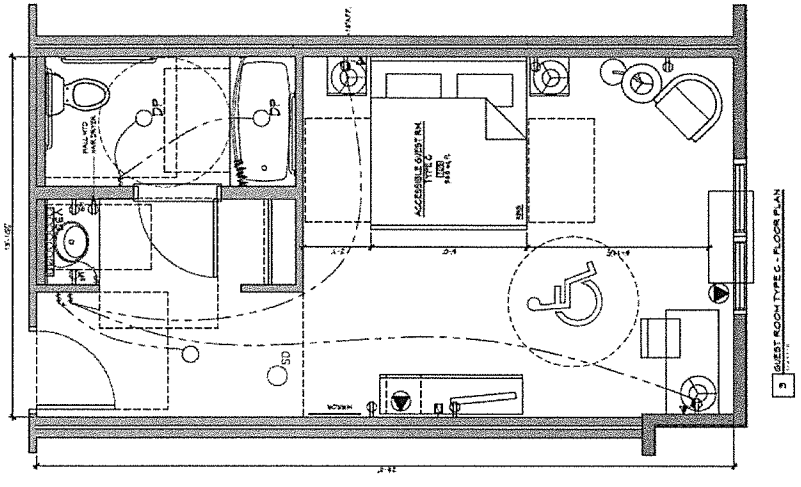
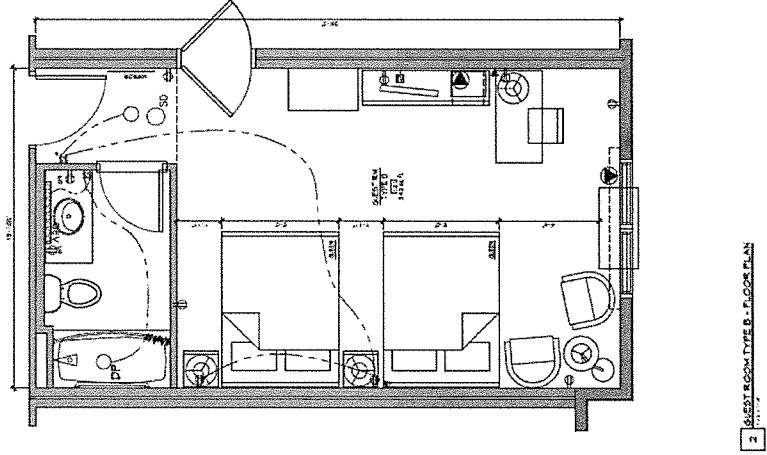
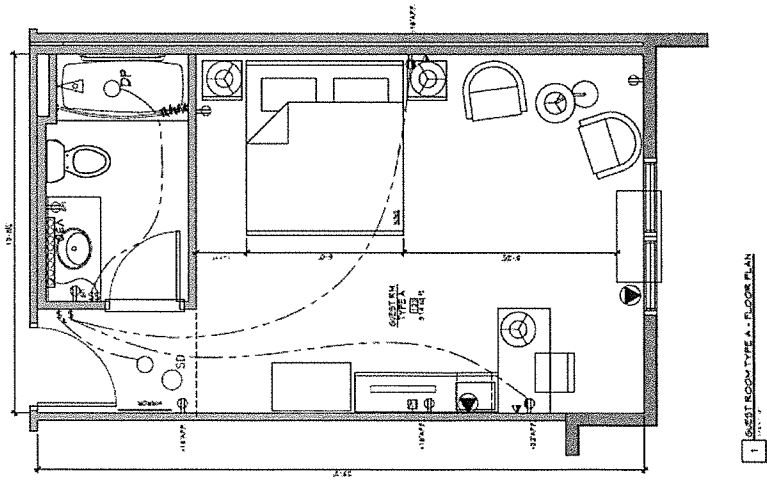
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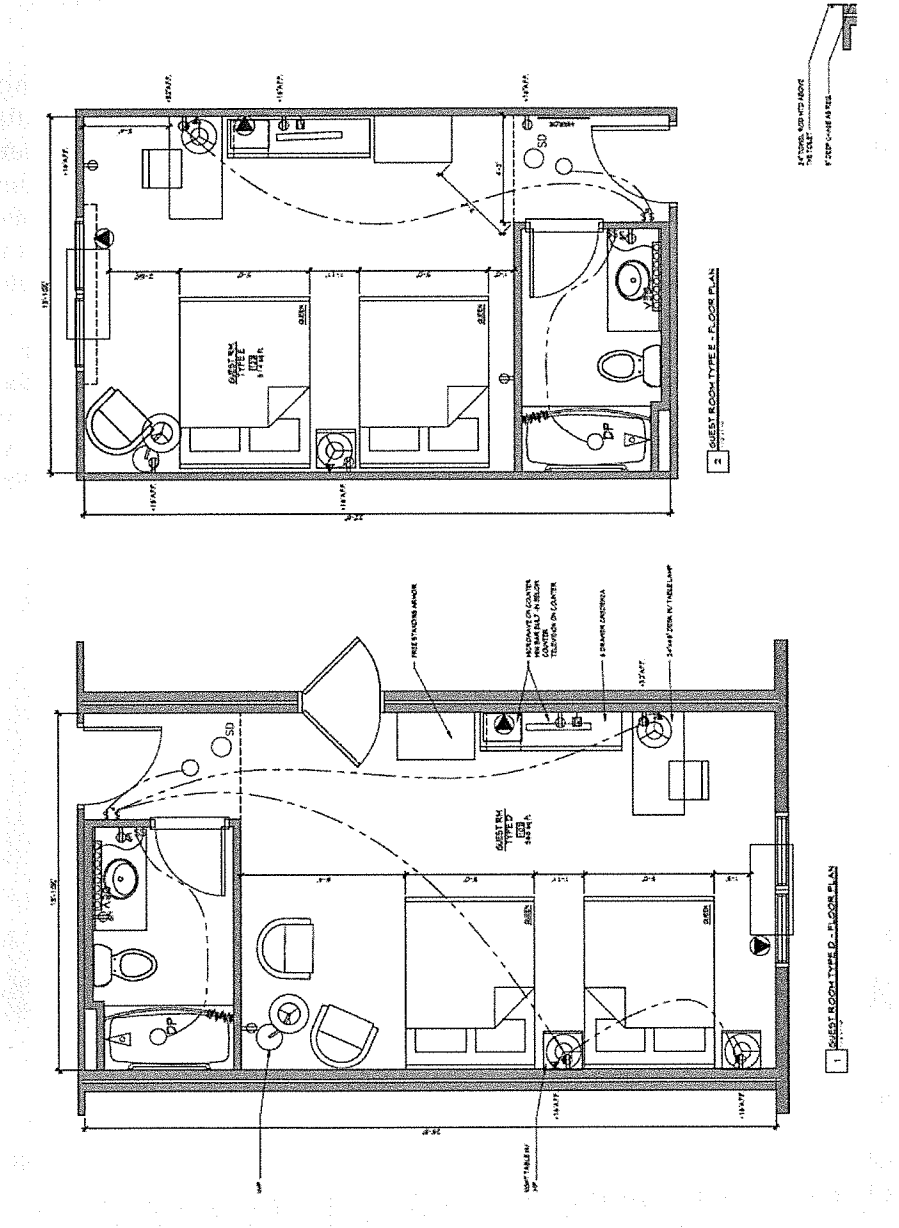
Architectural floor plan of the 1st floor of a building. The plan shows a central corridor (CORRIDOR) flanked by guest rooms (GUEST RM) and a service area (SERVICE AREA). The guest rooms are labeled with their type and size, such as "GUEST RM TYPE A 12'0" x 14'0"" and "GUEST RM TYPE B 12'0" x 14'0"". The service area includes a kitchen (KITCHEN), a dining area (DINING AREA), and a lounge (LOUNGE). The plan also shows a staircase (STAIRS) and a ramp (RAMP). A north arrow is located in the upper right corner. A legend in the lower right corner defines the room types and sizes: TYPE A = 12'0" x 14'0", TYPE B = 12'0" x 14'0", TYPE C = 12'0" x 14'0", and TYPE D = 12'0" x 14'0".

# THIRD FLOOR



GUESTROOM FLOOR PLANS





At completion, the subject property will represent a good-quality, branded, limited-service hotel. Putnam County, New York currently lacks a branded hotel. The subject property will primarily compete with existing hotels located in Danbury and Bethel, Connecticut, located five to ten miles to the east. Otherwise, the most proximate branded hotel is the Holiday Inn in Mount Kisco, 20 miles to the south. The I-684/I-84 corridor is a primary connection between the New York City metropolitan area and New England, and experiences high levels of year-round traffic. The subject hotel will fill a void whereby no good-quality lodging facilities currently exist between Mount Kisco, New York and Danbury, Connecticut. Furthermore, the subject property's construction is of good quality by limited-service hotel standards. The property was designed consistent with Best Western Plus standards, with upgrades such as Anderson windows, LG PTACs, an exterior design with Connecticut fieldstone on the ground level, and a pitched shingle roof. A rendering of the exterior follows.

## EXTERIOR RENDERING



This appraisal assumes:

- that the building will have sufficient service areas and that its operating systems will be of sufficient capacity;
- that the property will be finished according to all pertinent municipal codes;
- that the building improvements will be void of any environmental hazards or like nuisances;
- that the property will comply with the Americans with Disabilities Act;

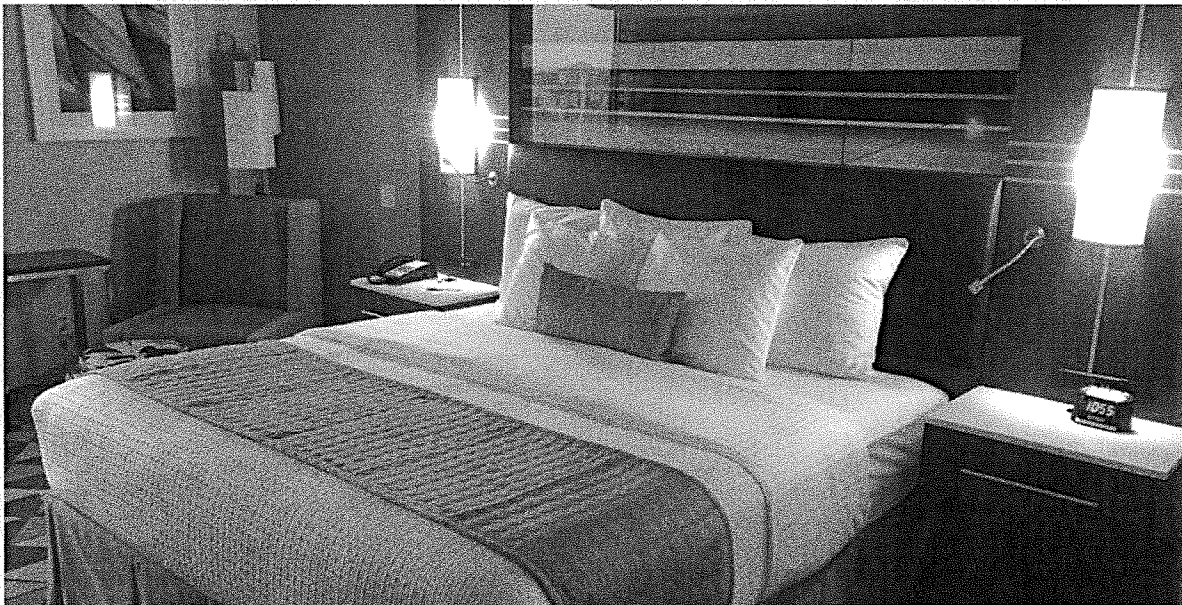
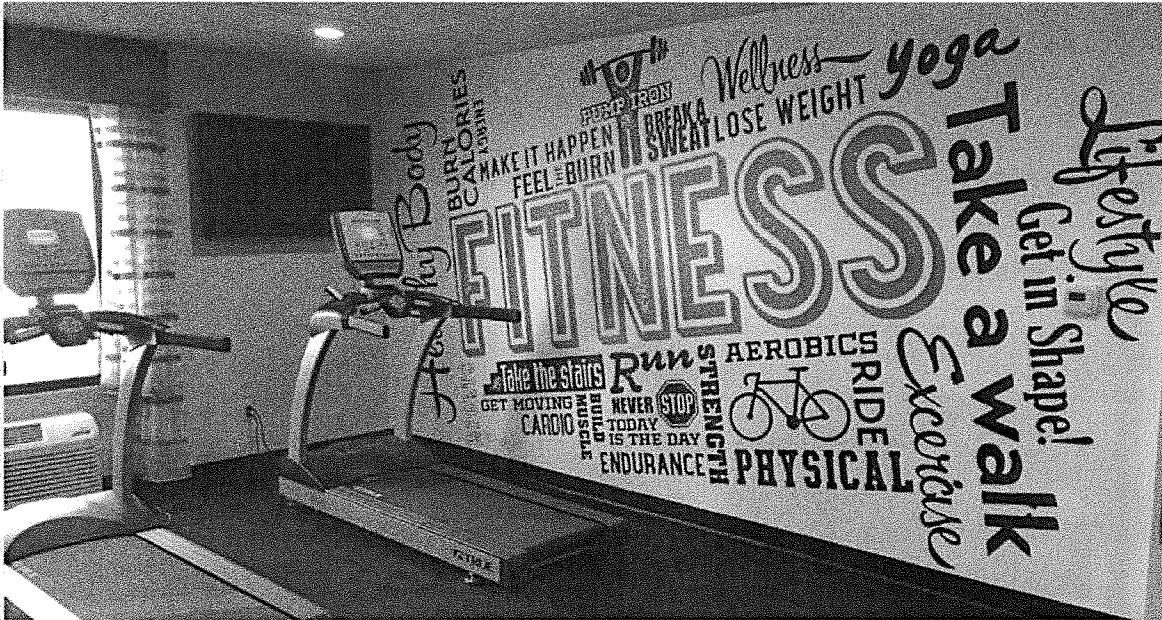
- that the hotel will require ongoing upgrades and periodic renovations to maintain its competitive level and remain compliant with brand standards, and that these costs will be adequately funded by the reserves for replacement projected as part of our income and expense forecast; and
- that the property will be finished consistent with current Best Western Plus standards.

The following images reflect current Best Western Plus interior finishes in the public spaces and guestrooms.

#### **LOBBY (TOP) AND BREAKFAST BUFFET (BOTTOM)**

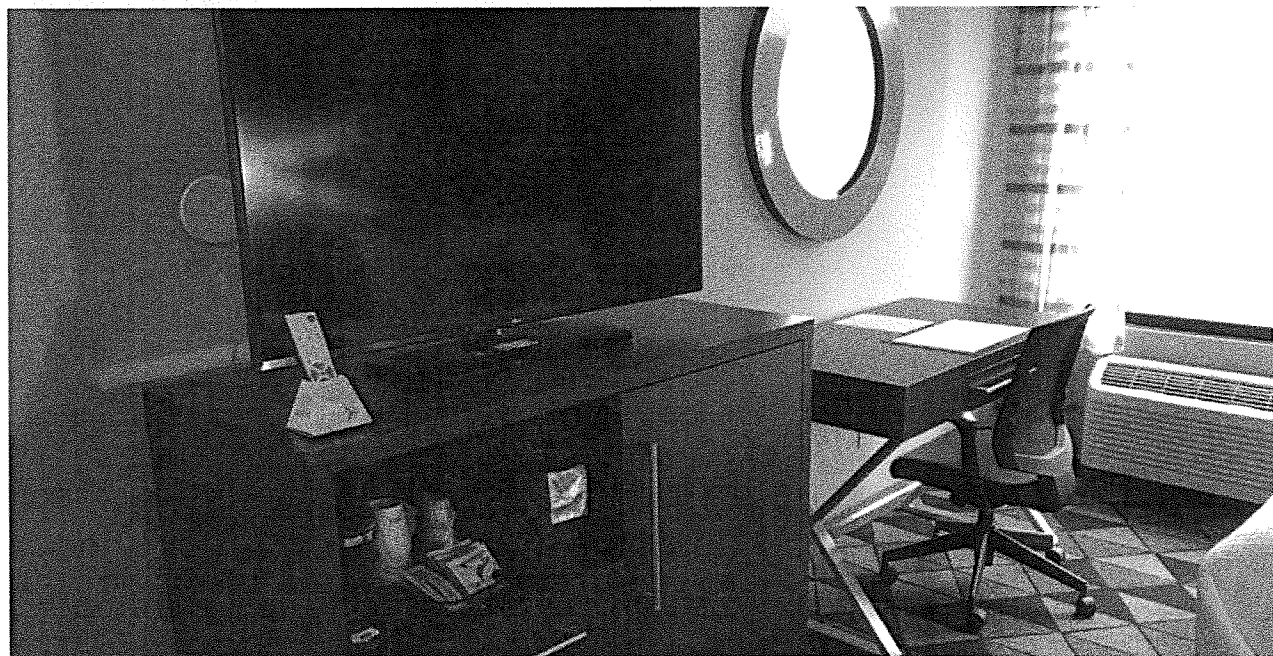


FITNESS ROOM (TOP) AND TYPICAL KING GUESTROOM (BOTTOM)





**TYPICAL DOUBLE-DOUBLE GUESTROOM (TOP) AND TELEVISION/DESK CONSOLE (BOTTOM)**





Note that we did not receive either the subject property's original construction cost budget, or a schedule of the remaining costs as of the date of inspection. We have been informed that the buyer has allocated \$1.9 million for the project's completion, and we have used this figure as the basis for the value and feasibility conclusions developed herein. We are not professional cost estimators and lack the competence to develop an independent estimate of the completion costs.



## 4. Market Area Analysis

The economic vitality of the market area and neighborhood surrounding the subject site is an important consideration in forecasting lodging demand and future income potential. Economic and demographic trends that reflect the amount of visitation provide a basis from which to project lodging demand. The purpose of the market area analysis is to review available economic and demographic data to determine whether the local market will undergo economic growth, stabilize, or decline. In addition to predicting the direction of the economy, the rate of change must be quantified. These trends are then correlated based on their propensity to reflect variations in lodging demand, with the objective of forecasting the amount of growth or decline in visitation by individual market segment (e.g., commercial, meeting and group, and leisure).

### Market Area Definition

The market area for a lodging facility is the geographical region where the sources of demand and the competitive supply are located. The subject site is located in the Town of Southeast, Putnam County, and the State of New York. The local area is generally referred to as Brewster, which is primarily a bedroom community located approximately 60 miles north of New York City. Putnam County is rural for the most part, with approximately 100,000 people located over 246 square miles (approximately 400 people per square mile). We were unable to identify a list of the largest employers in Putnam County. Most likely, key sources of employment include whatever medical/health care, utilities, and governmental infrastructure supports the county. Where the subject property is concerned, the more influential economic centers are Fairfield County, Connecticut, to the east, and, to a lesser extent, Westchester County, New York, to the south. The following exhibit illustrates the market area.





**FIGURE 4-1 ECONOMIC AND DEMOGRAPHIC DATA SUMMARY**

					Average Annual Compounded Change		
	2000	2010	2017	2020	2000-10	2010-17	2017-20
Resident Population (Thousands)							
Putnam County	96.0	99.8	102.8	106.3	0.4 %	0.4 %	1.1 %
New York City MSA	18,980.0	19,599.5	20,369.7	20,664.8	0.3	0.6	0.5
New York City CSA	22,282.7	23,114.6	23,967.4	24,323.7	0.4	0.5	0.5
State of New York	19,001.8	19,400.9	19,960.8	20,191.9	0.2	0.4	0.4
United States	282,162.4	309,347.1	327,505.1	336,690.4	0.9	0.8	0.9
Per-Capita Personal Income*							
Putnam County	\$47,140	\$49,001	\$54,697	\$56,896	0.4	1.6	1.3
New York City MSA	48,250	53,573	59,216	62,139	1.1	1.4	1.6
New York City CSA	48,375	53,660	59,329	62,250	1.0	1.4	1.6
State of New York	42,496	48,482	53,679	56,429	1.3	1.5	1.7
United States	36,812	39,622	44,290	46,375	0.7	1.6	1.5
W&P Wealth Index							
Putnam County	128 %	124 %	123 %	123 %			
New York City MSA	131	135	134	134			
New York City CSA	131	135	134	134			
State of New York	115	122	121	122			
United States	100	100	100	100			
Food and Beverage Sales (Millions)*							
Putnam County	\$62	\$89	\$107	\$114	3.7	2.8	2.2
New York City MSA	24,862	32,177	40,771	42,324	2.6	3.4	1.3
New York City CSA	29,055	37,195	46,909	48,730	2.5	3.4	1.3
State of New York	23,876	30,918	39,395	40,852	2.6	3.5	1.2
United States	368,829	447,728	571,731	602,635	2.0	3.6	1.8
Total Retail Sales (Millions)*							
Putnam County	\$827	\$933	\$1,084	\$1,147	1.2	2.2	1.9
New York City MSA	242,962	266,705	315,790	327,105	0.9	2.4	1.2
New York City CSA	294,530	316,800	372,774	386,308	0.7	2.4	1.2
State of New York	227,613	249,096	292,823	302,630	0.9	2.3	1.1
United States	3,902,830	4,130,414	4,932,756	5,181,433	0.6	2.6	1.7

\* Inflation Adjusted

Source: Woods & Poole Economics, Inc.

The U.S. population has grown at an average annual compounded rate of 0.8% from 2010 through 2017. The county's population has grown more slowly than the nation's population; the average annual growth rate of 0.4% between 2010 and 2017 reflects a gradually expanding area. Following this population trend, per-



capita personal income increased slowly, at 1.6% on average annually for the county between 2010 and 2017. Local wealth indexes have remained stable in recent years, registering a relatively high 123.5 level for the county in 2017.

Food and beverage sales totaled \$107 million in the county in 2017, versus \$89 million in 2010. This reflects a 2.8% average annual change, which is weaker than the 3.7% pace recorded in the prior decade. Over the long term, the pace of growth is forecast to moderate to a more sustainable level of 2.2%, which is forecast through 2020. The retail sales sector demonstrated an annual increase of 1.2% registered in the decade 2000 to 2010, followed by an increase of 2.2% in the period 2010 to 2017. An increase of 1.9% average annual change is expected in county retail sales through 2020.

#### **Workforce Characteristics**

The characteristics of an area's workforce provide an indication of the type and amount of transient visitation likely to be generated by local businesses. Sectors such as finance, insurance, and real estate (FIRE); wholesale trade; and services produce a considerable number of visitors who are not particularly rate-sensitive. The government sector often generates transient room nights, but per-diem reimbursement allowances often limit the accommodations selection to budget and mid-priced lodging facilities. Contributions from manufacturing, construction, transportation, communications, and public utilities (TCPU) employers can also be important, depending on the company type.

The following table sets forth Putnam County's workforce distribution by business sector in 2000, 2010, and 2017, as well as a forecast for 2020.

FIGURE 4-2 HISTORICAL AND PROJECTED EMPLOYMENT – PUTNAM COUNTY, NY (+000)

Industry	2000	Percent of Total	2010	Percent of Total	2017	Percent of Total	2020	Percent of Total	Average Annual Compounded Change			
									2000-2010	2010-2017	2017-2020	
Farm	0.1	0.3 %	0.1	0.3 %	0.1	0.3 %	0.1	0.3 %	1.3 %	2.7 %	0.8 %	
Forestry, Fishing, Related Activities And Other	0.0	0.1	0.1	0.2	0.1	0.2	0.1	0.2	3.2	1.3	0.9	
Mining	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	8.1	11.1	0.7	
Utilities	0.1	0.3	0.1	0.2	0.2	0.4	0.2	0.4	(3.2)	10.5	0.6	
Construction	3.7	11.1	3.6	9.0	3.9	9.1	4.1	9.1	(0.4)	1.4	1.2	
Manufacturing	1.7	5.0	1.5	3.8	1.4	3.3	1.5	3.3	(1.0)	(0.8)	0.6	
Total Trade	4.2	12.8	4.7	11.9	5.3	12.3	5.5	12.2	1.1	1.6	1.3	
Wholesale Trade	1.0	3.2	1.1	2.8	1.3	3.0	1.3	3.0	0.4	2.3	1.2	
Retail Trade	3.2	9.6	3.6	9.1	4.0	9.3	4.1	9.2	1.3	1.4	1.3	
Transportation And Warehousing	0.7	2.1	0.5	1.3	1.0	2.4	1.0	2.3	(2.7)	9.9	0.4	
Information	0.9	2.7	0.7	1.8	0.7	1.6	0.7	1.5	(1.9)	(1.2)	0.3	
Finance And Insurance	1.6	4.7	2.3	5.9	2.6	6.1	2.8	6.2	3.9	1.8	2.0	
Real Estate And Rental And Lease	1.5	4.6	2.6	6.6	2.6	5.9	2.7	5.9	5.6	(0.5)	1.4	
Total Services	14.4	43.4	18.5	46.5	20.2	46.8	21.2	47.1	2.5	1.3	1.6	
Professional And Technical Services	2.6	8.0	3.0	7.6	3.0	6.9	3.0	6.8	1.3	(0.3)	0.9	
Management Of Companies And Enterprises	0.2	0.5	0.0	0.1	0.1	0.1	0.1	0.1	(17.7)	12.2	1.8	
Administrative And Waste Services	1.6	4.8	2.3	5.8	2.5	5.7	2.6	5.8	3.8	0.9	2.0	
Educational Services	0.9	2.8	1.5	3.8	1.7	4.1	1.9	4.2	5.1	2.0	2.8	
Health Care And Social Assistance	4.1	12.5	5.5	13.9	5.9	13.6	6.2	13.7	2.8	1.0	1.6	
Arts, Entertainment, And Recreation	1.4	4.1	1.7	4.2	1.9	4.4	2.0	4.4	2.1	1.9	1.5	
Accommodation And Food Services	1.4	4.3	1.7	4.4	2.0	4.7	2.2	4.8	2.0	2.4	1.7	
Other Services, Except Public Administration	2.2	6.6	2.7	6.8	3.1	7.3	3.3	7.3	2.1	2.2	1.4	
Total Government	4.3	12.8	4.9	12.4	5.0	11.6	5.2	11.5	1.4	0.2	1.4	
Federal Civilian Government	0.2	0.7	0.2	0.5	0.1	0.3	0.1	0.3	(1.8)	(5.0)	0.7	
Federal Military	0.2	0.5	0.2	0.4	0.2	0.4	0.2	0.4	(1.2)	(0.2)	0.2	
State And Local Government	3.8	11.6	4.5	11.4	4.7	10.9	4.9	10.9	1.7	0.4	1.4	
TOTAL	33.3	100.0 %	39.6	100.0 %	43.0	100.0 %	44.9	100.0 %	1.8 %	1.2 %	1.4 %	
MSA	10,447.5	—	11,163.7	—	12,589.1	—	13,058.4	—	0.7 %	1.7 %	1.2 %	
U.S.	165,370.9	—	173,034.7	—	194,801.7	—	203,418.4	—	1.0	1.7	1.5	

Source: Woods & Poole Economics, Inc.



Woods & Poole Economics, Inc. reports that during the period from 2000 to 2010, total employment in the county grew at an average annual rate of 1.8%. This trend was above the growth rate recorded by the MSA and also outpaced the national average. More recently, the pace of total employment growth in the county slowed to 1.2% on an annual average from 2010 to 2017.

Of the primary employment sectors, Total Services recorded the highest increase in number of employees during the period from 2010 to 2017, increasing by 1,707 people, or 9.3%, and rising from 46.5% to 46.8% of total employment. Of the various service sub-sectors, Health Care And Social Assistance and Other Services, Except Public Administration were the largest employers. Strong growth was also recorded in the Total Trade sector, as well as the Transportation And Warehousing sector, which expanded by 11.8% and -5.3%, respectively, in the period 2010 to 2017. Forecasts developed by Woods & Poole Economics, Inc. anticipate that total employment in the county will change by 1.4% on average annually through 2020. The trend is below the forecast rate of change for the U.S. as a whole during the same period.

#### **Fairfield County, CT**

As noted above, the primary influence on the subject property is economic activity in Fairfield County, Connecticut, located approximate five miles to the east, across the New York-Connecticut border. The following table details historical and projected employment, households, population and average household income data as provided by REIS for Fairfield County, Connecticut.

**FIGURE 4-3 EMPLOYMENT, HOUSEHOLDS, POPULATION, AND HOUSEHOLD INCOME STATISTICS – FAIRFIELD COUNTY, CT**

Year	Total		Office		Industrial		Households		Population		Household	
	Employment	% Chg	Employment	% Chg	Employment	% Chg	Households	% Chg	Population	% Chg	Avg. Income	% Chg
2005	430,630	—	148,421	—	65,194	—	330,720	—	897,010	—	\$212,939	—
2006	434,620	0.9 %	149,859	1.0 %	65,402	0.3 %	331,160	0.1 %	896,130	(0.1) %	231,572	8.8 %
2007	439,880	1.2	152,335	1.7	64,233	(1.8)	333,510	0.7	900,360	0.5	253,057	9.3
2008	430,060	(2.2)	147,716	(3.0)	62,923	(2.0)	334,630	0.3	907,070	0.7	267,927	5.9
2009	409,630	(4.8)	140,685	(4.8)	59,182	(5.9)	336,050	0.4	914,800	0.9	275,786	2.9
2010	415,100	1.3	142,789	1.5	58,770	(0.7)	338,290	0.7	924,920	1.1	289,736	5.1
2011	419,590	1.1	144,513	1.2	58,571	(0.3)	341,810	1.0	932,880	0.9	285,759	(1.4)
2012	423,310	0.9	143,906	(0.4)	57,740	(1.4)	344,560	0.8	939,260	0.7	287,535	0.6
2013	428,500	1.2	145,208	0.9	57,475	(0.5)	347,370	0.8	944,490	0.6	270,808	(5.8)
2014	435,380	1.6	145,512	0.2	57,602	0.2	349,950	0.7	946,690	0.2	284,530	5.1
2015	438,220	0.7	146,313	0.6	56,704	(1.6)	352,590	0.8	947,160	0.0	284,869	0.1
2016	434,980	(0.7)	143,180	(2.1)	56,938	0.4	353,090	0.1	947,030	(0.0)	284,235	(0.2)
2017	431,510	(0.8)	140,301	(2.0)	57,309	0.7	353,300	0.1	948,660	0.2	290,267	2.1
<b>Forecasts</b>												
2018	439,140	1.8 %	143,838	2.5 %	57,792	0.8 %	355,210	0.5 %	949,620	0.1 %	\$299,599	3.2 %
2019	441,020	0.4	144,609	0.5	57,560	(0.4)	357,110	0.5	950,370	0.1	308,382	2.9
2020	439,860	(0.3)	144,295	(0.2)	56,876	(1.2)	358,830	0.5	950,860	0.1	316,278	2.6
2021	441,390	0.3	145,101	0.6	56,516	(0.6)	360,520	0.5	951,540	0.1	327,354	3.5
2022	444,520	0.7	146,499	1.0	56,329	(0.3)	362,130	0.4	952,500	0.1	338,754	3.5
<b>Average Annual Compound Change</b>												
2005 - 2017		0.0 %		(0.5) %		(1.1) %		0.6 %		0.5 %		2.6 %
2010 - 2017		0.6		(0.3)		(0.4)		0.6		0.4		0.0
2017 - 2022 (Forecast)		0.6		0.9		(0.3)		0.5		0.1		3.1

Source: REIS Report, 1st Quarter, 2018



For the Fairfield County market, of the roughly 400,000 persons employed, 33% are categorized as office employees, while 13% are categorized as industrial employees. Total employment decreased by an average annual compound rate of -1.9% during the recession of to , followed by an increase of 0.6% from to 2017. By comparison, office employment reflected compound change rates of -2.1% and -0.3%, during the same respective periods. Total employment is expected to expand by 1.8% in 2018, while office employment is forecast to expand by 2.5% in 2018. From 2018 through 2022, REIS anticipates that total employment will expand at an average annual compound rate of 0.6%, while office employment will expand by 0.9% on average annually during the same period.

The number of households is forecast to expand by 0.5% on average annually between 2018 and 2022. Population is forecast to expand during this same period, at an average annual compounded rate of 0.1%. Household average income is forecast to grow by 3.1% on average annually from 2018 through 2022.

The following table identifies the ten largest Fairfield County employers as of April 2016. (More recent data was not available.)

**FIGURE 4-4 MAJOR EMPLOYERS – FAIRFIELD COUNTY, CT**

Rank	Firm	Number of Employees
1	Boehringer Ingelheim Corporation	1,000 - 4,999
2	Boehringer Ingelheim Pharmacy , Inc.	1,000 - 4,999
3	Danbury Hospital	1,000 - 4,999
4	IMS Health	1,000 - 4,999
5	Duracell North Atlantic Group	500 - 999
6	Pitney Bowes Document Messaging	500 - 999
7	UTC Aerospace Systems	500 - 999
8	Western Connecticut State University	500 - 999
9	GE Capital Corporation	250 - 499
10	Mann Kind Corporation	250 - 499

Source: Connecticut Department of Labor, April 2016

Fairfield County’s economic base is diverse, with manufacturing, health services, industrial gases, and aerospace playing prominent roles. Boehringer Ingelheim Group (IB), one of the world’s 20 leading pharmaceutical companies, is the largest employer in the area, but has restructured and reduced its local presence in recent years. Danbury Hospital, in contrast, completed a \$150-million tower expansion in



## Unemployment Statistics

mid-2014, adding ±300,000 square feet to the campus, which includes both a hospital and a college.

Apart from the preceding employers noted in the preceding list, Belimo Holding AG established a campus in Danbury in 2013 and has steadily expanded. Praxair, Inc., a Fortune 500 company located in the Matrix Corporate Center on Danbury's west side, abandoned its plan to construct a new \$60-million office building. Instead, the company purchased the former GE Capital building on the east side of Danbury for a reported \$20 million.

The following table presents historical unemployment rates for the subject property's market area.

**FIGURE 4-5 UNEMPLOYMENT STATISTICS**

Year	Putnam County, NY	Fairfield County, CT	New York City MSA	United States
2008	4.4 %	5.2 %	5.3 %	5.8 %
2009	6.7	7.5	8.6	9.3
2010	7.2	8.4	8.9	9.6
2011	7.0	8.2	8.6	8.9
2012	7.2	7.8	8.7	8.1
2013	6.1	7.3	7.9	7.4
2014	4.9	6.2	6.5	6.2
2015	4.3	5.3	5.3	5.3
2016	4.0	4.9	4.8	4.9
2017	4.3	4.5	4.5	4.4
<i>As of April</i>				
2017	3.8 %	4.5 %	4.1 %	4.4 %
2018	4.0	4.1	4.0	3.9

Source: U.S. Bureau of Labor Statistics

Current U.S. unemployment levels are now firmly below the annual averages of the last economic cycle peak of 2006 and 2007, when annual averages were 4.6%. National unemployment registered 4.1% each month during the first quarter of 2018, as well as the last quarter of 2017, roughly six points below the October 2009 peak of 10.0%. In April and May of 2018, the rate fell further to 3.9% and 3.8%, respectively. Total nonfarm payroll employment increased by 155,000, 159,000, and 223,000 jobs in March, April, and May of 2018, respectively. Gains in May occurred in the retail trade, health care, and construction sectors. Unemployment



has remained under the 5.0% mark since May 2016, reflecting a trend of relative stability and the overall strength of the U.S. economy.

#### Office Space Statistics

Trends in occupied office space are typically among the most reliable indicators of lodging demand, as firms that occupy office space often exhibit a strong propensity to attract commercial visitors. Thus, trends that cause changes in vacancy rates or occupied office space may have a proportional impact on commercial lodging demand and a less direct effect on meeting demand. The following table details office space statistics for the pertinent market area.

**FIGURE 4-6 OFFICE SPACE STATISTICS – MARKET OVERVIEW**

Submarket	Inventory		Occupied Office Space	Vacancy Rate	Average Asking Lease Rate
	Buildings	Square Feet			
1 Greenwich	82	4,212,000	3,365,400	20.1 %	\$61.47
2 Stamford CBD	37	6,733,000	4,915,100	27.0	45.52
3 East	110	6,754,000	5,470,700	19.0	24.60
4 Stamford	101	10,298,000	7,641,100	25.8	33.85
5 North	42	3,911,000	2,976,300	23.9	21.64
6 Central	187	8,982,000	6,934,100	22.8	33.40
<b>Totals and Averages</b>	<b>559</b>	<b>40,890,000</b>	<b>31,302,700</b>	<b>23.4 %</b>	<b>\$35.82</b>

Source: REIS Report, 1st Quarter, 2018

The greater Fairfield County market comprises a total of 40.9 million square feet of office space. For the 1st Quarter of 2018, the market reported a vacancy rate of 23.4% and an average asking rent of \$35.82. The subject property is located in the North submarket, which houses 3,911,000 square feet of office space. The submarket's vacancy rate of 23.9% is on par with the overall market average. The average asking lease rate of \$21.64 is below the average for the broader market.

The following table illustrates a trend of office space statistics for the overall Fairfield County market and the North submarket.

**FIGURE 4-7 HISTORICAL AND PROJECTED OFFICE SPACE STATISTICS – GREATER MARKET VS. SUBMARKET**

Year	Fairfield County Market						North Submarket						
	Available Office Space	% Chg	Occupied Office Space	% Chg	Vacancy Rate	Asking Lease Rate	Available Office Space	% Chg	Occupied Office Space	% Chg	Vacancy Rate	Asking Lease Rate	% Chg
2005	41,557,000	—	34,809,000	—	16.2 %	\$29.42	4,314,000	—	3,525,000	—	18.3 %	\$20.81	—
2006	40,973,000	(1.4)	34,960,000	0.4 %	14.7	31.19	4,006,000	(7.1) %	3,249,000	(7.8) %	18.9	21.63	3.9 %
2007	40,751,000	(0.5)	35,097,000	0.4	13.9	33.24	3,990,000	(0.4)	3,196,000	(1.6)	19.9	21.97	1.6
2008	40,973,000	0.5	35,092,000	(0.0)	14.4	34.14	3,990,000	0.0	3,132,000	(2.0)	21.5	22.01	0.2
2009	40,930,000	(0.1)	33,791,000	(3.7)	17.4	33.63	3,990,000	(1.5)	3,152,000	0.6	21.0	21.81	(0.9)
2010	40,765,000	(0.4)	32,576,000	(3.6)	20.1	33.74	3,887,000	(2.6)	3,047,000	(3.3)	21.6	21.48	(1.5)
2011	41,025,000	0.6	32,331,000	(0.8)	21.2	34.06	3,887,000	0.0	3,036,000	(0.4)	21.9	21.48	0.0
2012	40,964,000	(0.1)	32,543,000	0.7	20.6	34.66	3,887,000	1.8	2,993,000	(1.4)	23.0	21.52	0.2
2013	40,974,000	0.0	31,959,000	(1.8)	22.0	34.89	3,887,000	0.7	2,962,000	(1.0)	23.8	21.51	(0.0)
2014	40,975,000	0.0	31,807,000	(0.5)	22.4	34.92	3,887,000	0.1	2,888,000	(2.5)	25.7	21.22	(1.3)
2015	41,171,000	0.5	31,450,000	(1.1)	23.6	35.41	3,887,000	1.4	2,888,000	0.0	25.7	20.91	(1.5)
2016	41,111,000	(0.1)	31,863,000	1.3	22.5	35.73	3,911,000	0.9	3,011,000	4.3	23.0	21.89	4.7
2017	40,890,000	(0.5)	31,272,000	(1.9)	23.5	35.93	3,911,000	0.6	2,976,000	(1.2)	23.9	21.86	(0.1)
Forecasts													
2018	40,890,000	0.0 %	31,122,000	(0.5) %	23.9 %	\$36.12	3,911,000	0.5 %	2,956,000	(0.7) %	24.4 %	\$21.93	0.3 %
2019	40,923,000	0.1	31,086,000	(0.1)	24.0	36.44	3,911,000	0.9	2,937,000	(0.6)	24.9	22.08	0.7
2020	41,070,000	0.4	31,174,000	0.3	24.1	36.79	3,911,000	1.0	2,922,000	(0.5)	25.3	22.26	0.8
2021	41,264,000	0.5	31,380,000	0.7	24.0	37.22	3,911,000	1.2	2,920,000	(0.1)	25.4	22.50	1.1
2022	41,464,000	0.5	31,554,000	0.6	23.9	37.62	3,911,000	1.1	2,913,000	(0.2)	25.5	22.73	1.0
Average Annual Compound Change													
2005 - 2017		(0.1) %		(0.9) %				1.7 %	(0.8) %		(1.4) %		0.4 %
2010 - 2017		0.0		(0.6)				0.9	0.1		(0.3)		#NUM!
2017 - 2022 (Forecast)		0.3		0.2				0.9	0.0		(0.4)		0.8

Source: REIS Report, 1st Quarter, 2018



The inventory of office space in the Fairfield County market contracted at an average annual compound rate of -0.1% from 2005 through 2017, while occupied office space contracted at an average annual rate of -0.9% over the same period. During the period of 2005 through 2009, occupied office space expanded at an average annual compound rate of 0.4%. From 2009 through 2012, occupied office space contracted at an average annual compound rate of -2.5%, reflecting the impact of the recession. The onset of the recovery is evident in the -0.6% average annual change in occupied office space from 2012 to 2017. From 2017 through 2022, the inventory of occupied office space is forecast to increase at an average annual compound rate of 0.2%, with available office space expected to increase 0.3%, thus resulting in an anticipated vacancy rate of 23.9% as of 2022.

#### **Airport Traffic**

Westchester County Airport is a public airport located approximately 10 miles south of the subject property, in White Plains. The airport is typically used by travelers desiring to avoid the congestion of the other New York City-area airports. Commercial airlines serving the facility include American Airlines, Cape Air, Delta, jetBlue, United, and Tradewind Aviation, providing direct connections to a mix of major and tertiary destinations. Historical trends in passenger volume are presented in the following table.

**FIGURE 4-8 AIRPORT STATISTICS – WESTCHESTER COUNTY AIRPORT**

Year	Passenger Traffic	
	Total	% Change
2008	1,807,050	---
2009	1,917,096	6.1 %
2010	1,994,088	4.0
2011	1,905,557	(4.4)
2012	1,751,087	(8.1)
2013	1,437,685	(17.9)
2014	1,442,501	0.3
2015	1,459,554	1.2
2016	1,468,808	0.6
2017	1,480,589	0.8
<i>Year-to-date, Apr</i>		
2017	468,942	---
2018	476,349	1.6 %
Avg. Annual % Change, 2008-2017:		(2.2) %

Source: Westchester County Airport

Between 2008 and 2017, passenger volume fell at an average annual rate of 2.2%, with substantial variability in the year-to-year growth rates. The airport's volume dropped off dramatically between 2011 and 2013. It appears to have stabilized in the last five years, with volume of approximately 1.4 to 1.5 million passengers per year.

#### Tourist Attractions

Tourism in the subject market area peaks in the summer months and during holiday periods, mainly derived from travelers passing through en-route to other destinations. The region's largest attraction is Manhattan.

Locally, the Danbury area's key attractions are Candlewood Lake, DiGrazia Vineyards, and the Danbury Railway Museum. Special events also play a role during key weekends, such as the CityCenter Summer Concert Series, the annual Taste of Greater Danbury, and the bi-annual Old Salem Horse Show. In Westchester County, the key attractions are historic sites, such as Sunnyside of Tarrytown, Van Cortlandt Manor, Lyndhurst Mansion, Washington's Headquarters, the Tarrytown Lighthouses, the Old Dutch Church, Kykuit (the Rockefeller Estate), and Sleepy Hollow Cemetery. Among the county's nature and science parks are the Ward



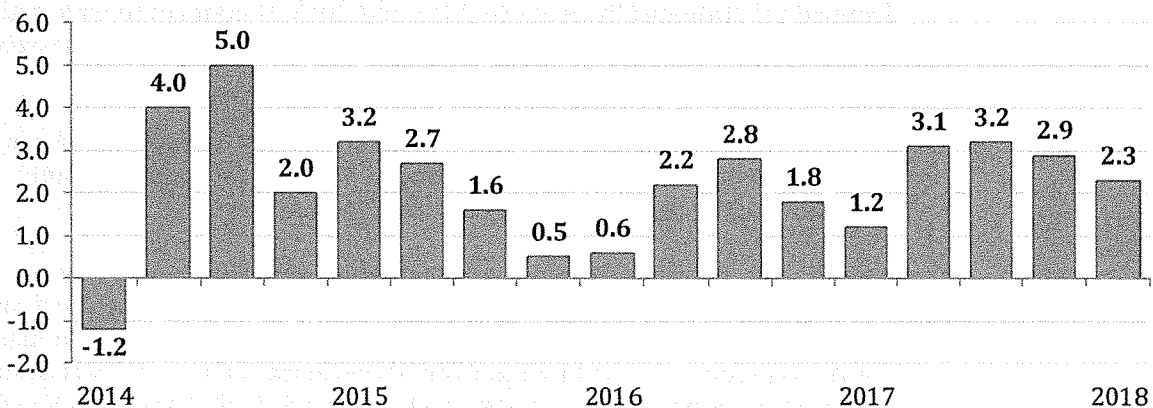
Pound Ridge Reservation, Cranberry Lake Preserve, Edith G. Read Natural Park and Wildlife Sanctuary, and Marshlands Conservancy. In addition to these recreational facilities, Westchester County is also served by entertainment venues such as the Music Hall Theater, the Performing Arts Center of Purchase, and the Caramoor Center of Music and the Arts. Tarrytown Music Hall is one of the oldest surviving theatres in Westchester County and has served as a venue for great musicians such as Dave Brubeck, Louis Armstrong, Miles Davis, and many others.

## Conclusion

This section discussed a wide variety of economic indicators for the pertinent market area. Overall, the preceding data is illustrative of a healthy and stable economic setting, characterized by low unemployment rates and the slow to moderate growth levels that are typical of mature northeastern United States population centers.

Our analysis of the outlook for this specific market also considers the broader context of the national economy. The U.S. economy expanded during the last three years, with a relatively low point in growth occurring during the fourth quarter of 2015 and the first quarter of 2016, as well as the first quarter of 2017. Most recently, the U.S. economy expanded by 2.9% and 2.3% in the fourth quarter of 2017 and first quarter of 2018, respectively. The recent growth reflected strong nonresidential fixed investments, personal consumption expenditures (PCE), exports, private inventory investments, federal government spending, and state and local government spending.

**FIGURE 4-9 UNITED STATES GDP GROWTH RATE**



Source: tradingeconomics.com, Bureau of Economic Analysis



U.S. economic growth continues to support expansion of lodging demand. In 2017, demand growth through November registered 2.7%, stronger than the 1.6% level recorded in 2016. The economic growth, low unemployment, higher levels of personal income, and stability in the U.S. economy as of mid-year 2018 is helping to maintain strong interest in hotel investments by a diverse array of market participants.



## 5. Supply and Demand Analysis

In the lodging industry, price varies directly, but not proportionately, with demand and inversely, but not proportionately, with supply. Supply is measured by the number of guestrooms available, and demand is measured by the number of rooms occupied; the net effect of supply and demand toward equilibrium results in a prevailing price, or average daily rate (ADR). The purpose of this section is to investigate current supply and demand trends, as indicated by the current competitive market, and to set forth a basis for the projection of future supply and demand growth.

### Historical Supply and Demand Data

STR is an independent research firm that compiles and publishes data on the lodging industry, routinely used by typical hotel buyers. HVS has ordered and analyzed an STR Trend Report of historical market data for the group of hotels we expect to function as the subject property's competitive set. The table includes aggregate historical totals in terms of supply, occupied room nights, occupancy rate, average rate, and rooms revenue per available room (RevPAR). RevPAR is calculated by multiplying occupancy by average rate and provides an indication of how well rooms revenue is being maximized. The bottom of the table identifies the hotels included in the competitive set.

FIGURE 5-1 HISTORICAL SUPPLY AND DEMAND TRENDS

Year	Room Count	Total	% Chg	Total	% Chg	Occupancy	Total	% Chg	Total	% Chg
2012	899	328,227	—	215,147	—	65.5 %	\$102.00	—	\$66.86	—
2013	900	328,500	0.1 %	212,845	(1.1) %	64.8	104.16	2.1 %	67.49	0.9 %
2014	900	328,500	0.0	216,307	1.6	65.8	106.02	1.8	69.81	3.4
2015	899	328,072	(0.1)	229,896	6.3	70.1	107.65	1.5	75.44	8.1
2016	897	327,495	(0.2)	230,443	0.2	70.4	111.60	3.7	78.52	4.1
2017	897	327,405	(0.0)	214,856	(6.8)	65.6	110.59	(0.9)	72.58	(7.6)
<u>Year-to-Date Through May</u>										
2017	897	135,447	—	78,350	—	57.8 %	\$110.04	—	\$63.65	—
2018	897	135,385	(0.0) %	88,413	12.8 %	65.3	112.14	1.9 %	73.23	15.1 %
Average Annual Compounded Change:										
2012 - 2017			(0.1) %		(0.0) %			1.6 %		1.7 %
Hotels Included in Sample										
			Location	Comp Status	No. of Rooms	Year Opened	Notes			
La Quinta Inns & Suites			Danbury, CT	Primary	133	1972	Converted to La Quinta in 2010			
Holiday Inn			Danbury, CT	Secondary	112	1973	Two-room reduction May-2018			
Hampton Inn			Danbury, CT	Primary	116	1983	Converted to Hampton Jul-2006			
Best Western Plus			Bethel, CT	Primary	69	1986	Converted to BW Mar-2015			
Hilton Garden Inn			Danbury, CT	Secondary	158	2000				
Holiday Inn Express & Suites			Danbury, CT	Primary	77	2001	Converted to HIX Oct-2012			
Courtyard by Marriott			Danbury, CT	Secondary	124	2002				
SpringHill Suites			Danbury, CT	Secondary	106	2002				
<b>Total</b>					<b>895</b>					

Source: STR



It is important to note some limitations of the STR data. Hotels are occasionally added to or removed from the sample; furthermore, not every property reports data in a consistent and timely manner. These factors can influence the overall quality of the information by skewing the results, and these inconsistencies may also cause the STR data to differ from the results of our competitive survey. Nonetheless, STR data provide the best indication of aggregate growth or decline in existing supply and demand; thus, these trends have been considered in our analysis. Opening dates, as available, are presented for each reporting hotel in the previous table.

The competitive set's inventory has been unchanged historically. The most recent addition to supply in the market area was the SpringHill Suites, which opened 16 years ago. Over the historical period, occupancy ranged between 65% and 70%, with an atypically strong increase in occupied room nights in 2015 offset by a comparable decline in occupied room nights in 2017. Through May 2018, the competitive set's demand surged again, growing by 12.8%. Based on our research, the volatility is a function of temporary contracts associated with the recent expansion of Danbury Hospital. Based on the year-to-date trends, the competitive set is on pace to finish 2018 with an occupancy rate exceeding 70%.

Trends in average have been less volatile, growing at an average annual rate of 1.6% between 2012 and 2017, increasing to 1.9% through May 2018. RevPAR grew by 1.7% per year between 2012 and 2017, surging to 15.1% through May 2018.

#### **Competitive Supply**

The following table summarizes the important operating characteristics of the future primary competitors and the aggregate secondary competitors. This information was compiled from personal interviews, inspections, online resources, and our in-house database of operating and hotel facility data.

FIGURE 5-2 PRIMARY COMPETITORS – OPERATING PERFORMANCE

Est. Segmentation										Estimated 2016						Estimated 2017					
Property	No. of Rooms	Commercial				Leisure		Group	OCC	ADR	RevPAR	OCC	ADR	RevPAR	OCC	ADR	RevPAR	Penetration Factors			
Holiday Inn Express & Suites	77	50 %	40 %	10 %	70 - 75 %	60 - 65 %	\$85 - \$90	\$115 - \$120	\$85 - \$90	\$110 - \$115	\$70 - \$75	95 - 100 %	95 - 100 %	95 - 100 %	95 - 100 %	95 - 100 %	95 - 100 %	95 - 100 %	95 - 100 %	95 - 100 %	
Best Western Plus - Bethel	69	60	35	5	60 - 65	50 - 55	75 - 80	50 - 55	65 - 70	75 - 80	50 - 55	100 - 110	70 - 75	50 - 55	100 - 110	70 - 75	70 - 75	70 - 75	70 - 75	70 - 75	
La Quinta Inn & Suites	133	55	40	5	60 - 65	50 - 55	75 - 80	50 - 55	65 - 70	75 - 80	50 - 55	100 - 110	70 - 75	50 - 55	100 - 110	70 - 75	70 - 75	70 - 75	70 - 75	70 - 75	
Hampton Inn	116	65	30	5	75 - 80	90 - 95	120 - 125	90 - 95	70 - 75	120 - 125	85 - 90	100 - 110	100 - 110	85 - 90	100 - 110	100 - 110	110 - 120	110 - 120	110 - 120	110 - 120	
Sub-Totals/Averages	395	58 %	36 %	6 %	70.4 %	67.8 %	\$70.72	\$100.40	\$70.72	\$97.48	\$66.08	103.4 %	88.2 %	\$66.08	103.4 %	88.2 %	91.1 %	91.1 %	91.1 %	91.1 %	
Secondary Competitors	500	62 %	28 %	9 %	70.3 %	63.8 %	\$84.68	\$120.48	\$84.68	\$121.58	\$77.59	97.3 %	109.9 %	\$77.59	97.3 %	109.9 %	107.0 %	107.0 %	107.0 %	107.0 %	
Totals/Averages	895	60 %	32 %	8 %	70.4 %	65.6 %	\$78.52	\$111.60	\$78.52	\$110.58	\$72.51	100.0 %	100.0 %	\$72.51	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	
* Specific occupancy and average rate data were utilized in our analysis, but are presented in ranges in the above table for the purposes of confidentiality.																					

\* Specific occupancy and average rate data were utilized in our analysis, but are presented in ranges in the above table for the purposes of confidentiality.

FIGURE 5-3 PRIMARY COMPETITORS – FACILITY PROFILES

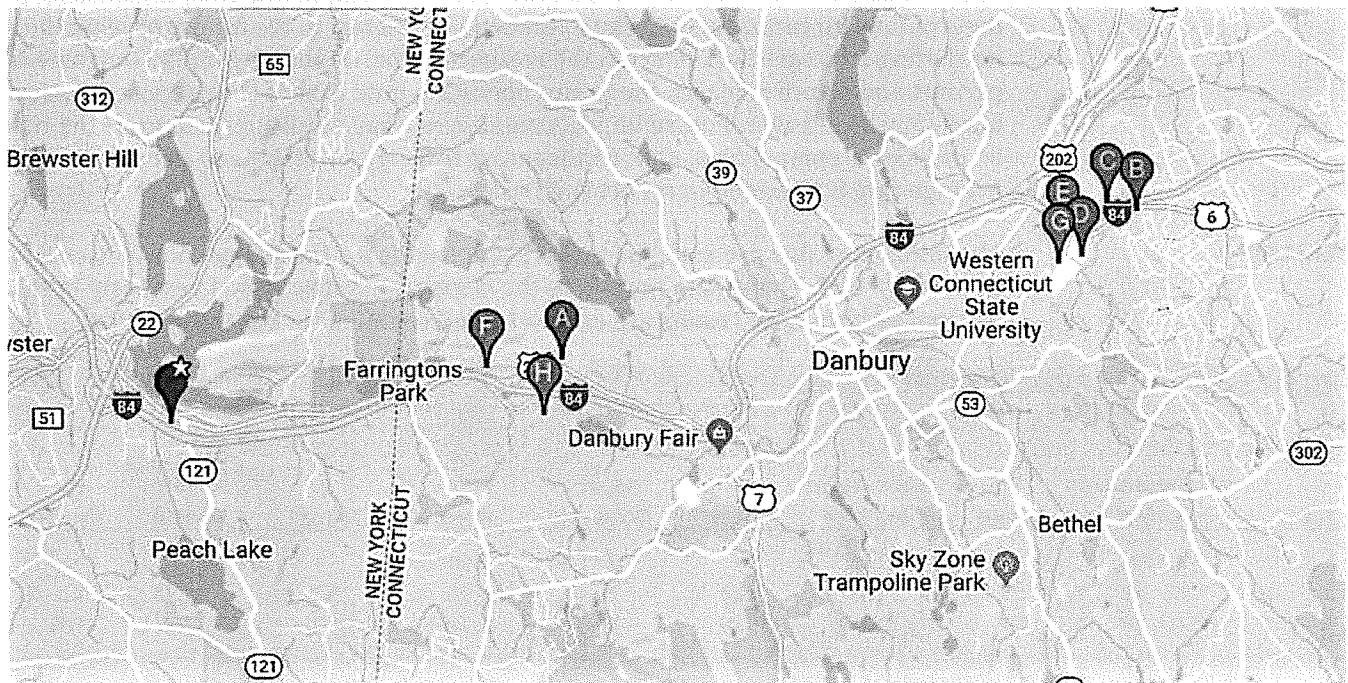
Property	No. of Rooms	Year Opened	Last Renovation	Distance to Subject (miles)	Meeting Space (sf)		Facilities & Amenities
					Total	Per Room	
Holiday Inn Express & Suites 89 Mill Plain Road	77	2001	2012	3.9	550	7	Breakfast room, fitness room, lobby workstation, outdoor swimming pool, hot tub, convenience kiosk
Best Western Plus - Bethel 11 Stony Hill Road	69	1986	2015	9.8	0	—	Breakfast room, lobby workstation, fitness room
La Quinta Inn & Suites 116 Newton Road	133	1972	2010	9.5	1,730	13	Breakfast room, fitness room, lobby workstation, guest laundry, Outback Steakhouse on site
Hampton Inn 81 Newtown Road	116	1983	2017	9.0	1,871	16	Breakfast room, fitness room, business center, indoor swimming pool, hot tub, convenience kiosk

FIGURE 5-4 SECONDARY COMPETITORS – OPERATING PERFORMANCE

		Est. Segmentation			Estimated 2016			Estimated 2017		
Property	No. of Rooms	Group			OCC	ADR	RevPAR	OCC	ADR	RevPAR
		Commercial	Leisure	Other						
Courtyard by Marriott	124	65 %	30 %	5 %	70 - 75 %	\$125 - \$130	\$90 - \$95	70 - 75 %	\$130 - \$140	\$95 - \$100
Hilton Garden Inn	158	65	20	15	80 - 85	120 - 125	100 - 105	65 - 70	120 - 125	85 - 90
Holiday Inn	112	50	40	10	50 - 55	90 - 95	45 - 50	50 - 55	95 - 100	50 - 55
SpringHill Suites	106	65	30	5	65 - 70	125 - 130	85 - 90	55 - 60	120 - 125	70 - 75
<b>Totals/Averages</b>	<b>500</b>	<b>62 %</b>	<b>28 %</b>	<b>9 %</b>	<b>70.3 %</b>	<b>\$120.48</b>	<b>\$84.68</b>	<b>63.8 %</b>	<b>\$121.58</b>	<b>\$77.59</b>

\* Specific occupancy and average rate data was utilized in our analysis, but is presented in ranges in the above table for the purposes of confidentiality.

## COMPETITION MAP



Proposed Best Western Brewster



Holiday Inn Express & Suites Danbury I 84 (Primary)



Best Western Plus Danbury Bethel (Primary)



La Quinta Inn & Suites Danbury (Primary)



Hampton Inn Danbury (Primary)



Courtyard by Marriott Danbury (Secondary)



Hilton Garden Inn Danbury (Secondary)



Holiday Inn Danbury Bethel (Secondary)



SpringHill Suites by Marriott Danbury (Secondary)

### Supply Changes

It is important to consider any new hotels that may have an impact on the proposed subject hotel's operating performance. Based on our research, no new hotels are planned or under construction in the subject market area, apart from the planned completion of the subject hotel.



While we have taken reasonable steps to investigate proposed hotel projects and their status, due to the nature of real estate development, it is impossible to determine with certainty every hotel that will be opened in the future, or what their marketing strategies and effect in the market will be. Depending on the outcome of current and future projects, the future operating potential of the proposed subject hotel may be affected. Future improvement in market conditions will raise the risk of increased competition. Our forthcoming forecast of stabilized occupancy and average rate is intended to reflect such risk.

## DEMAND

The following table presents the most recent trends for the subject hotel market as tracked by HVS. These data pertain to the competitors discussed previously in this section; performance results are estimated and rounded for the competition.

**FIGURE 5-5 HISTORICAL MARKET TRENDS**

Year	Accommodated Room Nights	% Change	Room Nights Available	% Change	Market Occupancy	Market ADR	% Change	Market RevPAR	% Change
Est. 2015	228,873	—	326,675	—	70.1 %	\$107.65	—	\$75.42	—
Est. 2016	229,833	0.4 %	326,675	0.0 %	70.4	111.60	3.7 %	78.52	4.1 %
Est. 2017	214,193	(6.8)	326,675	0.0	65.6	110.58	(0.9)	72.51	(7.7)

## Demand Analysis Using Market Segmentation

The overall market is divided into individual segments based on the nature of travel. Based on our fieldwork, area analysis, and knowledge of the local lodging market, we estimate the 2017 distribution of accommodated-room-night demand as follows.

**FIGURE 5-6 ACCOMMODATED-ROOM-NIGHT DEMAND**

Market Segment	Comp Set	
	Accommodate d Demand	Percentage of Total
Commercial	129,200	60 %
Leisure	68,327	32
Group	16,665	8
<b>Total</b>	<b>214,193</b>	<b>100 %</b>

The purpose of segmenting the lodging market is to define each major type of demand, identify customer characteristics, and estimate future growth trends.



Starting with an analysis of the local area, three segments were defined as representing the proposed subject hotel's lodging market. Various types of economic and demographic data were then evaluated to determine their propensity to reflect changes in hotel demand. Based on this procedure, we forecast the following average annual compounded market-segment growth rates.

**FIGURE 5-7 SEGMENTED GROWTH RATES**

Market Segment	Annual Growth Rate				
	2018	2019	2020	2021	2022
Commercial	10.0 %	2.0 %	1.0 %	0.0 %	0.0 %
Leisure	2.0	1.0	0.5	0.0	0.0
Group	2.0	1.0	0.5	0.0	0.0
Base Demand Growth	6.8 %	1.6 %	0.8 %	0.0 %	0.0 %

#### Comp Set Occupancy Forecast

The following table details our forecast of occupancy for the competitive set, based on the preceding demand and supply analysis.



**FIGURE 5-8 COMPETITIVE SET OCCUPANCY FORECAST**

	<b>Base Year</b>					
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Commercial</b>						
Occupied Room Nights	129,200	142,120	144,963	146,412	146,412	146,412
Growth Rate		10.0 %	2.0 %	1.0 %	0.0 %	0.0 %
<b>Leisure</b>						
Occupied Room Nights	68,327	69,694	70,391	70,743	70,743	70,743
Growth Rate		2.0 %	1.0 %	0.5 %	0.0 %	0.0 %
<b>Group</b>						
Occupied Room Nights	16,665	16,998	17,168	17,254	17,254	17,254
Growth Rate		2.0 %	1.0 %	0.5 %	0.0 %	0.0 %
<b>Totals</b>						
Occupied Room Nights	214,193	228,813	232,522	234,410	234,410	234,410
% Change		6.8 %	1.6 %	0.8 %	0.0 %	0.0 %
<b>Market Mix</b>						
Commercial	60.3 %	62.1 %	62.3 %	62.5 %	62.5 %	62.5 %
Leisure	31.9	30.5	30.3	30.2	30.2	30.2
Group	7.8	7.4	7.4	7.4	7.4	7.4
<b>Existing Hotel Supply</b>						
<b>Inventory Change</b>						
Proposed Subject Property	1		57	57	57	57
Holiday Inn	2	-1	-2	-2	-2	-2
Total Supply	895	894	950	950	950	950
Nights per Year	365	365	365	365	365	365
Available Room Nights per Year	326,675	326,185	346,750	346,750	346,750	346,750
% Change	—	-0.1 %	6.3 %	0.0 %	0.0 %	0.0 %
<b>Marketwide Occupancy</b>	<b>65.6 %</b>	<b>70.1 %</b>	<b>67.1 %</b>	<b>67.6 %</b>	<b>67.6 %</b>	<b>67.6 %</b>

1 Reflects assumed January 1, 2019 opening of the 57-room subject hotel

2 Reflects two-room reduction in Holiday Inn room count as of May 2018

As noted above, we have forecast demand growth of 6.8% in 2018, a moderation of the 12.8% growth factor realized through May 2018. The competitive set's occupancy rate is projected to stabilize at 70.1%, declining to a stabilized level of approximately 68% with the opening of the subject property and the associated 6.3% increase in supply.



## 6. Projection of Occupancy and Average Rate

This chapter details the basis for our forecast of the subject property's occupancy and average rate. To a degree, occupancy attainment can be manipulated by management. For example, hotel operators may choose to lower rates to maximize occupancy. Our forecasts reflect an operating strategy that we believe would be implemented by a typical, professional hotel management team to achieve an optimal mix of occupancy and average rate.

### Occupancy Forecast

The subject hotel's occupancy forecast is set forth as follows, with the adjusted projected penetration rates used as a basis for calculating the amount of captured market demand.

**FIGURE 6-1 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY**

<b>Market Segment</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Commercial</b>				
Demand	144,963	146,412	146,412	146,412
Market Share	5.7 %	5.8 %	5.9 %	5.9 %
Capture	8,205	8,454	8,619	8,619
Penetration	94 %	96 %	98 %	98 %
<b>Leisure</b>				
Demand	70,391	70,743	70,743	70,743
Market Share	6.0 %	6.4 %	6.8 %	6.8 %
Capture	4,222	4,561	4,797	4,797
Penetration	100 %	107 %	113 %	113 %
<b>Group</b>				
Demand	17,168	17,254	17,254	17,254
Market Share	5.8 %	6.1 %	6.3 %	6.3 %
Capture	1,001	1,055	1,084	1,084
Penetration	97 %	102 %	105 %	105 %
<b>Total Room Nights Captured</b>	<b>13,429</b>	<b>14,070</b>	<b>14,501</b>	<b>14,501</b>
Available Room Nights	20,805	20,805	20,805	20,805
<b>Subject Occupancy</b>	<b>65 %</b>	<b>68 %</b>	<b>70 %</b>	<b>70 %</b>
Market-wide Available Room Nights	346,750	346,750	346,750	346,750
<b>Fair Share</b>	<b>6 %</b>	<b>6 %</b>	<b>6 %</b>	<b>6 %</b>
Market-wide Occupied Room Nights	232,522	234,410	234,410	234,410
<b>Market Share</b>	<b>6 %</b>	<b>6 %</b>	<b>6 %</b>	<b>6 %</b>
<b>Market-wide Occupancy</b>	<b>67 %</b>	<b>68 %</b>	<b>68 %</b>	<b>68 %</b>
<b>Total Penetration</b>	<b>96 %</b>	<b>100 %</b>	<b>103 %</b>	<b>103 %</b>

We expect the subject property to stabilize with an occupancy penetration factor equal to 103%, slightly above market. As noted previously, the subject hotel will be the first branded hotel in Putnam County and will fill a void in good-quality branded hotel development between Danbury, Connecticut and Mount Kisco, New York. In addition, the property will be the first new hotel in the competitive set in 16 years, featuring a product quality most comparable to the two highest-quality primary competitors, the Holiday Inn Express & Suites and the Hampton Inn.

These positioned segment penetration rates result in the following market segmentation forecast.



**FIGURE 6-2 MARKET SEGMENTATION FORECAST – SUBJECT PROPERTY**

	2019	2020	2021	2022
Commercial	61 %	60 %	59 %	59 %
Leisure	31	32	33	33
Group	7	7	7	7
<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

Based on our analysis of the proposed subject hotel and market area, we have selected a stabilized occupancy level of 70%. The stabilized occupancy is intended to reflect the anticipated results of the property over its remaining economic life, given all changes in the life cycle of the hotel. Thus, the stabilized occupancy excludes from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusually high or low occupancies. Although the proposed subject hotel may operate at occupancies above this stabilized level, we believe it equally possible for new competition and temporary economic downturns to force the occupancy below this selected point of stability.

#### **Average Rate Analysis**

The following table illustrates the projected average rate and the growth rates assumed. As a context for the average rate growth factors, note that we have applied underlying inflation rates of 2.5%, 2.5%, and 3.0% thereafter for each respective year following the base year of 2017. This final forecast reflects years beginning on January 1, 2019 and corresponds with our financial projections.



**FIGURE 6-3 MARKET AND SUBJECT PROPERTY AVERAGE RATE FORECAST**

Calendar Year	BASE YEAR					
	2017	2018	2019	2020	2021	2022
Market ADR	\$110.58	\$113.35	\$116.18	\$119.67	\$123.26	\$126.95
Projected Market ADR Growth Rate	—	2.5%	2.5%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)	<b>\$100.00</b>	\$102.50	\$105.06	\$108.21	\$111.46	\$114.80
ADR Growth Rate	—	2.5%	2.5%	3.0%	3.0%	3.0%
Opening Discount			5.0%	2.5%	0.0%	0.0%
<b>Average Rate After Discount</b>			<b>\$99.81</b>	<b>\$105.51</b>	<b>\$111.46</b>	<b>\$114.80</b>
Real Average Rate Growth			—	5.7%	5.6%	3.0%
Market ADR			\$116.18	\$119.67	\$123.26	\$126.95
Proposed Subject ADR Penetration (After Discount)			86%	88%	90%	90%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate			\$95.00	\$97.50	\$100.00	\$100.00

We have positioned the subject property's average rate at \$100, as expressed in base-year 2017 dollars, below the historical results of the Holiday Inn Express & Suites and the Hampton Inn, but above those of the Best Western Plus and the La Quinta Inn & Suites. This positioned average rate level equates to a stabilized penetration factor of 90%.

A new property must establish its reputation and a client base in the market during its ramp-up period; as such, the proposed subject hotel's average rates in the initial operating period have been discounted to reflect this likelihood. We forecast 5.0% and 2.5% discounts to the proposed subject hotel's forecast room rates in the first two operating years, which would be typical for a new operation of this type.

The following occupancy and average rate forecast will be used to project the subject property's rooms revenue; this forecast reflects years beginning on January 1, 2019, which correspond with our financial projections.

**FIGURE 6-4 OCCUPANCY, AVERAGE RATE, AND REVPAR FORECAST**

Year	Occupancy	Average Rate	RevPAR
2019	65 %	\$99.81	\$64.88
2020	68	105.51	71.75
2021 (Stab.)	70	111.46	78.02



## 7. Highest and Best Use

The concept of highest and best use is a fundamental element in the determination of value of real property, either as if vacant or as improved. Highest and best use is defined as follows:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.<sup>10</sup>

The concept of highest and best use is the premise upon which value is based and is a product of competitive forces in the marketplace. The principle of balance holds that real property value is created and sustained when contrasting, opposing, or interacting elements are in a state of equilibrium. This principle applies to relationships among various property components as well as the relationship between the costs of production and the property's productivity. The point of economic balance is achieved when the combination of land and building is optimal (i.e., when no marginal benefit or utility is achieved by adding another unit of capital). The law of increasing returns holds that larger amounts of the agents of production produce greater net income up to a certain point, after which the law of diminishing returns is applied.

### As if Vacant

Land value is derived from potential use rather than actual use. The highest and best use is that which generates the greatest return to the land. An analysis as to the highest and best use of the land should be made first and may be influenced by many factors. In estimating highest and best use, there are four stages of analysis:

1. Legally permissible use: What uses are permitted by zoning, deed restrictions, lease encumbrances, or any other legally binding codes, restrictions, or interests?

The subject site is zoned SR6 - Special Route 6 Area, where principal uses include institutional uses (schools, churches, day-cares) and small-scale recreational uses. Hotels are legal subject to a special permit.

2. Physically possible use: What uses of the site are physically possible?

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<sup>10</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).



The subject site contains approximately 12.5 acres, a small portion of which is excluded from development potential due to the presence of an underground septic system. The site also features variable topography that may pose some challenges to development. Overall, however, the land features sufficient size and utility for any legal use. The site's location between Interstate 84 and US Highway 202 affords it a high level of exposure and convenience to the system of highways serving the region, increasing its utility for hotel use.

3. Financially feasible use: Which possible and permissible uses will produce a net return to the owner of the site?

Based on our economic analysis, the subject property as completed will have a market value of \$5,500,000. As detailed in the *Cost Approach* chapter, we estimate the cost of developing the subject property as if new, including allocations for land acquisition, developer's profit, and all soft costs, to be \$6,100,000. Based on this comparison, the subject hotel would not be cost-justified in the event the subject property was again vacant. (As noted below, positive feasibility is indicated for the proposed hotel based on the current state of improvement.) We have not studied the economics of other potential uses of the subject site.

4. Maximally productive use: Among the feasible uses, which use will produce the highest net return or the highest present worth?

Based on the preceding analysis, we conclude that the highest and best use of the subject site is to hold until demand dictates a feasible use.

#### As Improved

The subject property is improved with a partially completed 57-room hotel. The land and existing improvements are under contract for \$3,300,000, with the buyer budgeting completion costs at \$1,900,000, for a total cost basis of \$5,200,000. Based on our "when complete" market value conclusion of \$5,500,000, the terms of the acquisition and completion suggest a positive feasibility conclusion, including a \$300,000 margin for developer's profit, a 6% return on the cost-basis as compensation for the risk of taking on the project's completion. As such, we conclude that the highest and best use of the subject property, as improved, is as built out to completion, in the form of a 57-room limited-service hotel affiliated with Best Western Plus.



## 8. Approaches to Value

In appraising real estate for market value, three approaches to value are considered: income capitalization, cost, and sales comparison. Basic summaries of each approach are provided as follows; please refer to the introduction of each respective chapter for additional description.

### **Income Capitalization Approach**

The income capitalization approach analyzes a property's ability to generate financial returns as an investment. The appraisal estimates a property's operating cash flow, and the result is utilized in a direct capitalization technique and a discounted-cash-flow analysis. The income capitalization approach is often selected as the preferred valuation method for operating properties because it most closely reflects the investment rationale of knowledgeable buyers.

### **Sales Comparison Approach**

The sales comparison approach estimates the value of a property by comparing it to similar properties sold on the open market. To obtain a supportable estimate of value, the sales price of a comparable property must be adjusted to reflect any dissimilarity between it and the property being appraised. The sales comparison approach is most useful in the case of simple forms of real estate such as vacant land and single-family homes, where the properties are homogeneous, and the adjustments are few and relatively simple to compute. In the case of complex investments such as hotels, where the adjustments are numerous and more difficult to quantify, the sales comparison approach loses much of its reliability.

### **Cost Approach**

The cost approach estimates market value by computing the current cost of replacing the property and subtracting any depreciation resulting from deterioration and obsolescence. The value of the land is then added to the depreciated value. The cost approach is most reliable for estimating the value of new properties; therefore, this approach is particularly applicable for this project given its proposed nature.

### **Reconciliation**

The final step in the valuation process is the reconciliation and correlation of the value indications. Factors that are considered in assessing the reliability of each approach include the purpose of the appraisal, the nature of the subject property, and the reliability of the data used. In the reconciliation, the applicability and supportability of each approach are considered, and the range of value indications is examined. The most significant weight is given to the approach that produces the most reliable solution and most closely reflects the criteria used by typical investors. Moreover, given the proposed nature of this project, the cost approach is also highly applicable.



## 9. Income Capitalization Approach

The income capitalization approach is based on the principle that the value of a property is indicated by its net return, known as the present worth of future benefits. The future benefits of income-producing properties, such as hotels, are net income before debt service and depreciation (as estimated by a forecast of income and expense) and any anticipated reversionary proceeds from a sale. These future benefits can be converted into an indication of market value through a capitalization process and discounted-cash-flow analysis.

### **Comparable Operating Statements**

In order to project future income and expense for the Best Western Plus, we have included a sample of individual comparable operating statements from our database of hotel statistics. All financial data are presented according to the three most common measures of industry performance: ratio to sales (RTS), amounts per available room (PAR), and amounts per occupied room night (POR). These historical income and expense statements will be used as benchmarks in our forthcoming forecast of income and expense. Each of the properties are operated as Best Western affiliates. The far-right column contains our forecast for the subject property, as expressed in base-year 2017 dollars.

FIGURE 9-1 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject Stabilized \$
Year:	2016/17	2015/16	2015/16	2015	2015	2017
Number of Rooms:	40 to 60	50 to 70	50 to 80	50 to 70	60 to 80	57
Occupied Rooms:	10,515	15,744	17,731	14,325	18,605	14,564
Days Open:	365	365	365	365	365	365
Occupancy:	61%	71%	74%	62%	72%	70%
Average Rate:	\$99	\$87	\$104	\$105	\$102	\$100
RevPAR:	\$61	\$61	\$77	\$66	\$73	\$70
<b>REVENUE</b>						
Rooms	99.2 %	99.2 %	97.7 %	99.5 %	97.7 %	98.0 %
Other Operated Departments	0.8	0.8	2.3	0.5	2.3	2.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
<b>DEPARTMENTAL EXPENSES*</b>						
Rooms	29.4	27.1	14.5	26.2	24.5	25.0
Other Operated Departments	220.8	136.5	21.3	125.0	33.4	50.0
Total	30.8	28.0	14.7	26.8	24.7	25.5
<b>DEPARTMENTAL INCOME</b>	69.2	72.0	85.3	73.2	75.3	74.5
<b>OPERATING EXPENSES</b>						
Administrative & General	8.2	7.6	8.7	9.7	6.3	7.7
Marketing & Brand Fees	7.8	8.1	9.8	7.6	4.4	6.9
Property Operations & Maintenance	2.8	5.9	4.7	6.6	8.7	5.8
Utilities	1.8	4.3	5.8	4.8	6.5	3.8
Total	20.6	25.9	29.0	28.8	25.9	24.2
<b>HOUSE PROFIT</b>	48.6	46.1	56.3	44.4	49.4	50.3
Management Fee	3.0	3.0	3.0	3.0	3.0	3.0
<b>INCOME BEFORE FIXED CHARGES</b>	45.6	43.1	53.3	41.4	46.4	47.3
<b>FIXED EXPENSES</b>						
Property Taxes	8.3	8.1	4.9	3.9	3.2	7.7
Insurance	2.8	1.5	1.1	5.2	1.3	1.5
Reserve for Replacement	4.0	4.0	4.0	4.0	4.0	4.0
Total	15.1	13.6	10.0	13.1	8.5	13.2
<b>NET INCOME</b>	30.5 %	29.5 %	43.3 %	28.3 %	37.9 %	34.1 %

\* Departmental expense ratios are expressed as a percentage of departmental revenues



**FIGURE 9-2 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER AVAILABLE ROOM**

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject Stabilized \$
<b>Year:</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2015/16</b>	<b>2015</b>	<b>2015</b>	<b>2017</b>
<b>Number of Rooms:</b>	<b>40 to 60</b>	<b>50 to 70</b>	<b>50 to 80</b>	<b>50 to 70</b>	<b>60 to 80</b>	<b>57</b>
<b>Occupied Rooms:</b>	<b>10,515</b>	<b>15,744</b>	<b>17,731</b>	<b>14,325</b>	<b>18,605</b>	<b>14,564</b>
<b>Days Open:</b>	<b>365</b>	<b>365</b>	<b>365</b>	<b>365</b>	<b>365</b>	<b>365</b>
<b>Occupancy:</b>	<b>61%</b>	<b>71%</b>	<b>74%</b>	<b>62%</b>	<b>72%</b>	<b>70%</b>
<b>Average Rate:</b>	<b>\$99</b>	<b>\$87</b>	<b>\$104</b>	<b>\$105</b>	<b>\$102</b>	<b>\$100</b>
<b>RevPAR:</b>	<b>\$61</b>	<b>\$61</b>	<b>\$77</b>	<b>\$66</b>	<b>\$73</b>	<b>\$70</b>
<b>REVENUE</b>						
Rooms	\$22,133	\$22,406	\$27,985	\$23,958	\$26,634	\$25,550
Other Operated Departments	170	180	667	127	620	511
<b>Total</b>	<b>22,303</b>	<b>22,586</b>	<b>28,652</b>	<b>24,085</b>	<b>27,254</b>	<b>26,061</b>
<b>DEPARTMENTAL EXPENSES</b>						
Rooms	6,498	6,075	4,067	6,286	6,517	6,388
Other Operated Departments	376	246	142	159	207	256
<b>Total</b>	<b>6,874</b>	<b>6,321</b>	<b>4,209</b>	<b>6,445</b>	<b>6,724</b>	<b>6,643</b>
<b>DEPARTMENTAL INCOME</b>	<b>15,429</b>	<b>16,265</b>	<b>24,443</b>	<b>17,641</b>	<b>20,530</b>	<b>19,418</b>
<b>OPERATING EXPENSES</b>						
Administrative & General	1,819	1,726	2,506	2,331	1,709	2,000
Marketing & Brand Fees	1,745	1,820	2,818	1,841	1,197	1,800
Property Operations & Maintenance	631	1,339	1,334	1,598	2,384	1,500
Utilities	396	963	1,656	1,166	1,781	1,000
<b>Total</b>	<b>4,591</b>	<b>5,848</b>	<b>8,314</b>	<b>6,936</b>	<b>7,071</b>	<b>6,300</b>
<b>HOUSE PROFIT</b>	<b>10,838</b>	<b>10,417</b>	<b>16,129</b>	<b>10,705</b>	<b>13,459</b>	<b>13,118</b>
Management Fee	669	678	860	723	818	782
<b>INCOME BEFORE FIXED CHARGES</b>	<b>10,169</b>	<b>9,740</b>	<b>15,269</b>	<b>9,982</b>	<b>12,641</b>	<b>12,337</b>
<b>FIXED EXPENSES</b>						
Property Taxes	1,850	1,823	1,405	936	882	2,005
Insurance	632	334	317	1,257	355	400
Reserve for Replacement	892	903	1,146	963	1,090	1,042
<b>Total</b>	<b>3,374</b>	<b>3,061</b>	<b>2,868</b>	<b>3,157</b>	<b>2,327</b>	<b>3,447</b>
<b>NET INCOME</b>	<b>\$6,795</b>	<b>\$6,679</b>	<b>\$12,401</b>	<b>\$6,825</b>	<b>\$10,314</b>	<b>\$8,889</b>

**FIGURE 9-3 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER OCCUPIED ROOM**

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject Stabilized \$
<b>Year:</b>	<b>2016/17</b>	<b>2015/16</b>	<b>2015/16</b>	<b>2015</b>	<b>2015</b>	<b>2017</b>
<b>Number of Rooms:</b>	<b>40 to 60</b>	<b>50 to 70</b>	<b>50 to 80</b>	<b>50 to 70</b>	<b>60 to 80</b>	<b>57</b>
<b>Occupied Rooms:</b>	<b>10,515</b>	<b>15,744</b>	<b>17,731</b>	<b>14,325</b>	<b>18,605</b>	<b>14,564</b>
<b>Days Open:</b>	<b>365</b>	<b>365</b>	<b>365</b>	<b>365</b>	<b>365</b>	<b>365</b>
<b>Occupancy:</b>	<b>61%</b>	<b>71%</b>	<b>74%</b>	<b>62%</b>	<b>72%</b>	<b>70%</b>
<b>Average Rate:</b>	<b>\$99</b>	<b>\$87</b>	<b>\$104</b>	<b>\$105</b>	<b>\$102</b>	<b>\$100</b>
<b>RevPAR:</b>	<b>\$61</b>	<b>\$61</b>	<b>\$77</b>	<b>\$66</b>	<b>\$73</b>	<b>\$70</b>
<b>REVENUE</b>						
Rooms	\$98.93	\$86.81	\$104.17	\$105.37	\$101.64	\$100.00
Other Operated Departments	0.76	0.70	2.48	0.56	2.36	2.00
<b>Total</b>	<b>99.69</b>	<b>87.51</b>	<b>106.65</b>	<b>105.92</b>	<b>104.01</b>	<b>102.00</b>
<b>DEPARTMENTAL EXPENSES</b>						
Rooms	29.05	23.54	15.14	27.64	24.87	25.00
Other Operated Departments	1.68	0.95	0.53	0.70	0.79	1.00
<b>Total</b>	<b>30.73</b>	<b>24.49</b>	<b>15.67</b>	<b>28.34</b>	<b>25.66</b>	<b>26.00</b>
<b>DEPARTMENTAL INCOME</b>	<b>68.97</b>	<b>63.02</b>	<b>90.98</b>	<b>77.58</b>	<b>78.35</b>	<b>76.00</b>
<b>OPERATING EXPENSES</b>						
Administrative & General	8.13	6.69	9.33	10.25	6.52	7.83
Marketing & Brand Fees	7.80	7.05	10.49	8.10	4.57	7.04
Property Operations & Maintenance	2.82	5.19	4.97	7.03	9.10	5.87
Utilities	1.77	3.73	6.16	5.13	6.80	3.91
<b>Total</b>	<b>20.52</b>	<b>22.66</b>	<b>30.95</b>	<b>30.50</b>	<b>26.99</b>	<b>24.66</b>
<b>HOUSE PROFIT</b>	<b>48.45</b>	<b>40.36</b>	<b>60.04</b>	<b>47.08</b>	<b>51.36</b>	<b>51.34</b>
Management Fee	2.99	2.63	3.20	3.18	3.12	3.06
<b>INCOME BEFORE FIXED CHARGES</b>	<b>45.45</b>	<b>37.74</b>	<b>56.84</b>	<b>43.90</b>	<b>48.24</b>	<b>48.28</b>
<b>FIXED EXPENSES</b>						
Property Taxes	8.27	7.06	5.23	4.12	3.37	7.85
Insurance	2.83	1.29	1.18	5.53	1.35	1.57
Reserve for Replacement	3.99	3.50	4.27	4.24	4.16	4.08
<b>Total</b>	<b>15.08</b>	<b>11.86</b>	<b>10.68</b>	<b>13.88</b>	<b>8.88</b>	<b>13.49</b>
<b>NET INCOME</b>	<b>\$30.37</b>	<b>\$25.88</b>	<b>\$46.16</b>	<b>\$30.02</b>	<b>\$39.36</b>	<b>\$34.79</b>



As noted above, we have forecast the subject property's stabilized net income ratio at 34.1% of total revenues, within the comparable properties' range of 28.3% to 42.3% of total revenues.

#### **Inflation Assumption**

In consideration of the most recent trends, the projections set forth previously, and our assessment of probable property appreciation levels, we have applied underlying inflation rates of 2.5%, 2.5%, and 3.0% thereafter for each respective year following the base year of 2017. This stabilized inflation rate considers normal, recurring inflation cycles. Inflation is likely to fluctuate above and below this level during the projection period. Any exceptions to the application of the assumed underlying inflation rate are discussed in our write-up of individual income and expense items.

#### **Forecast of Revenue and Expense**

Based on the comparable data, we have formulated a forecast of income and expense. The following table presents a detailed forecast through the stabilized year, including amounts per available room and per occupied room. The second table illustrates our ten-year forecast of income and expense, presented with lesser detail. The forecasts pertain to years that begin on January 1, 2019, expressed in inflated dollars for each year.

FIGURE 9-4 DETAILED FORECAST OF INCOME AND EXPENSE

	2019 (Calendar Year)				2020				Stabilized			
	57	%Gross	PAR	POR	57	%Gross	PAR	POR	57	%Gross	PAR	POR
Number of Rooms:	57				57				57			
Occupancy:	65%				68%				70%			
Average Rate:	\$99.81				\$105.51				\$111.46			
RevPAR:	\$64.88				\$71.75				\$78.02			
Days Open:	365				365				365			
Occupied Rooms:	13,523				14,147				14,564			
OPERATING REVENUE												
Rooms	\$1,350	97.8 %	\$23,684	\$99.83	\$1,493	97.9 %	\$26,193	\$105.53	\$1,623	98.0 %	\$28,474	\$111.44
Other Operated Departments	30	2.2	525	2.21	31	2.1	548	2.21	32	2.0	570	2.23
Total Operating Revenues	1,380	100.0	24,210	102.04	1,524	100.0	26,741	107.74	1,655	100.0	29,043	113.67
DEPARTMENTAL EXPENSES												
Rooms	372	27.5 *	6,519	27.48	389	26.1 *	6,833	27.53	406	25.0 *	7,120	27.87
Other Operated Departments	15	50.8 *	267	1.12	16	50.3 *	276	1.11	16	50.0 *	285	1.11
Total Expenses	387	28.0	6,786	28.60	405	26.6	7,109	28.64	422	25.5	7,404	28.98
DEPARTMENTAL INCOME	993	72.0	17,424	73.44	1,119	73.4	19,632	79.10	1,233	74.5	21,639	84.69
UNDISTRIBUTED OPERATING EXPENSES												
Administrative & General	116	8.4	2,040	8.60	122	8.0	2,136	8.61	127	7.7	2,229	8.72
Marketing & Brand Fees	105	7.6	1,836	7.74	110	7.2	1,923	7.75	114	6.9	2,006	7.85
Prop. Operations & Maint.	87	6.3	1,530	6.45	91	6.0	1,602	6.46	95	5.8	1,672	6.54
Utilities	58	4.2	1,020	4.30	61	4.0	1,068	4.30	64	3.8	1,115	4.36
Total Expenses	366	26.5	6,427	27.09	384	25.2	6,729	27.11	400	24.2	7,022	27.48
GROSS HOUSE PROFIT	627	45.5	10,996	46.35	735	48.2	12,903	51.99	833	50.3	14,617	57.21
Management Fee	41	3.0	726	3.06	46	3.0	802	3.23	50	3.0	871	3.41
INCOME BEFORE NON-OPR. INC. & EXP.	585	42.5	10,270	43.29	690	45.2	12,101	48.75	784	47.3	13,746	53.80
NON-OPERATING INCOME & EXPENSE												
Property Taxes	111	8.1	1,955	8.24	119	7.8	2,093	8.43	127	7.7	2,235	8.75
Insurance	24	1.7	420	1.77	25	1.6	433	1.74	25	1.5	446	1.74
Reserve for Replacement	28	2.0	484	2.04	46	3.0	802	3.23	66	4.0	1,162	4.55
Total Expenses	163	11.8	2,859	12.05	190	12.4	3,328	13.41	219	13.2	3,843	15.04
EBITDA LESS RESERVE	\$422	30.7 %	\$7,411	\$31.24	\$500	32.8 %	\$8,773	\$35.35	\$564	34.1 %	\$9,903	\$38.76

\*Departmental expenses are expressed as a percentage of departmental revenues.





The property tax forecast warrants detailed analysis, due to the assumed presence of a property tax abatement during the first ten years of the hotel's operating period. To begin, the following table summarizes current assessments for the subject property, at present; the two other hotels existing in the same taxing jurisdiction (Southeast, New York); the four primary competitors; and our estimate of the subject property's assessment after completion of construction.

**FIGURE 9-6 COMPARABLE HOTEL ASSESSMENTS**

Hotel	Jurisdiction	No. of Acres	No. of Rooms	Assessed Value					
				Land		Improvements		Total	
				Total	Per Acre	Total	Per Room	Total	Per Room
Subject Property	Southeast, NY	12.53	57	\$1,200,000	\$95,770	\$2,700,000	\$47,368	\$3,900,000	\$68,421
Heidi's Inn	Southeast, NY	5.47	40	316,472	57,856	1,589,928	39,748	1,906,400	47,660
Bel Air Motor Inn	Southeast, NY	1.53	27	249,900	163,333	919,700	34,063	1,169,600	43,319
Holiday Inn Express & Suites	Danbury, CT	2.21	77	2,100,000	950,226	3,833,800	49,790	5,933,800	77,062
Best Western Plus	Bethel, CT	3.90	69	1,979,300	507,513	1,575,370	22,831	3,554,670	51,517
La Quinta Inn & Suites	Danbury, CT	3.52	133	1,503,500	427,131	4,646,200	34,934	6,149,700	46,238
Hampton Inn	Danbury, CT	1.64	116	1,474,200	898,902	2,156,500	18,591	3,630,700	31,299
Subject Property As Completed		12.53	57	\$1,200,000	\$95,770	\$3,705,000	\$65,000	\$4,905,000	\$86,053

Per the hotel buyer, the property's abatement will extend to a gradually decreasing share of the improvements assessment, beginning at 50% in Year One and decreasing to 0% in Year 11. The following table details the basis for the property tax forecast, using the current tax rate of 3.6503%. Changes in taxation over time are tied to inflationary gains in the assessment. The improvements assessment is unchanged over the ten-year abatement period, then adjusted upward in Year 11 by the inflationary gain that would have accrued over the holding period.



**FIGURE 9-7 PROPERTY TAX FORECAST**

Year	Land		Improvements					Total		Tax Rate	Tax Expense
	Total	% Chg	Total	% Chg	Adj. Factor	Adjusted Assessment	=	Assessment	x		
2019	\$1,200,000		+	\$3,705,000	x	50 %	\$1,852,500	=	\$3,052,500	x	3.6503 % = \$111,426
2020	1,230,000	2.5 %	+	3,705,000	0.0 %	x 55	2,037,750	=	3,267,750	x	3.6503 = 119,284
2021	1,266,900	3.0	+	3,705,000	0.0	x 60	2,223,000	=	3,489,900	x	3.6503 = 127,393
2022	1,304,907	3.0	+	3,705,000	0.0	x 65	2,408,250	=	3,713,157	x	3.6503 = 135,543
2023	1,344,054	3.0	+	3,705,000	0.0	x 70	2,593,500	=	3,937,554	x	3.6503 = 143,734
2024	1,384,376	3.0	+	3,705,000	0.0	x 75	2,778,750	=	4,163,126	x	3.6503 = 151,968
2025	1,425,907	3.0	+	3,705,000	0.0	x 80	2,964,000	=	4,389,907	x	3.6503 = 160,246
2026	1,468,684	3.0	+	3,705,000	0.0	x 85	3,149,250	=	4,617,934	x	3.6503 = 168,570
2027	1,512,745	3.0	+	3,705,000	0.0	x 90	3,334,500	=	4,847,245	x	3.6503 = 176,941
2028	1,558,127	3.0	+	3,705,000	0.0	x 95	3,519,750	=	5,077,877	x	3.6503 = 185,360
2029	1,604,871	3.0	+	4,955,039	33.7	x 100	4,955,039	=	6,559,910	x	3.6503 = 239,459

Note that we have used the Year 11 (2029) property tax forecast as the basis for our Year 10 (2028) net income forecast, because the 10<sup>th</sup> year's net income forms the basis for the calculation of the reversionary proceeds in our income capitalization approach methodology. Otherwise, that reversionary proceeds would be substantially understated.

## INCOME CAPITALIZATION

The subject property upon completion has been valued via the income approach through the application of a ten-year mortgage-equity technique and a discounted-cash-flow analysis. The conversion of the subject property's forecasted EBITDA Less Replacement Reserve into an estimate of value was based on the premise that investors typically leverage their real estate investments to enhance their equity yield. Typically, the majority of a transaction is capitalized with mortgage financing (50% to 70%), with equity comprising the balance (30% to 50%). The amounts and terms of available mortgage financing and the rates of return that are required to attract sufficient equity capital formed the basis for allocating the net income between the mortgage and equity components and deriving a value estimate.

### Mortgage Component

Based on our analysis of the current lodging industry mortgage market and adjustments for specific factors, such as the property's site, proposed facility, and conditions in the local hotel market, it is our opinion that a 5.50% interest, 25-year amortization mortgage with a 0.073690 constant is appropriate for the proposed subject hotel. In the mortgage-equity analysis, we have applied a loan-to-value ratio



of 60%, which is reasonable to expect based on this interest rate and current parameters.

#### Equity Component

The remaining capital required for a hotel investment generally comes from the equity investor. The following table summarizes the range of equity yields indicated by hotel sales and investor interviews. We note that there tends to be lag between the sales data and current market conditions, and thus, the full effect of the change in the economy and capital markets may not yet be reflected.

**FIGURE 9-8 SUMMARY OF EQUITY YIELD OR INTERNAL RATE OF RETURN REQUIREMENTS**

Source	Data Point Range	Average
HVS Hotel Sales - Full-Service & Luxury	12.7% - 22.9%	17.5%
HVS Hotel Sales - Select-Service & Extended-Stay	12.7% - 26.1%	19.3%
HVS Hotel Sales - Limited-Service	16% - 26.1%	20.6%
HVS Investor Interviews	13% - 25%	

Based on the assumed 60% loan-to-value ratio, the risk inherent in achieving the projected income stream, and the age, condition, and anticipated market position of the subject property, it is our opinion that an equity investor is likely to require an equity yield rate of 18.0%. Equity yields have remained relatively stable over the past few years. Competition for quality assets in major metro areas and in strong secondary markets, coupled with loan-to-value ratios that remain in the 60% to 70% range, has sustained downward pressure on equity yields in these markets, thus pushing investors with higher yield expectations to pursue acquisitions with greater upside in less desirable secondary and tertiary markets, or to wait on the side lines.

#### Terminal Capitalization Rate

We have reviewed several recent investor surveys, and the following table summarizes the data. Note that survey data lag the market and do not necessarily reflect the most current market conditions.



**FIGURE 9-9    TERMINAL CAPITALIZATION RATES DERIVED FROM INVESTOR SURVEYS**

Source	Data Point Range	Average
<i>HVS Brokers Survey - Spring 2018</i>		
Select-Service Hotels	8.0% - 11.0%	9.3%
Full-Service Hotels	7.5% - 11.5%	9.0%
Luxury & Upper Upscale Hotels	7.0% - 10.0%	8.3%
<i>PWC Real Estate Investor Survey - 1st Quarter 2018</i>		
Select-Service Hotels	7.0% - 10.75%	8.9%
Full-Service Hotels	7.0% - 10.0%	8.4%
Luxury Hotels	5.5% - 9.5%	7.2%
<i>USRC Hotel Investment Survey - Winter 2018</i>		
Full-Service Hotels	7.5% - 10.0%	8.3%
<i>Situs RERC Real Estate Report - 4th Quarter 2017</i>		
First Tier Hotels	6.0% - 10.5%	8.4%

For purposes of this analysis, we have applied a terminal capitalization rate of 9.0%. Our final position for the terminal capitalization rate reflects the current market for hotel investments and considers the subject property's attributes, including the presence of excess land. Terminal capitalization rates, in general, have remained stable over the past few years.

**Mortgage-Equity  
Method – Value  
Opinion**

The valuation of the mortgage and equity components is accomplished using an algebraic equation that calculates the exact amount of debt and equity that the hotel will be able to support based on the anticipated cash flow (as estimated by the forecast of income and expense) and the specific return requirements demanded by the mortgage lender (interest) and the equity investor (equity yield). Thus, the anticipated net income (before debt service and depreciation) is allocated to the mortgage and equity components based on market rates of return and loan-to-value ratios. The total of the mortgage component and the equity component equals the value of the property. Using this method of the income capitalization approach with the variables set forth, we estimate the prospective value of the fee simple interest in the subject property, when completed, as of January 1, 2019, will be \$5,500,000.

The discount rate (before debt service), the yield to the lender, and the yield to the equity position have been calculated by computer with the following results.



**FIGURE 9-10 TOTAL PROPERTY VALUE AND INTERNAL RATES OF RETURN**

Position	Value	Projected Yield (Internal Rate of Return) Over Holding Period
Total Property	\$5,495,000	11.5 %
Mortgage	3,297,000	5.4
Equity	2,198,000	18.0

Note: Whereas the mortgage constant and value are calculated on the basis of monthly mortgage payments, the mortgage yield in this proof assumes single annual payments. As a result, the proof's derived yield may be slightly less than that actually input.

The position of the total property yield or unlevered discount rate reflects the current market conditions for both debt and equity capital. Debt remains available at favorable interest rates from a variety of lender types, though loan-to-value ratios remain in the 60% to 70% for most transactions. Equity and mezzanine financing is readily available due to the attractive yields being generated by hotels when compared with other forms of commercial real estate. We continue to interview hotel investors to assess the movement in yield rates and their impact on value.

The following tables demonstrate that the property receives its anticipated yields, proving that the value is correct based on the assumptions used in this approach.

**FIGURE 9-11 VALUE OF THE MORTGAGE COMPONENT**

Year	Total Annual Debt Service		Present Worth of \$1 Factor at 5.4%		Discounted Cash Flow
2019	\$243,000	x	0.948452	=	\$230,000
2020	243,000	x	0.899561	=	219,000
2021	243,000	x	0.853191	=	207,000
2022	243,000	x	0.809210	=	197,000
2023	243,000	x	0.767497	=	187,000
2024	243,000	x	0.727934	=	177,000
2025	243,000	x	0.690411	=	168,000
2026	243,000	x	0.654821	=	159,000
2027	243,000	x	0.621066	=	151,000
2028	2,721,000 *	x	0.589052	=	1,603,000

Value of Mortgage Component \$3,298,000

\*10th year debt service of \$243,000 plus outstanding mortgage balance of \$2,478,000

**FIGURE 9-12 VALUE OF THE EQUITY COMPONENT**

Year	Net Income to Equity		Present Worth of \$1 Factor at 18.0%		Discounted Cash Flow
2019	\$179,000	x	0.847469	=	\$152,000
2020	\$257,000	x	0.718203	=	185,000
2021	\$321,000	x	0.608655	=	195,000
2022	\$334,000	x	0.515816	=	172,000
2023	\$347,000	x	0.437138	=	152,000
2024	\$362,000	x	0.370460	=	134,000
2025	\$376,000	x	0.313954	=	118,000
2026	\$391,000	x	0.266066	=	104,000
2027	\$406,000	x	0.225482	=	92,000
2028	\$4,677,000 *	x	0.191089	=	894,000
Value of Equity Component					\$2,198,000

\*10th year net income to equity of \$368,395 plus sales proceeds of \$4,309,000

**FIGURE 9-13 VALUE OF THE EQUITY, DEBT AND TOTAL PROPERTY**

Year	Net Income Available for Debt Service		Present Worth of \$1 Factor at 11.5%		Discounted Cash Flow
2019	\$422,000	x	0.896559	=	\$378,000
2020	\$500,000	x	0.803818	=	402,000
2021	\$564,000	x	0.720671	=	406,000
2022	\$577,000	x	0.646124	=	373,000
2023	\$590,000	x	0.579288	=	342,000
2024	\$605,000	x	0.519366	=	314,000
2025	\$619,000	x	0.465642	=	288,000
2026	\$634,000	x	0.417476	=	265,000
2027	\$649,000	x	0.374292	=	243,000
2028	\$7,399,000 *	x	0.335575	=	2,483,000
Total Property Value					\$5,494,000

\*10th year net income of \$611,395 plus sales proceeds of \$6,787,000

### Direct Capitalization

The following table reflects the capitalization rates for the proposed subject hotel that have been derived based on our estimate of market value via the discounted-



cash-flow analysis. Note that the stabilized year's net income has been deflated to first-year dollars.

**FIGURE 9-14 DERIVED CAPITALIZATION RATES**

<u>Year</u>	<u>EBITDA Less Reserves</u>	<u>Derived Capitalization Rate</u>
Forecast 2019	\$422,000	7.7 %
Deflated Stabilized (2019) Dollars	535,000	9.7

The derived capitalization rates are considered appropriate for a proposed lodging facility such as the Best Western Plus. The derived capitalization rates that are based on the forecasted net operating income fall in line with acceptable returns for a hotel of this caliber. We note that these capitalization rates reflect the expectation of improved profitability over the initial years of the forecast. Hotel investors are acquiring assets at “going-in” capitalization rates that reflect the anticipation of modest growth in revenue coupled with gains in efficiency.

**Discounted Cash Flow  
Analysis – “When  
Complete”**

The income approach can also be applied through the application of an overall discount rate. We have selected a discount rate of 11.50% for our analysis. Utilizing the discount rate set forth, the discounted-cash-flow procedure is summarized as follows.



**FIGURE 9-15 DISCOUNTED CASH FLOW ANALYSIS – WHEN COMPLETE**

Year	EBITDA Less Reserve		Factor @ 11.50%		Discounted Cash Flow
2019	\$422,000	x	0.89686	=	\$378,000
2020	500,000	x	0.80436	=	402,000
2021	564,000	x	0.72140	=	407,000
2022	577,000	x	0.64699	=	373,000
2023	590,000	x	0.58026	=	342,000
2024	605,000	x	0.52042	=	315,000
2025	619,000	x	0.46674	=	289,000
2026	634,000	x	0.41860	=	265,000
2027	649,000	x	0.37543	=	244,000
2028	611,000	x	0.33671	=	206,000
2028	6,787,000 *	x	0.33671	=	2,285,000
At Completion Market Value, January 1, 2019					\$5,506,000
<b>Rounded</b>					<b>\$5,500,000</b>
<b>Per Room</b>					<b>\$96,000</b>
<b>*Reversion Analysis</b>					
11th Year's EBITDA Less Reserves					\$630,000
Capitalization Rate					9.0%
Total Sales Proceeds					\$6,997,000
Less: Transaction Costs @ 3.0%					210,000
Net Sales Proceeds					\$6,787,000

**Discounted Cash Flow  
Analysis – “As  
Stabilized”**

To develop an opinion of the subject property's market value “as stabilized,” the preceding DCF methodology has been repeated, using the income stream projected beginning as of the stabilized year.



**FIGURE 9-16 DISCOUNTED CASH FLOW ANALYSIS – AS STABILIZED**

Year	EBITDA Less Reserve		Discount Factor @ 11.50%		Discounted Cash Flow
2021	\$564,000	x	0.89686	=	\$506,000
2022	577,000	x	0.80436	=	464,000
2023	590,000	x	0.72140	=	426,000
2024	605,000	x	0.64699	=	391,000
2025	619,000	x	0.58026	=	359,000
2026	634,000	x	0.52042	=	330,000
2027	649,000	x	0.46674	=	303,000
2028	611,000	x	0.41860	=	256,000
2029	630,000	x	0.37543	=	237,000
2030	649,000	x	0.33671	=	219,000
2030	7,199,000 *	x	0.33671	=	2,424,000
As Stabilized Market Value, January 1, 2021					\$5,915,000
Rounded					\$5,900,000
Per Room					\$104,000
<b>Reversion Analysis</b>					
11th Year's EBITDA Less Reserves					\$668,000
Capitalization Rate					9.0%
Total Sales Proceeds					\$7,422,000
Less: Transaction Costs @ 3.0%					223,000
Net Sales Proceeds (Say)					\$7,199,000

#### “As Is” Market Value

The “as is” market value is calculated by deducting both 1) the cost of completing the hotel, and 2) an allocation for developer’s profit, reflecting the return to the buyer for taking on the risk of completing the project. The calculation follows.

**FIGURE 9-17 AS IS MARKET VALUE**

At Completion Market Value	\$5,500,000
Less: Completion Cost	(\$1,900,000)
Less: Developer's Profit	(\$300,000)
As Is Market Value	\$3,300,000

Our opinion of “at completion” market value is \$2,200,000 higher than the acquisition cost, whereas the cost of completing the project is estimated by the buyer to be \$1,900,000. Thus, the analysis suggests a developer’s profit allocation of \$300,000, which equates to approximately 6.0% of the buyer’s total cost basis.



This rate of return is logical and reasonable based on our experience with similar projects. For new hotel projects, developer's profit tends to range from 10% to 20% of total project cost. Considering that the subject property is substantially completed, a lower level of profit to the buyer is warranted in this case.



# 10. Sales Comparison Approach

The sales comparison approach is based on the principle of substitution, which defines a property’s value as the cost of acquiring an equally desirable substitute (assuming that no costly delay is incurred in making the substitution). Thus, the sales comparison approach can be used to form an opinion of a property’s market value from the price at which equally desirable properties have sold, or for which they can be purchased, on the open market.

To present our selection of comparable sales, we conducted a comprehensive search for recent transactions of hotels that bear comparison to the proposed subject hotel in one or more key areas. When possible, we gave priority to transactions occurring in the same state or region as the proposed subject hotel. We also considered factors such as operational and physical similarities to the proposed subject hotel, including brand affiliation and revenue-generating aspects. All of the data have been verified by HVS or obtained from a verifying source. The following transactions involved hotels that have some degree of similitude with the proposed subject hotel.

FIGURE 10-1 SUMMARY OF SELECTED COMPARABLE SALES

Property	Location	Sale Date	Sales Price	No. of Rooms	Price per Room	Oveall Cap Rate	Year Opened
Best Western	Morristown, NJ	Mar-18	\$8,650,000	60	\$144,167	6.4%	1980
Holiday Inn Express & Suites	Chester, NY	Dec-17	8,400,000	80	105,000	—	2005
La Quinta Inn & Suites	Elmsford, NY	Feb-17	9,500,000	106	89,623	—	1975
Best Western Plus	Bethel, CT	Nov-16	6,100,000	69	88,406	6.6%	1985
Comfort Inn	Toms River, NJ	Jul-16	5,400,000	50	108,000	—	2008

Review and Adjustment of Comparable Sales

The following table sets forth the adjustment grid used to account for differences between the transacted properties and the proposed subject hotel.



**FIGURE 10-2 COMPARABLE SALES ADJUSTMENT GRID**

		Sale #1	Sale #2	Sale #3	Sale #4	Sale #5
	Subject	Holiday Inn Express	La Quinta Inn &	Best Western Plus,	Comfort Inn, Toms	
Elements of Comparison	Property	Best Western, Morristown, NJ	& Suites, Chester, NY	Suites, Elmsford, NY	Bethel, CT	River, NJ
Sale Price		\$8,650,000	\$8,400,000	\$9,500,000	\$6,100,000	\$5,400,000
Number of Rooms	57	60	80	106	69	50
Price per Room		\$144,167	\$105,000	\$89,623	\$88,406	\$108,000
Year Open	2019	1980	2005	1975	1985	2008
Date of Sale		March-18	December-17	February-17	November-16	July-16
Adjustments for Transaction Characteristics (Per Room)						
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Adjusted Sales Price		144,167	105,000	89,623	88,406	108,000
Financing Terms	Cash Equivalent	Cash Equivalent	Cash Equivalent	Cash Equivalent	Cash Equivalent	Cash Equivalent
Adjustment		0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Adjusted Sales Price		144,167	105,000	89,623	88,406	108,000
Conditions of Sale	Normal	Normal	Normal	Normal	Normal	Normal
Adjustment		0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Adjusted Sales Price		144,167	105,000	89,623	88,406	108,000
Market Conditions	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment		0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Adjusted Sales Price		144,167	105,000	89,623	88,406	108,000
Adjusted Price		\$144,167	\$105,000	\$89,623	\$88,406	\$108,000
Adjustments for Property Characteristics						
Location/Market	Superior	Similar	Superior	Similar	Superior	
Adjustment	(30.0) %	0.0 %	(10.0) %	0.0 %	(5.0) %	
Physical Condition/Facilities	Similar	Similar	Inferior	Inferior	Similar	
Adjustment	0.0 %	0.0 %	10.0 %	10.0 %	0.0 %	
Cumulative Percentage Adjustment	(30.0) %	0.0 %	0.0 %	10.0 %	(5.0) %	
Net Adjust. for Property Characteristics	(43,250)	0	0	8,841	(5,400)	
Adjusted Price Per Room		\$100,917	\$105,000	\$89,623	\$97,246	\$102,600
Rounded		\$101,000	\$105,000	\$90,000	\$97,000	\$103,000

Few adjustments to the comparable sales are necessary. The asset transferred as part of Sale #1 has a substantially superior location, necessitating a downtown location. Downward location-related adjustments are also warranted in the case of Sales #3 and #5, though to a lesser extent. Modest upward adjustments are applied in the case of Sales #3 and #4.



## Conclusion

Prior to adjustments, the comparable sales transacted for amounts ranging from \$88,000 to \$144,000 per room. Following adjustments, the selected sales indicate a range of \$90,000 to \$105,000 per room, which equates to a concluded value via the sales comparison approach of \$5,100,000 to \$6,000,000 for the 57-room subject property upon completion.



## 11. Cost Approach

The cost approach reflects a set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of, or replacement for, the existing structure; deducting accrued depreciation from the reproduction or replacement cost; and adding the estimated land value plus an entrepreneurial profit. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

The subject property's construction commenced in July 2015 and was suspended in February 2017. We were not provided either the property's original construction budget, or a schedule of costs necessary to complete construction. We have estimated the cost of constructing the property as if new using our internal resources, as detailed below.

### Land Valuation

Land value may be estimated in a variety of ways including the sales comparison approach and the allocation, extraction, or ground rent capitalization methods. For the majority of hostelry properties, the two primary methods used are the sales comparison approach and the ground-lease capitalization approach.

Hotels are often constructed on leased land. While the lease terms differ somewhat from property to property, the basis for the rental calculation is often tied to a percentage of revenue formula. Using the forecasted revenues for the proposed subject hotel and applying a typical hotel ground-lease rental formula, the appraiser is able to determine the hotel's economic rental (i.e., the income attributed to the land). The land value can then be estimated by capitalizing the hypothetical ground rent. The self-adjusting aspect of this approach is a key element to its reliability.

In our experience, economic ground rents for hotels such as the subject property typically range from approximately 2% to 5% of rooms revenue. Hotels with a significant amount of land relative to the property's room count, hotels in resort areas, or hotels in land-sparse downtown markets may command higher ground rent.

Based on the revenue projections set forth for the proposed subject hotel as part of this appraisal, the following table shows how the economic ground rent has been calculated. Note that the stabilized revenue level has been deflated back to first-projection-year dollars.



Deflated Stabilized Rooms Revenue	\$1,449,000
Rental Percentage	3.0 %
<b>Economic Ground Rent</b>	<b>\$43,470</b>

Rent generated from an unsubordinated ground lease represents a low-risk flow of income. Because the tenant improvements typically amount to more than five times the value of the land, the risk of default is almost nonexistent. For hotel ground leases where rent is tied to revenue, the property owner is also protected from the adverse effects of inflation. Based on these minimal risk factors and the current cost of long-term capital, it is our opinion that the appropriate ground rent overall capitalization rate would be as indicated in the following table because of the aforementioned low level of risk.

Applying the indicated capitalization rate to the proposed subject hotel's economic ground rent results in the following estimate of land value.

$$\frac{\text{Economic Ground Rent}}{\text{Capitalization Rate}} = \frac{\$43,470}{7.0 \%} = \$621,000$$

This conclusion has been rounded in the remainder of our analysis.

## Replacement Cost

Replacement cost is the current construction cost of a building with the same utility as the subject property but built with modern materials and according to current construction and design standards.

One of the nationally recognized authorities on replacement cost information is Marshall & Swift, and HVS uses the Commercial Estimator computer software program produced by Marshall & Swift. As defined by Marshall & Swift, the replacement cost of a building is the total cost of construction required to replace the subject building with a substitute of like or equal utility using current standards of materials and design. These costs include labor, materials, supervision, contractors' profit and overhead, architects' plans and specifications, sales taxes, and insurance. The Marshall & Swift costs also contain the normal interest on the actual building funds during period of construction; normal site preparation including the excavation and grading for foundation, as well as backfill for the structure only and the finish of foundation; and utilities from structure to lot line figured for typical setback. Although generally reliable, the data used to compile this estimate provide only a rough indication of what the replacement cost of the property may be.

For the purpose of developing a replacement cost estimate using the Marshall & Swift Commercial Estimator program, the building has been classified as a Class D, Rank 2 hotel structure. Based on information obtained from the subject property's



ownership or management, the total area of the building is estimated to be 33,000 square feet. The following chart reflects the summary of the Marshall & Swift estimate.

**FIGURE 11-1 MARSHALL & SWIFT ESTIMATE**

Date of Query:	June 21, 2018		
Occupancy:	limited-service		
Class:	Class D		
Height (Feet):	10		
Rank:	2		
Total Area (Square Feet):	33,000		
Number of Stories (Section):	three		
Number of Elevators:	1		
Shape:	2		
Number of Rooms:	57		

Basic Structure	Unit	Cost Per SF	Total
Base Cost	33,000	\$95.37	\$3,147,210
Exterior Walls	33,000	19.24	634,920
Heating & Cooling	33,000	5.82	192,060
Elevator (s)	33,000	2.31	76,230
Sprinklers	33,000	4.09	134,970
<b>Total Cost:</b>			<b>\$4,185,390</b>
<b>Rounded to:</b>			<b>\$4,200,000</b>
<b>Per Room:</b>			<b>\$73,684</b>

Based on the preceding data, we estimate the replacement cost of the subject property's improvements to be \$4,200,000.

#### **Furniture, Fixtures and Equipment**

Furniture, fixtures, and equipment (FF&E) include all non-permanent, removable items at the subject property, such as guestroom furnishings, kitchen equipment, and items of décor. The cost of the furniture, fixtures, and equipment, along with all fees associated with installing and furnishing the items in the subject property, comprises the total cost of furniture, fixtures, and equipment. Based on our inspection of the property, we estimate the replacement cost of the subject property's furniture, fixtures, and equipment (as if new) at approximately 8,000 per room, or a total of 456,000.



#### Pre-Opening and Working Capital Costs

Pre-opening costs include expenses such as marketing, staffing, training, and administrative expenditures. Working capital includes a working capital reserve to maintain adequate cash flow until the operation reaches a break-even point. We estimate the pre-opening costs for the subject property to be approximately \$5,000 per room per room, or a total of \$285,000.

#### Soft Costs

Soft costs include items other than labor and material that are necessary for construction but are not typically part of the construction contract. Soft costs can include professional fees, financing costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, marketing, sales, and lease-up costs incurred to achieve occupancy or sales. We estimate the amount of soft costs for the subject property to be approximately 5,000 per room, or a total of 285,000.

#### Replacement Cost Summary

Based on the preceding analysis, we estimate the replacement cost of the subject property as follows.

**FIGURE 11-2 REPLACEMENT COST SUMMARY**

Item	Cost per Room	Cost
Building (Includes Soft Costs)	\$73,684	\$4,200,000
Furniture, Fixtures, & Equipment	8,000	456,000
Pre-Opening Costs & Working Capital	5,000	285,000
<b>Total Replacement Cost</b>	<b>\$86,684</b>	<b>\$4,941,000</b>

#### Allocation of Developer's Profit

Developer's profit represents the entrepreneurial incentive anticipated by hotel developers to induce the construction of a new hotel project. Because of economic conditions in the hotel industry, developer's profit has not always been in evidence. If the economic value of a new hotel does not exceed development cost, indicating that developers will not earn any profit from their effort, it would most likely not be a project that would be completed since the financial incentive is not present.

We have stipulated a developer's incentive of 10% in our analysis to represent the level required in this market for new construction.

#### Conclusion

In the estimation of development cost for the subject property, the costs of several components of the total property were quantified. For fee simple interests, the land value was estimated by the ground lease approach. The replacement cost of the building improvements was estimated based on a hotel development cost survey conducted by HVS. If applicable, a developer's incentive was considered. The



following table summarizes our estimate of the total cost new to rebuild the subject property.

**FIGURE 11-3 RECAP OF TOTAL COST NEW ESTIMATE**

Item	Cost
Building, Pre-Opening & Working Capital, Soft Costs	\$4,485,000
Furniture, Fixtures, & Equipment	456,000
Land	600,000
Entrepreneurial Incentive	554,100
Total Cost New Estimate	\$6,095,100
<b>Rounded</b>	<b>\$6,100,000</b>
<b>Per Room</b>	<b>\$107,000</b>

It should be noted that although the data used to compile this estimate is generally reliable, it provides only a rough indication of what the development cost may be. Readers who require an accurate cost estimate should retain the services of a professional construction cost estimator.

#### Insurable Value

We have estimated the insurable value of the subject property. The starting point for the estimation of value for insurance purposes is the replacement cost of the building and site improvements.

For the purpose of estimating insurable value, only hard or direct construction costs should be reflected; therefore, certain exclusions need to be taken into consideration. Exclusions typically constitute 5.0% to 10.0% of the replacement cost and include items such as landscaping, parking, other yard improvements, and the foundation or sub-structure. In this analysis, a 10% adjustment was made to the replacement cost of the hotel to account for these exclusions. The estimated replacement cost of the personal property is added to the adjusted replacement cost of the building. Our estimate of insurable value is presented in the following table.



**FIGURE 11-4 ESTIMATE OF INSURABLE VALUE**

Replacement Cost of Building:	\$4,200,000
Less Exclusions (10%)	420,000
Insurable Value of Structures	\$3,780,000
Plus Furniture, Fixtures, & Equipment	\$456,000
Total Insurable Value:	\$4,236,000
Rounded to:	\$4,200,000
Per Room:	\$73,684

This analysis should not be relied upon to determine actual insurance coverage, which can be properly estimated only by consultants considered experts in cost estimation and insurance underwriting. It is provided to aid in the overall decision-making process of the client/reader/user, and no representations or warranties are made by HVS regarding the accuracy of this estimate. We strongly recommend that other sources be utilized to develop any estimate of insurable value.

#### Value of the Personal Property

Personal property is an integral part of a transient lodging facility. Without furniture, fixtures, and equipment, a hotel could not operate its facilities and rent its guestrooms, and thus would not be able to generate any income attributable to the real property. Personal property and real property are uniquely combined in a hotel; unlike an office or other commercial building, a hotel would have to close its doors without furniture, fixtures, and equipment.

The physical separation of personal property from real property in a hotel is a theoretical issue rather than a practical matter. Lodging facilities are generally sold with their furniture, fixtures, and equipment in place. While a lender may be restricted from financing the purchase of personal property, a hotel's real property would have little value without personal property.

The removal of personal property from a hotel for sale would result in a minimal sales price for the personal property. Furniture, fixtures, and equipment, once installed, depreciate very rapidly. Most furnishings in a hotel can command little more than a salvage value substantially lower than the original cost when sold separately from the improvements. The accelerated depreciation schedule utilized in our analysis is illustrated as follows.



**FIGURE 11-5 ACCELERATED DEPRECIATION SCHEDULE**

<u>Average Age (Years)</u>	<u>Percent Depreciated</u>
1	40 %
2	60
3	70
4	75
5	80
6	85
7	89
8	92
9	95
10	98

Source: HVS

The following table details the basis for our valuations of the subject property's personal property component as of the "at completion" and "as stabilized" value dates. (There is no personal property allocation in the "as is" valuation.)

**FIGURE 11-6 PERSONAL PROPERTY VALUE ESTIMATES**

	<u>At Completion</u>	<u>As Stabilized</u>
Replacement Cost New Per Room	\$8,000	\$8,700
Number of Rooms	57	57
Total Replacement Cost	\$456,000	\$495,900
Economic Life	10	10
Effective Age	0	3
Depreciation Factor	0.0%	70.0%
Physical Depreciation	\$0	\$347,000
Value Remaining	\$456,000	\$148,900
Rounded	\$460,000	\$150,000



## 12. Feasibility Analysis

The preceding appraisal functions as a feasibility study, with respect to the prospective acquisition and completion of the partially-completed subject hotel. In our opinion, the subject property's market value will be \$5,500,000 at completion. The land and existing improvements are under contract for \$3,300,000, with the buyer budgeting completion costs at \$1,900,000, for a total cost basis of \$5,200,000. Thus, our analysis suggests a positive feasibility conclusion, including a \$300,000 margin for developer's profit. This return represents a 6% return on the cost-basis, representing reasonable compensation to the buyer for the risk of taking on the project's completion. Whereas developer's profit is typically in the range of 10% to 20% of project cost for new projects, but the subject hotel building is substantially completed, reducing the cost, risk, and burden of realizing the hotel's development.

As an alternate measure of the subject property's feasibility, we have used our projected income stream as given, and iterated the total property yield (discount rate) necessary to equalize the net present value and the buyer's total cost basis, \$5,200,000. The following table details the calculations associated with the iteration, whereby the iterated yield factor equates to 12.42%.



**FIGURE 12-1 DERIVED DISCOUNT FACTOR**

Year	EBITDA Less Reserve		Discount Factor @ 12.42%		Discounted Cash Flow
2019	\$422,000	x	0.88952	=	\$375,000
2020	500,000	x	0.79125	=	396,000
2021	564,000	x	0.70383	=	397,000
2022	577,000	x	0.62607	=	361,000
2023	590,000	x	0.55691	=	329,000
2024	605,000	x	0.49538	=	300,000
2025	619,000	x	0.44065	=	273,000
2026	634,000	x	0.39197	=	249,000
2027	649,000	x	0.34866	=	226,000
2028	611,000	x	0.31014	=	189,000
2028	6,787,000 *	x	0.31014	=	2,105,000
Buyer's Cost Basis					<u>\$5,200,000</u>

**\*Reversion Analysis**

11th Year's EBITDA Less Reserves	\$630,000
Capitalization Rate	<u>9.0%</u>
Total Sales Proceeds	\$6,997,000
Less: Transaction Costs @ 3.0%	<u>210,000</u>
Net Sales Proceeds	<u>\$6,787,000</u>

In the following table, the overall capitalization rate is calculated by dividing our deflated stabilized net income by the buyer's cost basis.

**FIGURE 12-2 DERIVED CAPITALIZATION RATE**

Deflated Stabilized Net Income - 2019 Dollars	\$535,000
Buyer's Cost Basis	<u>\$5,200,000</u>
Calculated Capitalization Rate	10.3%

In the following table, the derived discount rate and overall capitalization rate calculated above are compared with industry surveys.



**FIGURE 12-3 COMPARISON WITH INVESTOR SURVEYS**

Source	Discount Rates		Overall Cap Rates	
	Data Point Range	Average	Data Point Range	Average
HVS Hotel Sales - Limited-Service	9.4% - 15.2%	11.9%	5.3% - 13.4%	8.6%
<i>HVS Brokers Survey - Spring 2018</i>				
Limited-Service & Economy Hotels	10.0% - 15.0%	12.4%	8.0% - 12.0%	9.4%
<i>PWC Real Estate Investor Survey - 1st Quarter 2018</i>				
Limited-Service Hotels	8.5% - 13.0%	11.0%	7.5% - 11.0%	9.2%
<i>USRC Hotel Investment Survey - Winter 2018</i>				
Limited-Service Hotels	10.0% - 12.0%	11.3%	7.5% - 9.0%	8.9%
<i>Situs RERC Real Estate Report - 4th Quarter 2017</i>				
Second Tier Hotels	8.0% - 12.5%	10.2%	6.5% - 9.8%	8.2%
Third Tier Hotels	8.0% - 13.0%	10.8%	7.0% - 11.1%	9.4%
HVS Parameter - Appraisal		11.5%		9.7%
HVS Parameter - Feasibility Study		12.4%		10.3%

As noted above, the yield factors indicated by the feasibility study are both attractive. The derived discount rate, 12.4%, is at the high end of the range of survey averages (10.2% to 12.4%) and the derived overall capitalization rate, 10.3%, exceeds the range of survey averages (8.2% to 9.4%). Based on this analysis, we conclude that the pending acquisition and completion of subject property represents a feasible proposition.



## 13. Reconciliation of Value Indications

The reconciliation, which is the last step in the appraisal process, involves summarizing and correlating the data and procedures employed throughout the analysis. The final value conclusion is arrived at after reviewing the estimates indicated by the income capitalization, sales comparison, and cost approaches. The relative significance, applicability, and defensibility of each indicated value are considered, and the greatest weight is given to that approach deemed most appropriate for the property being appraised.

The purpose of this report is to estimate the market value of the fee simple interest in the proposed subject hotel; our appraisal involves a careful analysis of the property itself and the economic, demographic, political, physical, and environmental factors that influence real estate values.

### **Income Capitalization Approach**

To estimate the proposed subject hotel's value via the income capitalization approach, we have analyzed the local market for transient accommodations, examined the competitive environment, projected the occupancy and ADR levels, and developed a forecast of income and expense that reflects anticipated income trends and cost components through a stabilized year of operation. The proposed subject hotel's projected net income before debt service was allocated to the mortgage and equity components based on market rates of return and loan-to-value ratios. Through a discounted cash flow and income capitalization procedure, the value of each component was calculated; the total of the mortgage and equity components equates to the value of the property.

Our nationwide experience indicates that the procedures used in estimating market value by the income capitalization approach are comparable to those employed by the hotel investors who constitute the marketplace. For this reason, we believe that the income capitalization approach produces the most supportable value estimate, and it is given the greatest weight in our final estimate of the proposed subject hotel's market value.

### **Sales Comparison Approach**

The sales comparison approach uses actual sales of similar properties to provide an indication of the proposed subject hotel's value. Although we have investigated a number of sales in an attempt to develop a range of value indications, several adjustments are necessary to render these sales prices applicable to the subject property. The adjustments, which tend to be subjective, diminish the reliability of the sales comparison approach; furthermore, typical hotel investors employ a sales comparison procedure only to establish broad value parameters.



The hotel sales outlined earlier in this report indicate an adjusted value range of \$90,000 to \$105,000 per available room. The income capitalization approach indicates a per room value of \$96,500. This information supports the value indicated by the income capitalization approach.

#### Cost Approach

As discussed in the Cost Approach chapter, this methodology has some utility for new hotels. The fact that the subject property is a partially constructed hotel building is a complicating factor, however. The key basis for our valuation is the hotel's income-generating capacity, which is not accounted for in cost approach methodology.

#### Value Conclusion

Careful consideration has been given to the strengths and weaknesses of the three approaches to value discussed above. In recognition of the purpose of this appraisal, we have given primary weight to the value indicated by the income capitalization approach. The following table details our opinions of the subject property's market value, subject to three dates of value.

	As Is	When Complete	When Stabilized
Date of Value	June 21, 2018	January 1, 2019	January 1, 2021
Exposure Time (Months)	five to seven	five to seven	five to seven
Real Property Value	\$3,300,000	\$5,040,000	\$5,750,000
Personal Property Value	0	460,000	150,000
Intangible Property Value	0	0	0
<b>Reconciled Value</b>	<b>\$3,300,000</b>	<b>\$5,500,000</b>	<b>\$5,900,000</b>
<b>Reconciled Value per Key</b>		<b>96,000</b>	<b>104,000</b>

The analysis is based on the extraordinary assumption that the hotel's construction will be completed, and the property will be opened for operation on or near January 1, 2019. The hotel existed in a partial state of completion as of the date of this appraisal. Our appraisal does not address unforeseeable events that could alter the proposed project, and/or the market conditions reflected in the analyses; we assume that no significant changes, other than those anticipated and explained in this report, shall take place between the date of inspection and the prospective value dates. Our appraisal also assumes the presence of a property tax abatement benefit during the first ten years of the hotel's operation, consistent with the expectations of the hotel buyer.

We have made no other extraordinary or hypothetical assumptions specific to the subject property as part of this assignment. Assumptions that apply to this report and our hotel appraisals in general are set forth in the *Assumptions and Limiting Conditions* chapter of this report.



The estimates of market value include the land, the improvements, and the furniture, fixtures, and equipment. The appraisal assumes that the hotel is open and operational.

#### Allocation of Value

USPAP requires the appraiser to “identify any personal property, trade fixtures, or intangible items that are not real property but are included in the appraisal” and “to analyze the effect on value of such non-real property items.”<sup>11</sup> The estimates of prospective market value include the land, improvements, and personal property. The appraisal assumes that the hotel is open and operational at this time.

Hotels comprise three primary components: the real property (land and improvements), personal property, and intangible property. Real property is defined as “the interests, benefits, and rights inherent in the ownership of real estate (land and improvements.”<sup>12</sup> Personal property is defined as “identifiable tangible objects that are considered by the general public as being ‘personal’—for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate.”<sup>13</sup>

The personal property consists of the furniture, fixtures, and equipment (FF&E) and the inventories in place at the subject property as of the date of value. Personal property is an integral part of a transient lodging facility. The allocation of a portion of the overall hotel’s value to the personal property is not explicitly considered by hotel investors in making their pricing decisions. Lodging facilities are usually sold with their personal property in place. In accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), we have delineated the market value of the subject hotel’s personal property.

USPAP defines intangible property as “nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.”<sup>14</sup> All value attributable to the intangible property has been removed with the assumed expense of a management fee and a franchise fee (if applicable) in the valuation process.

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<sup>11</sup> The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice*, 2016–2017 ed.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.



Our concluded opinions of the proposed subject hotel's market value include the value of the real property (land and improvements) and the value of the tangible personal property only.



## 14. Statement of Assumptions and Limiting Conditions

1. We note that the development of our value opinions for the proposed subject hotel assumes this extraordinary assumption: specifically, that the building improvements will be completed as of the “when complete” date of value. The reader should understand that:
  - a. The subject property exists in a partially-completed state as of the “as is” value date; and
  - b. The financial analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease because of market volatility and economic forces outside the control of the hotel’s management. We assume that the price of hotel rooms, food, beverages, and other sources of revenue to the hotel will be adjusted to offset any increases or decreases in related costs. We do not warrant that our estimates will be attained, but they have been developed based upon information obtained during the course of our market research and are intended to reflect the expectations of a typical hotel buyer as of the stated dates of valuation.
2. This report is to be used in whole and not in part.
3. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed marketable and free of any deed restrictions and easements. The property is evaluated as though free and clear unless otherwise stated.
4. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would affect the property’s development potential. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.
5. We have not considered the presence of potentially hazardous materials or any form of toxic waste on the project site. We are not qualified to detect hazardous substances and urge the client to retain an expert in this field if desired.



6. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have assumed the proposed hotel would be designed and constructed to be in full compliance with the ADA.
7. We have made no survey of the site, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate will be within the boundaries of the property described, and that no encroachment will exist.
8. All information, financial operating statements, estimates, and opinions obtained from parties not employed by TS Worldwide, LLC are assumed true and correct. We can assume no liability resulting from misinformation.
9. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.
10. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations and that all licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.
11. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
12. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media.
13. We are not required to give testimony or attendance in court because of this analysis without previous arrangements and shall do so only when our standard per-diem fees and travel costs have been paid prior to the appearance.
14. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
15. We take no responsibility for any events or circumstances that take place subsequent to either the date of value or the date of our field inspection, whichever occurs first.
16. The quality of a lodging facility's onsite management has a direct effect on a property's economic viability. The financial forecasts presented in this analysis assume responsible ownership and competent



management. Any departure from this assumption may have a significant impact on the projected operating results.

17. This analysis assumes continuation of all Internal Revenue Service tax code provisions as stated or interpreted on either the date of value or the date of our field inspection, whichever occurs first.
18. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded to the nearest tenth of a percent. Thus, these figures may be subject to small rounding errors.
19. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client; the use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
20. Evaluating and comprising financial forecasts for hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide value indications, the final forecasts are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
21. Our report has been prepared in accordance with, and is subject to, the requirements of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) and the Uniform Standards of Professional Practice (USPAP), as provided by the Appraisal Foundation.
22. This study was prepared by TS Worldwide, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of TS Worldwide, LLC as employees, rather than as individuals.



## 15. Certification

The undersigned hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. we have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
4. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
6. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
7. our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;
8. Erich Baum, CRE personally inspected the property described in this report; Jerod S. Byrd, MAI participated in the analysis and reviewed the findings, but did not personally inspect the property;
9. No one other than those listed above prepared the analyses, conclusions, and opinions concerning the real estate that are set forth in this appraisal report;
10. the undersigned have not performed services, as an appraiser or in any other capacity, for the property that is the subject of this report;
11. the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of



the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute;

12. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
13. as of the date of this report, Jerod S. Byrd, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.

A handwritten signature in black ink, appearing to read "E. Baum", is positioned above a horizontal line.

Erich Baum, CRE  
Senior Vice President  
TS Worldwide, LLC  
State Appraiser License (NY) 46000051318

A handwritten signature in black ink, appearing to read "J. Byrd", is positioned above a horizontal line.

Jerod S. Byrd, MAI  
Managing Director, Senior Partner  
TS Worldwide, LLC  
State Appraiser License (NY) 46000050131



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## Erich Baum, CRE

### EMPLOYMENT

*1996 to present*

HVS CONSULTING AND VALUATION SERVICES  
Boston, Massachusetts

*1990 to 1996*

HVS CONSULTING AND VALUATION SERVICES  
San Francisco, California

### EDUCATION AND OTHER TRAINING

BS – School of Hotel Administration, Cornell University

MA – School of Arts and Sciences, University of San Francisco

*Specialized Training Classes Taken:*

Statistics, Modeling and Finance – 15 hours

Even Odder - More Oddball Appraisals – 7 hours

NH Trainee Supervisor Course – 4 hours

Litigation Appraising: Specialized Topics and Applications – 15 hours

Basic Hotel Appraising – 7 hours

Advanced Hotel Appraising – 7 hours

Annual USPAP Updates

### STATE CERTIFICATIONS

Massachusetts, New Hampshire, New York

### PROFESSIONAL AFFILIATIONS

Counselors of Real Estate

Advisory Board – Main Street Hotel Group

Cornell Hotel Society



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**ARTICLES AND PUBLICATIONS**

Co-Author (with Stephen Rushmore) – *Hotels and Motels – Valuations and Market Studies*, Appraisal Institute, Chicago, Illinois, 2001

Contributing Editor – *Hotel Investments Handbook*, Warren, Gorham, Lamont, Inc., New York, New York, 1997

*HVS Journal*

"Supply-Induced Hotel Demand in Portland, Maine: A Case Study," December 2017

*HVS Journal*

"Resort with a Real Estate Ownership Component: A Turnaround Case Study," November 2016

*HVS Journal*

"Access HVS Boston Key Takeaways," co-authored with Brian F. Bisema and Preston K. Puleo, April 2016

*HVS Journal*

"A Brief Guide to Winning a Hotel Property Tax Appeal," April 2015

*HVS Journal*

"The Fine Art of Hotel Sale Adjustment," July 2013

*HVS Journal*

"What Should I Build? A Feasibility Methodology for Developers Seeking Product Guidance," September 2012

*HVS Journal*

"Putting the Past to Use: A Hotel Forecasting Tool for the Current Downturn," February 2009

*HVS Journal*

"Boston Hotel Market Review – 2006," February 2006

*HVS Journal*

"Boston Hotel Market Outlook," June 2005

*HVS Journal*

"Boston Hotel Market Review – Mid-2003," September 2003

**APPEARANCES AS AN EXPERT WITNESS**

Arlington County Circuit Court, Arlington, Virginia  
Maryland Tax Court, Baltimore Maryland (Multiple Cases)  
Superior Court, New Britain, Connecticut  
Board of Adjustment, New Castle County, Delaware  
Supreme Court, Albany County, New York  
New York State Department of Environmental Conservation Administrative Hearing, Margaretville, New York  
Board of Appeals, Woodstock, Vermont  
U.S. Bankruptcy Court, Eastern District of Missouri  
Supreme Court, State of New York



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**EXAMPLES OF PROPERTIES APPRAISED  
OR EVALUATED****ALABAMA**

Fairfield Inn, Birmingham  
Radisson Hotel, Birmingham  
Courtyard by Marriott, Dothan  
Hampton Inn & Suites, Dothan  
Proposed Hotel, Mobile  
SpringHill Suites, Montgomery

**ALASKA**

Barratt Inn, Anchorage

**ARIZONA**

Holiday Inn, Bullhead City  
Proposed Hilton Garden Inn, Phoenix  
Hilton Resort & Villas, Scottsdale  
Hyatt Regency Gainey Ranch,  
Scottsdale  
Loews Ventana Canyon, Tucson

**ARKANSAS**

Holiday Inn, North Little Rock

**CALIFORNIA**

Proposed Summerfield Suites,  
Belmont  
Motel 6, Big Bear City  
Proposed Hotel, Big Bear Lake  
Marriott SFO, Burlingame  
Proposed Hotel, Clear Lake County  
Harris Ranch, Coalinga  
Trees Inn, Concord  
Hotel Del Coronado, Coronado  
Furnace Creek Inn and Ranch, Death  
Valley  
Stovepipe Wells Village, Death Valley  
Budget Motel, Encinitas  
Motel 6, Gilroy  
Hyatt Regency Grand Champions,  
Indian Wells  
Hyatt Regency, Lake Tahoe  
Hyatt Regency, Long Beach  
Beverly Hills Country Club, Los  
Angeles  
Hotel Wilshire, Los Angeles

Ma Maison Sofitel, Los Angeles  
Proposed Rancho Malibu, Malibu  
Red Lion, Modesto  
Hyatt Regency, Monterey  
Proposed Courtyard, Newark  
Proposed Residence Inn, Newark  
Holiday Inn, Palo Alto  
Pleasanton Hilton, Pleasanton  
La Quinta Motor Inn, Rancho  
Penasquitos  
Mission Inn, Riverside  
Red Lion Hotel, Ronherth Park  
Sterling Hotel, Sacramento  
Meadowood Napa Valley Resort, St.  
Helena  
Holiday Inn Bayside, San Diego  
Hotel Palomar, San Diego  
Marriott Suites, San Diego  
Rancho Bernardo Inn, San Diego  
Summerhouse Inn, San Diego  
U.S. Grant Hotel, San Diego  
Donatello Hotel, San Francisco  
Grand Hyatt, San Francisco  
Howard Johnson Pickwick Hotel, San  
Francisco  
Hyatt Fisherman's Wharf, San  
Francisco  
Hyatt Regency, San Francisco  
InterContinental, San Francisco  
Juliana Hotel, San Francisco  
Marriott Fisherman's Wharf, San  
Francisco  
Orchard Hotel, San Francisco  
Parc 55, San Francisco  
Park Hyatt, San Francisco  
San Francisco Hilton, San Francisco  
San Francisco Marriott, San Francisco  
Savoy Hotel, San Francisco  
Sheraton Fisherman's Wharf, San  
Francisco  
Tuscan Inn, San Francisco  
Quality Suites, San Luis Obispo  
Canary Hotel, Santa Barbara  
Inn at Pasatiempo, Santa Cruz  
Loews Santa Monica Beach Hotel,  
Santa Monica  
Ramada Inn, Solana Beach

Proposed Westin Clubsport, Walnut  
Creek  
Walnut Creek Marriott, Walnut Creek

**COLORADO**

The Residential Suites at The Ritz-  
Carlton Bachelor Gulch, Avon  
Ritz-Carlton Bachelor Gulch, Avon  
Marriott, Colorado Springs  
Hyatt Regency, Denver  
Proposed Hilton Garden Inn, Denver  
Proposed Summerfield Suites, Denver  
Viceroy Hotel, Snowmass  
Capella Hotel, Telluride  
Inn at Lost Creek, Telluride

**CONNECTICUT**

Comfort Inn, Cromwell  
Courtyard by Marriott, Cromwell  
Radisson, Cromwell  
Proposed Resort, East Haddam  
Sheraton, East Hartford  
Holiday Inn Express, East Windsor  
Harley Hotel, Enfield  
Hyatt Regency, Greenwich  
Proposed Hilton, Greenwich  
Best Western Olympic Inn, Groton  
Sheraton, Hartford  
Proposed Thames Landing Resort,  
Montville  
Hilton, Mystic  
Courtyard by Marriott, New Haven  
Grand Chalet, New Haven  
Proposed Hotel, New London  
Radisson, New London  
Dolce Norwalk Conference Center,  
Norwalk  
Proposed Hampton Inn, Norwich  
Proposed Hampton Inn, Preston  
AmeriSuites, Shelton  
Holiday Inn Express & Suites, Shelton  
Dolce Heritage, Southbury  
Suisse Chalet, Stamford  
Hyatt Place, Uncasville  
Proposed Hilton Garden Inn,  
Wallingford  
Mayflower Inn & Spa, Washington



Courtyard by Marriott, Waterbury  
Westport Inn, Westport  
Comfort Inn, Wethersfield  
Courtyard by Marriott, Windsor  
Marriott Hartford Airport, Windsor  
Doubletree Hotel, Windsor Locks  
Homewood Suites, Windsor Locks  
Sheraton Bradley Airport, Windsor Locks

#### **DELAWARE**

Christiana Hilton Inn, Newark  
Radisson Hotel & Suites, New Castle County  
Proposed Wyndham Hotel, Wilmington

#### **DISTRICT OF COLUMBIA**

Capital Hilton, Washington  
Carlyle Suites, Washington  
DoubleTree by Hilton, Washington  
DoubleTree Guest Suites, Washington  
Four Seasons, Washington  
Hilton Garden Inn, Washington  
The Madison Hotel, Washington  
Marriott Marquis, Washington  
Park Hyatt, Washington  
St. Regis, Washington  
Savoy Suites, Washington  
Trump International Hotel, Washington  
Wardman Park Marriott, Washington  
Washington Hilton, Washington

#### **FLORIDA**

Hyatt Regency, Coconut Point  
Proposed Hotel, Fort Lauderdale  
Proposed Margaritaville Resort, Fort Myers  
Value Place Colonial, Fort Myers  
Value Place Orange River, Fort Myers  
Marriott Hotel, Jacksonville  
Hyatt Regency, Key West  
Best Western Diplomat, Kissimmee  
Value Place, Lakeland  
Courtyard by Marriott, Madeira Beach  
Airport Hilton, Melbourne

Hyatt Regency, Miami  
Proposed Hotel, Miami  
Proposed Summerfield Suites, Miami  
Value Place, Ocala  
Grosvenor Resort, Orlando  
Holiday Inn Select – UCF, Orlando  
Heart of Palm Beach, Palm Beach  
Marriott Hotel, Palm Beach Gardens  
PGA National Resort, Palm Beach Gardens  
Value Place, Sanford  
Grand Hyatt, Tampa  
Holiday Inn Express, Tampa  
Holiday Inn, Titusville

#### **GEORGIA**

Hyatt Regency, Atlanta  
Proposed Resort & Conference Center, Atlanta  
Hilton Garden Inn Atlanta East, Lithonia  
Sea Island Resort, Sea Island

#### **HAWAII**

Coco Palms, Kauai  
The Westin Kauai at Kauai Lagoons, Lihue  
Grand Wailea Resort, Maui  
Hyatt Regency, Maui

#### **IDAHO**

Super 8, Coeur d'Alene  
Super 8, Lewiston  
Super 8, Sandpoint

#### **ILLINOIS**

Radisson, Arlington Heights  
Courtyard by Marriott, Bedford Park  
Fairfield Inn & Suites, Bedford Park  
Hampton Inn, Bedford Park  
Hilton Garden Inn, Bedford Park  
Holiday Inn Express, Bedford Park  
Marriot, Bedford Park  
Sleep Inn, Bedford Park  
Hotel Indigo, Chicago  
Park Hyatt, Chicago  
Proposed Conrad Hotel, Chicago

Hyatt Hotel, Deerfield  
Holiday Inn Express, Effingham  
Marriott Chicago Northwest, Hoffman Estates  
Wyndham Northwest, Itasca  
Adam's Mark Hotel, Northbrook  
Hyatt Regency, Northbrook  
Radisson, Northbrook  
Hyatt Regency, Oak Brook  
Hyatt Hotel, Rosemont  
Hyatt Regency O'Hare, Rosemont  
Hyatt Regency Woodfield, Schaumburg  
Marriott, Schaumburg  
Crowne Plaza Hotel, Springfield  
Holiday Inn Express, Springfield

#### **INDIANA**

Hyatt Regency, Indianapolis

#### **IOWA**

Holiday Inn, Iowa City  
Argosy Casino, Sioux City

#### **KENTUCKY**

Baymont Inn, Bowling Green  
Harley Hotel, Lexington  
Hyatt Regency, Lexington  
Hyatt Regency, Louisville  
Holiday Inn Express Hotel & Suites, Somerset

#### **LOUISIANA**

Residence Inn, Baton Rouge  
Ambassador Hotel, New Orleans  
Chateau Sonesta, New Orleans  
Fairmont Hotel, New Orleans  
Hotel Modern, New Orleans  
Pallas Suite Hotel, New Orleans  
Proposed Grand Bay Hotel, New Orleans  
Proposed Hotel at WWII Museum, New Orleans  
St. Ann Hotel, New Orleans  
St. Louis Hotel, New Orleans

#### **MAINE**

Hilton Garden Inn, Auburn



Residence Inn, Auburn  
Hollywood Slots, Bangor  
Proposed Hotel, Bangor  
Super 8, Bangor  
Proposed Hotel, Bath  
Belfast Harbor Inn, Belfast  
Comfort Inn Ocean's Edge, Belfast  
Bethel Inn & Country Club, Bethel  
Lincoln Hotel & Lofts, Biddeford  
Spruce Point Inn, Boothbay Harbor  
Best Western, Brunswick  
Fairfield Inn & Suites, Brunswick  
Econo Lodge, Freeport  
Quality Suites, Freeport  
Beach House Inn, Kennebunk  
Grissini Restaurant, Kennebunk  
Hidden Pond, Kennebunkport  
White Barn Inn, Kennebunkport  
Yachtsman Lodge & Marina,  
Kennebunkport  
Eastland Park Hotel, Portland  
Fairfield Inn, Portland  
Hilton Garden Inn, Portland  
Hilton Garden Inn Jetport, Portland  
Suisse Chalet, Portland  
Westin Harborview, Portland  
Holiday Inn Express, Saco  
TownePlace Suites, Scarborough  
Holiday Inn Express, South Portland  
Marriott Sable Oaks, South Portland  
Proposed Tribute Hotel - Thompson's  
Point, Portland  
Westin Portland Harborview, Portland  
Proposed Hampton Inn, Wells  
Stage Neck Inn, York

#### MARYLAND

Historic Inns of Annapolis, Annapolis  
Hotel Monaco, Baltimore  
Hyatt Regency, Baltimore  
Proposed SpringHill Suites, Baltimore  
Tremont Plaza Hotel, Baltimore  
Chatham Bars Inn, Chatham  
Colony South Hotel & Conference  
Center, Clinton  
Sheraton Hotel, Columbia  
Holiday Inn Express, Frederick

Marriott Hotel, Greenbelt  
Courtyard by Marriott, Hunt Valley  
Proposed Hotel, Kent Island  
Hampton Inn BWI, Linthicum Heights  
Marriott BWI, Linthicum Heights  
Gaylord National Resort, National  
Harbor  
Residence Inn by Marriott National  
Harbor Washington DC, National  
Harbor  
Clarion Hotel, Oxon Hill  
Silver Spring Motel, Silver Spring

#### MASSACHUSETTS

Fairfield Inn, Amesbury  
Hampton Inn, Andover  
Holiday Inn Express, Auburn  
Courtyard by Marriott, Billerica  
Homewood Suites, Billerica  
Ames Hotel, Boston  
Back Bay Hotel, Boston  
Battery Wharf Hotel, Boston  
Courtyard by Marriott North Station,  
Boston  
Courtyard by Marriott Tremont,  
Boston  
DoubleTree Bayside Expo, Boston  
DoubleTree Downtown, Boston  
DoubleTree Guest Suites, Boston  
Fairmont Copley, Boston  
Four Seasons at One Dalton Street,  
Boston  
Hilton Back Bay, Boston  
Hilton Financial District, Boston  
Holiday Inn Express, Boston  
Holiday Inn Logan Airport, Boston  
John Jeffries House, Boston  
Mandarin Oriental Hotel, Boston  
Proposed Columbus Center Hotel,  
Boston  
Proposed Meininger Hotel, Boston  
Proposed Omni Waterfront, Boston  
Radisson Hotel, Boston  
Regent Hotel, Boston  
Renaissance Hotel, Boston  
Residence Inn Tudor Wharf, Boston  
Ritz-Carlton Boston Common, Boston

Seaport Hotel, Boston  
Taj Hotel, Boston  
Tremont House, Boston  
Westin Waterfront, Boston  
Wyndham Hotel, Boston  
Holiday Inn, Boxborough  
Courtyard by Marriott, Cambridge  
Radisson, Cambridge  
Chatham Bars Inn, Chatham  
Wyndham Hotel, Chelsea  
Sheraton Ferncroft, Danvers  
Residence Inn by Marriott New  
Bedford Dartmouth, Dartmouth  
Hilton Hotel, Dedham  
Harbor View Resort, Edgartown  
Ramada Inn, Falmouth  
Residence Inn, Foxborough  
Residence Inn, Framingham  
Sheraton, Framingham  
Comfort Suites, Haverhill  
Clarion Nantasket Beach Hotel, Hull  
Harborview Hotel, Hyannis  
Ramada Inn, Hyannis  
Four Points Hotel, Leominster  
Holiday Inn Express, Lexington  
Doubletree Hotel, Lowell  
Sheraton Inn, Lowell  
Days Inn, Middleboro  
Holiday Inn Express, Milford  
Comfort Inn, Northborough  
Residence Inn by Marriott New  
Bedford, North Dartmouth  
MainStay Suites, Peabody  
SpringHill Suites, Peabody  
Hotel on North, Pittsfield  
Hampton Inn, Revere  
Proposed 150-Room Hotel, Revere  
Proposed Full-Service Hotel, Revere  
Proposed SpringHill Suites by  
Marriott, Revere  
Ramada Inn, Rockland  
La Quinta Inn & Suites, Springfield  
Proposed Home2 Suites by Hilton,  
Springfield  
Wheatleigh, Stockbridge  
Publick House, Sturbridge  
Fairfield Inn, Tewksbury



Holiday Inn Andover Tewksbury,  
Tewksbury  
TownePlace Suites, Tewksbury  
Sheraton Hotel, Wakefield  
Proposed Summerfield Suites,  
Waltham  
Proposed Sierra Suites, Woburn  
Radisson, Woburn  
Courtyard by Marriott, Worcester  
Crowne Plaza Hotel, Worcester  
Hampton Inn, Worcester  
Flagship Inn, Yarmouth  
Gull Way Suites, Yarmouth

#### **MICHIGAN**

Proposed Conference Center Hotel,  
Ann Arbor  
Radisson Suites, Farmington Hills  
Crowne Plaza Grand Rapids Airport,  
Grand Rapids  
Holiday Inn East, Grand Rapids  
Proposed Full-Service Hotel, Grand  
Rapids  
Holiday Inn Express, Houghton  
Courtyard by Marriott, Kentwood  
Marriott Hotel, Livonia  
Holiday Inn, Muskegon  
Embassy Suites, Romulus  
Hampton Inn & Suites, Romulus  
Hilton Garden Inn, Romulus  
Hilton Suites, Romulus  
Radisson Plaza, Southfield  
SpringHill Suites, Southfield

#### **MINNESOTA**

Airport Hilton, Bloomington  
Holiday Inn Select, Bloomington  
Doubletree Guest Suites, Minneapolis  
Graves 601 Hotel, Minneapolis  
Hilton, Minneapolis  
Hyatt Regency, Minneapolis  
Radisson University, Minneapolis  
Proposed Hilton, Rochester

#### **MISSISSIPPI**

Comfort Inn, Clarksdale  
Best Western, Greenville

Hampton Inn, Greenwood  
Motel 6, Hattiesburg  
Quality Inn, Oxford  
Hollywood Casino, Tunica

#### **MISSOURI**

Fairmont Hotel, Kansas City  
Chase Park Plaza, St. Louis  
Comfort Inn Airport, St. Louis  
Marriott West, St. Louis  
Ritz-Carlton, St. Louis  
Sheraton City Center, St. Louis

#### **NEVADA**

Super 8, Carson City

#### **NEW HAMPSHIRE**

Bedford Village Inn, Bedford  
Wayfarer Inn, Bedford  
Fairfield Inn, Concord  
Days Inn, Dover  
Hotel New Hampshire, Durham  
Exeter Inn, Exeter  
Hampton Inn & Suites, Exeter  
Proposed Homewood Suites, Hanover  
Eagle Mountain House, Jackson  
Courtyard by Marriott, Keene  
Courtyard by Marriott, Manchester  
Hilton Garden Inn Downtown,  
Manchester  
Holiday Inn Express, Manchester  
La Quinta, Manchester  
SpringHill Suites, Manchester  
TownePlace Suites, Manchester  
Proposed Branded Hotel, Meredith  
Fairfield Inn, Merrimack  
Merrimack Hotel & Conference Center,  
Merrimack  
Courtyard by Marriott, Nashua  
Crowne Plaza, Nashua  
Proposed Residence Inn by Marriott,  
Nashua  
Residence Inn by Marriott, Nashua  
Sheraton, Nashua  
Marriott Wentworth-by-the-Sea, New  
Castle  
Hampton Inn & Suites, North Conway

North Conway Grand Hotel, North  
Conway  
Yankee Clipper Lodge, North Conway  
Courtyard by Marriott, Portsmouth  
Fairfield Inn, Portsmouth  
Hilton Garden Inn, Portsmouth  
Proposed Westin Hotel, Portsmouth  
Residence Inn by Marriott, Portsmouth  
Sheraton Harborside, Portsmouth  
Sunset Motor Inn, West Lebanon  
Wolfeboro Inn, Wolfeboro

#### **NEW JERSEY**

Chelsea Hotel, Atlantic City  
Hilton Newark Airport, Elizabeth  
Holiday Inn George Washington  
Bridge, Fort Lee  
Proposed Hotel, Freehold  
Proposed Hotel, Jersey City  
Ocean Place Resort & Spa, Long Branch  
Proposed Summerfield Suites,  
Morristown  
Proposed TownePlace Suites, Mt.  
Laurel  
Summerfield Suites, Mt. Laurel  
Proposed Marriott, Newark  
Proposed Summerfield Suites,  
Parsippany  
Hyatt Regency, Princeton  
Holiday Inn, Somerset  
Proposed Homewood Suites, Somerset  
Sunrise Suites, Tinton Falls  
Proposed Renaissance & Residence  
Inn, Weehawken

#### **NEW MEXICO**

Doubletree Hotel, Albuquerque  
Inn at Loretto, Santa Fe

#### **NEW YORK**

Desmond Hotel, Albany  
Proposed Hotel, Albany  
Lord Amherst Redevelopment,  
Amherst  
Marriott Buffalo Niagara, Amherst  
Holiday Inn Arena, Binghamton  
Proposed Best Western Plus, Brewster



Best Western/Sleep Inn/MainStay Suites, Bronx  
Hampton Inn & Suites, Bronx  
Hyatt Regency, Buffalo  
Holiday Inn Westbury, Carle Place  
Proposed Boutique Hotel, Centerport  
Proposed Holiday Inn Express, Chester  
Best Western Albany Airport, Colonie  
Proposed Select-Service Hotel, Cortlandt Manor  
Nevele Resort Redevelopment, Ellenville  
Woodcliff Hotel & Spa, Fairport  
Hampton Inn, Fishkill  
Hilton Garden Inn, Fishkill  
Sheraton LaGuardia East, Flushing  
Byblos Niagara Resort, Grand Island  
Oheka Castle, Huntington  
Fairfield Inn & Suites by Marriott, Ithaca  
Proposed Hotel near the Concord Resort, Kiamesha Lake  
Proposed Resort at Hutton Brick Yard, Kingston  
Redevelopment Site, Kingston  
Whiteface Lodge, Lake Placid  
Best Western, Lockport  
Quality Inn, Massena  
Proposed Residence Inn by Marriott, Middletown  
Gurney's Inn, Montauk  
Holiday Inn, Mount Kisco  
Proposed Hotel, New Hartford  
Radisson, New Rochelle  
Cipriani Event Facilities, New York  
Grand Hyatt, New York  
MAve Hotel NYC, New York  
Park Hyatt Stanhope, New York  
Proposed Joie de Vivre Hotel on W 49th Street, New York  
Ramada Milford Plaza, New York  
Comfort Inn The Pointe, Niagara Falls  
Holiday Inn at the Falls, Niagara Falls  
Brookwood Inn, Pittsford  
Proposed Hyatt Place East End, Riverhead  
Westchester Hilton, Rye

Doral Arrowwood, Rye Brook  
Hotel Saranac, Saranac Lake  
The Point, Saranac Lake  
Proposed Belleayre Resort, Shandaken  
Proposed Boutique Hotel, Southold  
Embassy Suites, Syracuse  
Hampton Inn, Syracuse  
Courtyard by Marriott, Tarrytown  
Proposed Full-Service Hotel, Tyre  
Holiday Inn University, Vestal  
Proposed Residence Inn by Marriott, Wallkill  
Hampton Inn & Suites, Yonkers

#### **NORTH CAROLINA**

Comfort Suites, Clayton  
Proposed Sheraton, Davidson  
Sanderling Resort & Spa, Duck  
Marriott Research Triangle Park, Durham  
Hampton Inn Airport, Greensboro  
Proposed GuestHouse Suites, Greensboro  
Rodeway Inn & Suites, Greenville  
High Point Plaza Hotel, High Point  
Proposed Holiday Inn, Huntersville  
Proposed Westin, Morrisville  
Proposed Crabtree Valley Hotel, Raleigh  
Residence Inn by Marriott, Raleigh  
Sheraton Hotel, Raleigh  
Sleep Inn, Wilson

#### **NORTH DAKOTA**

Fairfield Inn & Suites North, Bismarck  
Fairfield Inn & Suites South, Bismarck  
Residence Inn by Marriott, Bismarck  
Ramada Plaza Conversion, Fargo  
Residence Inn by Marriott, Fargo

#### **OHIO**

Fairfield Inn & Suites, Avon  
Embassy Suites, Beachwood  
Embassy Suites, Blue Ash  
Harley Hotel, Cincinnati  
Hyatt Regency, Cincinnati  
Hilton Garden Inn Gateway, Cleveland

Hyatt Regency, Columbus  
Proposed Convention Hotel, Columbus  
Marriott Hotel, Sharonville  
Hampton Inn, St. Clairsville  
Crowne Plaza, Toledo

#### **OKLAHOMA**

Proposed Hotel, Oklahoma City  
Renaissance Waterford, Oklahoma City

#### **OREGON**

RiverPlace Hotel, Portland  
Vintage Plaza Hotel, Portland  
Execulodge, Salem  
Holiday Inn, Wilsonville

#### **PENNSYLVANIA**

Proposed Hyatt Place, Bethlehem  
Comfort Inn, Hershey  
Doubletree Hotel, Moon  
Mount Airy Casino Resort, Mount Pocono  
Hotel Palomar, Philadelphia  
Omni Hotel, Philadelphia  
Park Hyatt, Philadelphia  
Proposed Residence Inn, Philadelphia  
Harley Hotel, Pittsburgh  
Hyatt Regency Airport, Pittsburgh  
Proposed Hotel & Conference Center, Scranton  
Courtyard by Marriott, Valley Forge  
Comfort Inn, York

#### **RHODE ISLAND**

Hotel Viking, Newport  
Hyatt Regency, Newport  
Newport Harbor Hotel, Newport  
Vanderbilt Grace Hotel, Newport  
Boutique Hotel, Providence  
Hilton Hotel, Providence  
Holiday Inn, Providence  
Westin Hotel, Providence  
Comfort Inn, Warwick  
Crowne Plaza, Warwick  
Holiday Inn Express, Warwick  
MainStay Suites, Warwick  
NYLO Hotel, Warwick



Proposed Hotel, Warwick  
Proposed Staybridge Suites, Warwick  
Residence Inn, Warwick  
SpringHill Suites, West Warwick

#### **SOUTH CAROLINA**

Proposed Hotel, Charleston  
Hampton Inn, Columbia  
Comfort Inn, Greenville  
Hampton Inn, Greenville  
Hampton Inn, Spartanburg

#### **TENNESSEE**

Comfort Inn, Chattanooga  
Aloft Cool Springs, Franklin  
Homewood Suites, Germantown  
The Carnegie Hotel, Johnson City  
Holiday Inn Select, Memphis  
Motel 6, Memphis  
Radisson Hotel, Memphis  
Wyndham Garden, Memphis  
Gaylord Opryland Resort, Nashville  
Holiday Inn Crowne Plaza, Nashville  
Holiday Inn Express, Nashville  
Renaissance Hotel, Nashville  
Comfort Inn, Oak Ridge  
Wilderness at the Smokies, Sevierville

#### **TEXAS**

Hyatt Regency, Austin  
Radisson Hotel & Suites, Austin  
Fairmont Hotel, Dallas  
Hyatt Regency, DFW Airport  
DoubleTree by Hilton, El Paso  
Hyatt Regency, Hill Country  
Hawthorn Suites, Houston  
Hyatt Regency, Houston  
Harvey Hotel, Irving  
Proposed Hotel at Southfork Ranch,  
Parker  
Doubletree Airport Hotel, San Antonio  
Wilderness at the Smokies, Sevierville

#### **VERMONT**

Twin Farms, Barnard  
Hilton Hotel, Burlington  
Fairfield Inn, Colchester

The Inn at Essex, Essex  
Killington Grand Hotel, Killington  
Equinox Golf Resort & Spa, Manchester  
Cortina Inn, Mendon  
Middlebury Inn, Middlebury  
Comfort Inn, Rutland  
Hawthorn Suites, South Burlington  
Courtyard by Marriott Burlington Taft  
Corners, Williston  
Woodstock Inn & Resort, Woodstock

#### **VIRGINIA**

Hyatt Hotel, Arlington  
Marriott Crystal Gateway, Arlington  
Westin Gateway, Arlington  
SpringHill Suites by Marriott,  
Centreville  
Hampton Inn, Chantilly  
Proposed Hotel, Chesapeake  
Courtyard by Marriott, Crystal City  
Embassy Suites, Crystal City  
Holiday Inn Crowne Plaza, Crystal City  
Hyatt Regency, Crystal City  
Proposed Hilton Garden Inn, Fair Oaks  
Courtyard by Marriott, Harrisonburg  
Four Points, Harrisonburg  
Homewood Suites, Herndon  
Holiday Inn, Leesburg  
Homewood Suites, Merrifield  
The Main, Norfolk  
Marriott Waterside Hotel, Norfolk  
SpringHill Suites, Norfolk  
Renaissance Hotel, Portsmouth  
Holiday Inn West, Richmond  
Hyatt Hotel, Richmond  
Marriott Hotel, Richmond  
Proposed Miller & Rhoads Hotel,  
Richmond  
Sheraton Richmond West, Richmond  
Residence Inn Tysons Corner, Vienna  
Cavalier Hotel, Virginia Beach  
Proposed Embassy Suites Oceanfront,  
Virginia Beach  
Proposed Hilton Hotel, Virginia Beach  
Proposed Marriott Oceanfront,  
Virginia Beach

The Inn at Little Washington,  
Washington  
Governor's Inn, Williamsburg  
Griffin Hotel, Williamsburg  
The Williamsburg Inn, Williamsburg  
The Williamsburg Lodge, Autograph  
Collection, Williamsburg  
Woodlands Hotel & Resorts,  
Williamsburg

#### **WASHINGTON**

Embassy Suites, Bellevue  
Red Lion Hotel, Bellevue  
Homecourt Suites, Kent  
Embassy Suites, Lynnwood  
Red Lion Hotel, Sea-Tac  
Grand Hyatt, Seattle  
Holiday Inn Crowne Plaza, Seattle  
Proposed Red Lion, Seattle  
Red Lion Hotel, Spokane  
Shilo Inn, Spokane  
Skamania Lodge, Stevenson  
Howard Johnson, Tacoma  
Sheraton Hotel, Tacoma  
Shilo Inn, Tacoma  
Doubletree Suites, Tukwila  
Red Lion Hotel, Yakima

#### **WEST VIRGINIA**

Holiday Inn Hotel & Suites, Huntington  
Hampton Inn, Wheeling

#### **WISCONSIN**

Wyndham Garden, Brookfield  
Lake Lawn Resort, Delavan  
Holiday Inn Airport, Milwaukee  
Holiday Inn West, Milwaukee  
Hyatt Regency, Milwaukee  
Wilderness Hotel & Resort, Wisconsin  
Dells

#### **WYOMING**

Super 8, Cody  
Super 8, Jackson  
Four Seasons Jackson Hole, Teton  
Village



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## **INTERNATIONAL**

### **Anguilla**

Four Seasons Anguilla

### **Aruba**

Hyatt Regency

### **Bermuda**

Fairmont Princess Hotel, Hamilton

Waterloo House, Hamilton

Coral Beach & Tennis Club,

Southampton

Horizons & Cottages, Southampton

Sonesta Beach Resort, Southampton

### **Canada**

Hyatt Regency, Vancouver, British  
Columbia

### **Dominican Republic**

Punta Cana Resort, Punta Cana

### **Mexico**

Esperanza Resort, Cabo San Lucas

Omni Hotel, Ixtapa

### **Puerto Rico**

Hyatt Dorado Beach, Dorado

Hyatt Regency Cerromar, Dorado

### **West Indies**

Proposed Hotel & Casino, St. Kitts

Club St. Lucia, St. Lucia

Ladera Resort, St. Lucia



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## Jerod Byrd, MAI

### EMPLOYMENT

2007 to present	HVS CONSULTING AND VALUATION SERVICES Philadelphia, Pennsylvania
2006	MERCURY INVESTMENT MANAGEMENT Memphis, Tennessee
2005	BLENNERHASSETT HOTEL Parkersburg, West Virginia

### EDUCATION AND OTHER TRAINING

BS – Business Administration, University of Memphis

*Other Specialized Training Classes Completed:*

Uniform Standards of Professional Appraisal Practice – 15 hours

Basic Appraisal Principles – 30 hours

Basic Appraisal Procedures – 30 hours

General Appraiser Income Approach (Parts I and II) – 60 hours

General Appraiser Market Analysis and HBU – 30 hours

General Appraiser Site Valuation and Cost Approach – 30 hours

General Appraiser Sales Comparison Approach – 30 hours

Business Practices and Ethics – 7 hours

Statistics, Modeling and Finance – 15 hours

General Appraiser Report Writing and Case Studies – 30 hours

Advanced Income Capitalization – 40 hours

Delaware Law Rules and Regulations – 3 hours

An Introduction to Valuing Commercial Green Buildings – 7 hours

Apartment Appraisal, Concepts & Applications – 16 hours

Fundamentals of Separating Real, Personal Property, and Intangible Business Assets – 15 hours

Advanced Concepts and Case Studies – 35 hours

PA Law Class – 2 hours

Business Practices and Ethics – 7 hours

DE Law Rules and Regulations – 3 hours

CT Law Update with Supervisor/Provisional Education – 3 hours

Advanced Income – 35 hours

Advanced Hotel Appraisals – 7 hours



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**EDUCATION  
(CONTINUED)**

Expert Witness for Commercial Appraisers – 12 hours  
Residential Applications – 7 hours  
PA Law Class – 2 hours  
Annual USPAP Updates

**STATE CERTIFICATIONS**

Connecticut, Delaware, Maryland, New Jersey, New York, Pennsylvania, Virginia

**PROFESSIONAL  
AFFILIATIONS**

Appraisal Institute – Designated Member (MAI)

**PUBLISHED ARTICLES**

<i>HVS Journal</i>	"In Focus: Philadelphia, PA," co-authored with Scott Killheffer, November 2015
<i>HVS Journal</i>	"In Focus: Washington, D.C.," co-authored with Chelsey Leffet, July 2014
<i>HVS Journal</i>	"HVS Market Intelligence Report: Philadelphia," co-authored with Chelsey Leffet, August 2013
<i>HVS Journal</i>	"HVS Market Intelligence Report: Greater Wilmington, Delaware," co-authored with Chelsey Leffet, April 2013
<i>HVS Journal</i>	"HVS Market Intelligence Report: Wilmington and Newark, Delaware," August 2009
<i>HVS Journal</i>	"HVS Market Intelligence Report: Philadelphia, Pennsylvania," January 2009
<i>HVS Journal</i>	"HVS Market Intelligence Report: Baltimore-Washington International Airport," October 2007



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**EXAMPLES OF PROPERTIES APPRAISED  
OR EVALUATED****PORTFOLIO ANALYSIS**

Portfolio of 50 Sun Suites, Crestwood  
Suites, and Home Towne Suites,  
Various Locations  
Interbank Portfolio of 7, Various  
Locations

**ALABAMA**

Baymont Inn & Suites, Oxford  
Hilton Garden Inn, Tuscaloosa

**ARIZONA**

Marriott University Park, Tucson

**CALIFORNIA**

Days Inn, Anaheim  
Travelodge, Anaheim  
Land Appraisal, El Segundo  
Embassy Suites on Monterey Bay,  
Seaside  
Marriott Warner Center Woodland  
Hills, Woodland Hills

**COLORADO**

Super 8, Colorado Springs  
DoubleTree, Westminster

**CONNECTICUT**

Holiday Inn Express, Branford  
Baymont Inn, East Windsor  
Holiday Inn Express, East Windsor  
Travel Inn, Hartford  
Fairfield Inn Conversion to Days Inn,  
Milford  
Hilton Garden Inn, Milford  
Hyatt Place, Milford  
La Quinta Inn & Suites New Britain  
Farmington, New Britain

Premiere Hotel & Suites, New Haven  
Red Roof Inn, New London  
Hampton Inn, Shelton  
Honeyspot Motor Lodge, Stratford  
Courtyard by Marriott, Waterbury  
The Delmar, West Hartford  
Comfort Inn, Wethersfield  
SpringHill Suites by Marriott, Windsor  
Locks

**DELAWARE**

Crowne Plaza, Claymont  
Holiday Inn, Dover  
Microtel Inn & Suites, Dover  
Proposed La Quinta Inn & Suites,  
Dover  
Proposed Hotel, Georgetown  
Microtel Inn & Suites, Georgetown  
Hampton Inn, Milford  
Comfort Suites (Four Points  
Conversion), Newark  
Four Points Conversion (Closed),  
Newark  
Proposed Four Points, Newark  
Proposed Hampton Inn & Suites,  
Newark  
Proposed Hotel, Newark  
Proposed SpringHill Suites, Newark  
Red Roof Inn, Newark  
TownePlace Suites by Marriott,  
Newark  
Proposed Tru by Hilton, Rehoboth  
Beach  
Best Western Brandywine Valley Inn,  
Wilmington  
Courtyard by Marriott, Wilmington  
DoubleTree, Wilmington  
Inn at Wilmington, Wilmington  
Proposed Hampton Inn, Wilmington  
Proposed Homewood Suites by Hilton  
Wilmington Riverfront, Wilmington  
Proposed Residence Inn or Hilton  
Garden Inn, Wilmington  
Proposed SpringHill Suites,  
Wilmington

Proposed Westin Downtown,  
Wilmington

**DISTRICT OF COLUMBIA**

Capella Hotel Georgetown  
Embassy Washington, D.C.  
Hyatt Place E-Street  
Hyatt Place Washington DC US Capitol  
Marriott Marquis  
Proposed Cambria Suites  
Proposed Canopy Hotel  
Proposed Embassy Suites  
Proposed Hampton Inn  
Proposed Homewood Suites by Hilton  
Proposed Hyatt Place  
Proposed InterContinental  
Proposed Marriott Marquis  
Proposed SpringHill Suites  
Quality Inn Redevelopment 1 -  
Proposed Hampton Inn  
Quality Inn Redevelopment 2 -  
Proposed Homewood Suites  
Washington Hilton  
Willard Intercontinental Hotel and  
Office

**FLORIDA**

Proposed W, Boca Raton  
Hampton Inn, Bonita Springs  
Homewood Suites by Hilton, Bonita  
Springs  
Seagate Hotel and Beach Club, Del Ray  
Beach  
Ritz-Carlton (formerly St. Regis), Fort  
Lauderdale  
TownePlace Suites, Miami  
TownePlace Suites, Miami Lakes  
Hard Rock Hotel at Universal Studios,  
Orlando  
Loews Portofino Bay Hotel, Orlando  
Loews Royal Pacific Resort at  
Universal Orlando, Orlando  
Proposed Hotel, Palm City  
Proposed Hotel Saba, Rosemary Beach  
Holiday Inn & Suites, Sunrise



Holiday Inn, Tallahassee  
Embassy Suites, Tampa  
SpringHill Suites by Marriott, Vero Beach

## GEORGIA

Fairfield Inn Six Flags, Atlanta  
Hampton Inn Airport, Atlanta  
Westin Airport, Atlanta  
Holiday Inn Express, Augusta  
Hampton Inn, Cartersville  
Days Inn, College Park  
Hampton Inn, Fairburn  
Holiday Inn, Jekyll Island  
Hampton Inn, Marietta  
Hospital, Montezuma  
Clarion Inn & Suites (Conversion to a Hilton Garden Inn), Savannah  
Hampton Inn, Waycross

## HAWAII

Kona Kamehameha, Kona

## ILLINOIS

Hotel Allegro, Chicago  
Renaissance Chicago O'Hare Suites, Chicago  
Ramada Inn, Plymouth

## INDIANA

Holiday Inn Express, Greenfield  
Country Inn & Suites, Indianapolis  
Staybridge Suites, Merrillville

## IOWA

Sheraton, West Des Moines

## KANSAS

Radisson (conversion to Crowne Plaza), Lenexa  
Capitol Plaza, Topeka

## KENTUCKY

Proposed Hilton Garden Inn, Louisville

## LOUISIANA

Holiday Inn New Orleans Westbank, Gretna  
Holiday Inn, New Orleans  
Land Appraisal, New Orleans

## MAINE

Proposed Homewood Suites by Hilton, Augusta  
Comfort Inn, Brunswick  
Country Inn, Bangor  
Proposed Hampton Inn, Kennebunk Bourne B&B, Ogunquit  
Colonial Village Resort, Ogunquit  
Proposed Hotel, Oxford  
Proposed Hotel, South Portland  
Haven by the Sea, Wells  
Lighthouse Inn, York

## MARYLAND

Brookshire Suites, Baltimore  
Embassy Suites Airport, Baltimore  
Hampton Inn Baltimore Downtown, Baltimore  
Hilton, Baltimore  
Holiday Inn Inner Harbor, Baltimore  
Hotel Indigo, Baltimore  
Hotel Monaco, Baltimore  
Proposed Canopy by Hilton, Baltimore  
Proposed Extended-Stay Hotel, Baltimore  
Proposed Four Points by Sheraton, Baltimore  
Proposed Holiday Inn Express, Baltimore  
Proposed Hotel Indigo, Baltimore  
Proposed Staybridge Suites, Baltimore  
Radisson Cross Keys, Baltimore

Sheraton Baltimore City Center, Baltimore  
Comfort Inn of Solomons, Beacons Marina  
Homewood Suites by Hilton, Bel Air  
Proposed Hotel, Bel Air  
Proposed TownePlace Suites by Marriott, Belcamp  
Residence Inn by Marriott, Bethesda  
Sheraton College Park North Hotel, Beltsville  
Country Inn & Suites, Capitol Heights  
Proposed Select-Service Hotel, Capitol Heights  
Hilton Columbia, Columbia  
Holiday Inn Express, Easton  
Motel 6, Elkton  
Courtyard by Marriott, Frederick  
Wyndham Garden Hotel, Gaithersburg  
Proposed Courtyard, Germantown  
Residence Inn by Marriott, Greenbelt  
Comfort Inn & Suites, Hagerstown  
Sleep Inn & Suites, Hagerstown  
Proposed Aloft, Hanover/Arundel Mills  
Proposed Element, Hanover/Arundel Mills  
Super 8, Havre de Grace  
Comfort Inn, Hunt Valley  
Courtyard Baltimore Hunt Valley, Hunt Valley  
Proposed Hyatt Place, Kent Narrows  
Super 8, La Vale  
SpringHill Suites by Marriott BWI, Linthicum  
Staybridge Suites BWI, Linthicum  
Sleep Inn BWI, Linthicum Heights  
Metro Points Hotel, New Carrollton  
Courtyard by Marriott, Ocean City  
Proposed Aloft, Ocean City  
Proposed Cambria Suites, Ocean City  
Proposed Homewood Suites by Hilton, Ocean City  
Proposed Residence Inn by Marriott, Ocean City



Proposed Select-Service Hotel &  
Conference Center, Queen Anne's  
County

Proposed Mirbeau Inn & Spa,  
Queenstown

Hilton Garden Inn/Homewood Suites,  
Rockville

Harbourtown Resort, St. Michaels

Inn at Perry Cabin, St. Michaels

Proposed Home2 Suites by Hilton,  
Silver Spring

Comfort Inn Beacon Marina Solomons,  
Solomons

Super 8, Thurmont

Proposed Hampton Inn, Timonium

Radisson, Timonium

Holiday Inn, Towson

Proposed Residence Inn by Marriott,  
Upper Marlboro

#### **MASSACHUSETTS**

Proposed Hampton Inn, Amesbury  
DoubleTree by Hilton Bedford Glen,  
Bedford

Hotel Commonwealth, Boston

Proposed Limited-Service Hotel,  
Boston

Proposed Holiday Inn Express,  
Chelmsford

Radisson Hotel & Suites, Chelmsford

Quality Inn, Chicopee

Hilton, Dedham

Cape Cod Resort, Hyannis

New Englander Motor Court, Malden

Proposed Holiday Inn Express,  
Plainville

Mirbeau Inn & Spa at the Pinehills,  
Plymouth

Proposed Home2 Suites by Hilton,  
Watertown

Courtyard by Marriott, Westborough

#### **MICHIGAN**

Proposed Detroit Boutique Hotel,  
Detroit

#### **MISSISSIPPI**

Comfort Suites, Starkville

#### **MISSOURI**

La Quinta Inn, Kansas City

Holiday Inn Riverfront, St. Joseph

#### **NEBRASKA**

American Inn, Alliance

Carlisle Hotel, Omaha

Comfort Inn & Suites, Omaha

#### **NEW HAMPSHIRE**

Days Inn, Campton

Proposed Hotel, Hampton

Proposed Lilac Center at Granite Hills,  
Hooksett

Fairfield Inn Conversion to Red Roof  
Inn, Manchester

#### **NEW JERSEY**

Hampton Inn Atlantic City/Absecon,  
Absecon

Proposed Hampton Inn, Atlantic City

Proposed Hotel, Asbury Park

Hampton Inn, Blackwood

Proposed Red Roof Inn, Bordentown

Hyatt House, Branchburg

Proposed Hotel, Brick

Proposed Courtyard by Marriott,  
Bridgewater

Proposed Residence Inn by Marriott,  
Bridgewater

Days Inn, Brooklawn

Holiday Inn, Budd Lake

Capt. Samuel Ewing

Mansion/Expansion, Cape May

Clarion Hotel Conversion, Cherry Hill

Days Inn, Cherry Hill

Holiday Inn, Cherry Hill

Quality Inn, Cookstown

Proposed Hampton Inn, Cranbury  
Residence Inn, Cranbury

Motel 6, East Brunswick

Studio 6, East Brunswick

Proposed SpringHill Suites, East  
Rutherford

Hilton Garden Inn Edison Raritan  
Center, Edison

Residence Inn by Marriott, Egg Harbor

Proposed Sheraton Hotel, Elmwood  
Park

Courtyard by Marriott, Ewing  
Element, Ewing

Proposed Natirar Hotel, Far Hills

Proposed Best Western Plus, Florence

Proposed Hyatt Place, Fort Lee

Country Inn & Suites, Galloway

Land Appraisal, Gloucester City

Proposed Hampton Inn, Jersey City

Proposed Holiday Inn Express, Jersey  
City

Proposed Homewood Suites, Jersey  
City

Proposed Hotel, Lakewood

Proposed Limited-Service Hotel,  
Lakewood

Courtyard by Marriott, Lebanon

Proposed Fairfield Inn & Suites,  
Millville

Proposed Hotel, Millville

Proposed TownePlace Suites, Millville

Hyatt House, Morristown

Hampton Inn, Mount Holly

Hilton Garden Inn, Mount Laurel

Proposed Aloft, Mount Laurel

TownePlace Suites by Marriott, Mount  
Laurel

Proposed Home2 Suites, Neptune

Proposed Homewood Suites, Neptune

Proposed Hotel, Neptune

Hilton Downtown, Newark

Wyndham Garden Newark Airport,  
Newark

Clarion, North Brunswick

Ramada Inn, North Bordentown

Proposed Courtyard by Marriott,  
North Brunswick



Proposed Staybridge Suites, North Brunswick  
Proposed Monmouth Park Hotel, Oceanport  
Holiday Inn Express, Paramus  
Fairfield Inn & Suites, Parsippany  
Hyatt House Parsippany-East, Parsippany  
Hampton Inn, Pennsville  
Motel 6, Piscataway  
Quality Inn, Pleasantville  
Best Western, Pompton Plains  
Courtyard by Marriott, Princeton  
Home2 Suites by Hilton Rahway New Jersey, Rahway  
Best Western, Ramsey  
Hampton Inn, Ridgefield Park  
Crowne Plaza, Saddle Brook  
Desert Palm Inn, Seaside Park  
Courtyard by Marriott, Secaucus  
Drifting Sands Motel, Ship Bottom  
Proposed Home2 Suites by Hilton, Somers Point  
Hotel Somerset, Somerset  
Madison Suites Hotel, Somerset  
Proposed Hampton Inn & Suites, Somerset  
Residence Inn, Somerset  
Residence Inn by Marriott, Stanhope  
Proposed TownePlace Suites, Swedesboro  
Proposed Hotel, Union City  
Proposed Select-Service Hotel Union City, Union City  
Comfort Inn, Vineland  
Travel Inn, Vineland  
Broadway Motel, Washington  
Proposed Courtyard by Marriott, Wayne  
Hampton Inn, Westampton  
La Quinta Inn, West Long Branch  
Proposed Cambria Suites, West Orange  
Best Western, Westampton  
Hyatt House, Whippany  
Proposed Limited-Service Hotel, Wildwood  
Hilton, Woodcliff Lake

## NEW YORK

Comfort Inn, Albany  
Comfort Inn & Suites, Albany  
Days Inn, Albany  
Desmond Hotel, Albany  
Holiday Inn, Albany  
Inn at the Finger Lakes, Auburn  
Proposed Hampton Inn, Amherst  
The Anchor Inn, Bayside  
Comfort Inn, Bellerose  
SpringHill Suites by Marriott Long Island Brookhaven, Bellport  
Motel 6, Binghamton  
Capri Whitestone Motel, Bronx  
Proposed Best Western GLo, Bronx  
Proposed Comfort Inn, Bronx  
Proposed Holiday Inn Express, Bronx  
Proposed South Bronx Hotel, Bronx  
Ramada, Bronx  
Hampton Inn, Brookhaven  
Brooklyn A Hotel, Brooklyn  
Comfort Inn, Brooklyn  
Holiday Inn Brooklyn Downtown, Brooklyn  
Hotel 718, Brooklyn  
Proposed Best Western, Brooklyn  
Proposed Hotel, Brooklyn  
Proposed Limited-Service Hotel, Brooklyn  
Proposed Monumental Hotel, Brooklyn  
Proposed TownePlace Suites by Marriott, Brooklyn  
Proposed Wingate by Wyndham, Brooklyn  
DoubleTree by Hilton, Buffalo  
Quality Inn, Catskill  
Comfort Suites, Clifton Park  
Park Manor Hotel, Clifton Park  
Inn at Cobleskill, Cobleskill  
Proposed Limited-Service Hotel, Cortland  
Hampton Inn, East Aurora  
Honor's Resort & Spa, Ellenville  
Econo Lodge, Elmira  
Days Inn, Elmsford

Elmsford Motel, Elmsford  
Endicott Inn, Endicott  
Americas Best Value Inn, Farmington  
Marco Hotel & Condos, Flushing  
Marco LaGuardia Hotel & Suites, Flushing  
One Boutique Hotel Flushing, Flushing  
Proposed Courtyard by Marriott, Fresh Meadows  
Proposed Fairfield Inn & Suites by Marriott, Fresh Meadows  
Hyatt Place, Garden City  
Americas Best Value Inn, Geneva  
Holiday Inn Express, Hauppauge  
Comfort Inn & Suites, Hogansburg  
Clarion Hotel, Ithaca  
Ramada Inn, Ithaca  
Best Western, Jamaica  
Days Inn, Jamaica  
Econo Lodge, Jamaica  
Holiday Inn Express, Jamaica  
Proposed Quality Inn, Jamaica  
DoubleTree by Hilton, Jamestown  
Hostway Motor Inn, Jericho  
Mirror Lake Inn, Lake Placid  
Holiday Inn/Office Building, Liverpool  
Fairfield Inn by Marriott New York Long Island City Manhattan View, Long Island City  
Proposed Ascend Collection Hotel, Long Island City  
Proposed Boutique Hotel, Long Island City  
Proposed Crowne Plaza, Long Island City  
Proposed Hampton Inn, Long Island City  
Proposed Limited-Service Hotel, Long Island City  
Super 8, Massena  
Gaslight Motor Inn, Medford  
Monticello Motel, Monticello  
Proposed Hampton Inn & Suites by Hilton, Monticello  
Proposed Ascend, New Rochelle  
Affinia, New York  
King and Grove Hotel, New York City



Proposed Courtyard by Marriott, New York City  
Tribeca Blu Hotel, New York City  
Proposed La Quinta Inn & Suites, Niagara Falls  
Holiday Inn (Conv. to Quality Inn), Oneonta  
Proposed Courtyard by Marriott, Oneonta  
Days Inn & Suites Ozone Park JFK Airport, Ozone Park  
Brookwood Inn, Pittsford  
Stonehelm Motel, Plattsburgh  
Proposed Comfort Inn, Queens  
Proposed Best Western, Richmond  
Holiday Inn Airport, Rochester  
Lexington Inn & Suites, Rochester  
Proposed Lake Ontario Place, Rochester  
Land Appraisal, Ronkonkoma  
Proposed Comfort Inn, Roslyn  
Hotel Saranac, Saranac Lake  
Hilton Garden Inn, Saratoga Springs  
Proposed Hotel, Saratoga Springs  
Proposed Lexington Club Hotel, Saratoga Springs  
Proposed Courtyard by Marriott, Schenectady  
Gould Hotel, Seneca Falls  
Proposed Holiday Inn, Staten Island  
Hotel Skyler, Syracuse  
Proposed Element, Syracuse  
Proposed Hampton Inn Armory Square Syracuse, Syracuse  
Proposed Home2 Suites by Hilton, Syracuse  
Best Western Plus, Victor  
Fairfield Inn & Suites by Marriott, Watertown  
Holiday Inn Express, Webster  
Queens Motor Inn, Woodside

#### **NORTH CAROLINA**

Hampton Inn, Aberdeen  
Embassy Suites, Cary  
Comfort Inn, Charlotte

Holiday Inn Express, Kinston  
Super 8 (Conversion to Hawthorn Suites), Kinston  
Hampton Inn, Raleigh  
Holiday Motel, Whiteville  
Full-Service Restaurant, Winston-Salem

#### **OKLAHOMA**

Bestway Inn, Blackwell

#### **OREGON**

Embassy Suites Airport, Portland

#### **PENNSYLVANIA**

Holiday Inn Express & Suites Allentown West, Allentown  
Homewood Suites by Hilton Allentown West Fogelsville, Allentown  
Land Sale, Allentown  
Lehigh Motor Inn (Closed), Allentown  
Comfort Suites, Altoona  
Proposed Holiday Inn Express, Altoona  
Proposed West Elm Hotel, Ardmore  
Howard Johnson, Bartonsville  
Travelodge, Bedford  
Courtyard by Marriott, Bensalem  
Holiday Inn Express Philadelphia Northeast Bensalem, Bensalem  
Sleep Inn, Bensalem  
Homewood Suites by Hilton Allentown Bethlehem Airport, Bethlehem  
Hotel Bethlehem, Bethlehem  
Hyatt Place, Bethlehem  
Best Western, Blakeslee  
Normandy Conference Hotel, Blue Bell  
Proposed Wyndham Garden, Boalsburg  
Hilton Garden Inn, Breinigsville  
Days Inn, Brookville  
Bushkill Inn & Conference Center, Bushkill  
Red Roof Inn, Carlisle  
Hampton Inn, Carlisle

Motel 6 Harrisburg Carlisle, Carlisle  
Residence Inn by Marriott, Carlisle  
Sleep Inn, Carlisle  
Clarion Inn (Conversion to Red Lion), Chambersburg  
Proposed Candlewood Suites, Chester  
Econo Lodge, Clarion  
Proposed Microtel Inn & Suites, Clarion  
Nichols Village Hotel and Spa, Clarks Summit  
Hampton Inn, Danville  
Super 8, Danville  
Quality Inn & Suites, Danville  
Holiday Inn Express, Dickson  
Comfort Inn, Duncansville  
Pocono Palace Resort, East Stroudsburg  
Avalon Hotel, Erie  
Baymont Inn & Suites, Erie  
Super 8, Erie  
Quality Inn & Suites, Erie  
Motel 6 Philadelphia Airport, Essington  
Wyndham Garden (conversion to Holiday Inn), Essington  
Wyndham Garden, Exton  
Sheraton Great Valley, Frazer  
Hilton Garden Inn Philadelphia Fort Washington, Fort Washington  
Proposed Holiday Inn Express, Fort Washington  
Proposed Hotel, Gettysburg  
Crowne Plaza, Harrisburg  
Days Inn, Harrisburg  
Econo Lodge, Harrisburg  
Hilton, Harrisburg  
Holiday Inn Express Harrisburg East, Harrisburg  
TownePlace Suites by Marriott, Harrisburg  
Wyndham Garden Hotel Harrisburg Hershey, Harrisburg  
Woodloch Spa Resort, Hawley  
Hampton Inn Hazleton, Hazleton  
Fairfield Inn & Suites, Hazleton  
Proposed Candlewood Suites, Hazelton



Residence Inn Hazleton, Hazleton  
Hampton Inn, Hershey  
Holiday Inn Express, Hershey  
Proposed Holiday Inn & Suites,  
Horsham  
Holiday Inn Express, Hummelstown  
Comfort Inn, Huntingdon  
Proposed Best Western, Jonestown  
Motel 6, King of Prussia  
Proposed TownePlace Suites by  
Marriott, King of Prussia  
Cove Haven Resort, Lakeville  
Econo Lodge, Lancaster  
Proposed Hotel, Lancaster  
Proposed Holiday Inn Express,  
Lebanon  
Holiday Inn Express, Langhorne  
Residence Inn by Marriott, Langhorne  
Days Inn, Lewisburg  
Holiday Inn Express, Limerick  
Desmond Great Valley, Malvern  
DoubleTree by Hilton, Mars  
Proposed Holiday Inn Express,  
Mechanicsburg  
Proposed Home2 Suites,  
Mechanicsburg  
Wingate Inn, Mechanicsburg  
Proposed Hampton Inn, Media  
Holiday Inn Harrisburg East,  
Middletown  
Hampton Inn Pittsburgh Monroeville,  
Monroeville  
Holiday Inn Morgantown I-76,  
Morgantown  
Paradise Stream Resort, Mount Pocono  
Clarion Hotel & Conference Center,  
New Cumberland  
Motel 6 Harrisburg - Hershey South,  
New Cumberland  
Proposed Hotel, Newtown Square  
Four Points Philadelphia, Northeast  
Philadelphia  
Best Western Plus, Philadelphia  
Hawthorn Suites, Philadelphia  
Hotel Monaco, Philadelphia  
Le Méridien, Philadelphia

Parker Spruce (Fairfield Conversion),  
Philadelphia  
Proposed AC by Marriott, Philadelphia  
Proposed Hampton Inn, Philadelphia  
Proposed Hilton Garden Inn,  
Philadelphia  
Proposed Hotel Falcon, Philadelphia  
Proposed Hyatt Place, Philadelphia  
Proposed West Elm Hotel,  
Philadelphia  
Sheraton Suites, Philadelphia  
Hampton Inn & Suites, Phoenixville  
Proposed Hilton Garden Inn,  
Phoenixville  
Holiday Inn Express, Pittsburgh  
Hotel Monaco, Pittsburgh  
Hyatt Place, Pittsburgh  
Proposed Hotel Indigo, Pittsburgh  
Proposed Moxy, Pittsburgh  
Proposed Sax Fifth Avenue Hotel,  
Pittsburgh  
SpringHill Suites, Pittsburgh  
Super 8, Pittsburgh  
Hampton Inn, Plymouth Meeting  
Proposed Resort & Marina, Raystown  
Lake  
Abraham Lincoln Hotel, Reading  
Proposed Hotel, Reading  
Proposed SpringHill Suites, Royersford  
Proposed Staybridge Suites,  
Royersford  
Great Wolf Lodge Poconos, Scotrun  
Hampton Inn Selinsgrove Shamokin  
Dam, Shamokin Dam  
Proposed Hyatt Place, State College  
Proposed Holiday Inn Express,  
Strasburg  
Holiday Inn Express, Stroudsburg  
Chateau Resort & Conference Center,  
Tannersville  
Crowne Plaza, Trevoise  
George Washington Hotel, Washington  
Proposed TownePlace Suites by  
Marriott, Washington  
Courtyard Philadelphia Valley Forge,  
Wayne  
Proposed Warner Hotel, West Chester

Proposed Boutique Hotel &  
Restaurant, West Chester  
Proposed Hotel, West Chester  
Days Inn, Wilkes-Barre  
Red Roof Inn, Wilkes-Barre  
Proposed Fairfield Inn by Marriott,  
Willow Grove  
Econo Lodge, Wexford  
Holiday Inn Manchester Mall, York  
Motel 6 York, York  
Motel 6 York North, York  
Proposed Tru by Hilton, York

#### **RHODE ISLAND**

Proposed Holiday Inn Express,  
Providence

#### **SOUTH CAROLINA**

Hampton Inn, Bluffton  
Ramada, Clemson  
Hampton Inn, Columbia  
Holiday Inn Express, Greer  
Courtyard by Marriott, Myrtle Beach  
Econo Lodge, North Charleston

#### **TENNESSEE**

Holiday Inn Express, Germantown  
Crowne Plaza Downtown, Memphis  
Holiday Inn, Memphis  
La Quinta Inn & Suites, Memphis  
Hampton Inn, Murfreesboro

#### **TEXAS**

Country Inn & Suites, Dallas  
Land Appraisal, Southlake  
Candlewood Suites, Texarkana

#### **VERMONT**

Equinox Golf Resort & Spa, Manchester  
Holiday Inn, Rutland  
Proposed Hampton Inn, St. Albans  
Autumn Inn, Bennington



Super 8, Brattleboro  
Equinox Golf Resort & Spa, Manchester

## **VIRGINIA**

Comfort Inn, Alexandria  
Courtyard by Marriott, Alexandria  
Days Inn, Alexandria  
Monaco, Alexandria  
Morrison House, Alexandria  
Proposed Hilton Garden Inn,  
Alexandria  
DoubleTree Crystal City, Arlington  
Embassy Suites Crystal City, Arlington  
Marriott Crystal Gateway, Arlington  
Holiday Inn, Charlottesville  
Proposed Hotel, Charlottesville  
Baymont Inn & Suites, Chesapeake  
TownePlace Suites, Chesapeake  
River Edge Inn, Colonial Beach  
Holiday Inn Express & Suites, Emporia  
Courtyard Fairfax Fair Oaks, Fairfax  
Proposed SpringHill Suites by  
Marriott, Gainesville  
Courtyard Herndon Reston, Herndon  
Roseloe Motel, Hot Springs  
Courtyard by Marriott, Lynchburg  
Hilton, McLean  
Proposed Mirbeau Inn & Spa, New  
Kent  
Holiday Inn (Courtyard Conversion),  
Norfolk  
Americas Best Value Inn, Richmond  
Days Inn, Richmond  
Residence Inn by Marriott, Richmond  
Residence Inn by Marriott Northwest,  
Richmond  
Proposed Home2 Suites by Hilton,  
Roanoke  
Sheraton Roanoke Hotel & Conference  
Center, Roanoke  
Fairfield Inn & Suites, South Boston  
Hilton, Springfield  
Comfort Inn, Stephens City  
Country Inn & Suites, Sterling  
Proposed Vienna MetroWest Hotel,  
Vienna

DoubleTree by Hilton, Virginia Beach  
Fairfield Inn by Marriott, Virginia  
Beach  
Residence Inn by Marriott, Virginia  
Beach  
Studio 4 Less, Virginia Beach  
Econo Lodge, Williamsburg  
Holiday Inn Express, Williamsburg  
Holiday Inn Express, Woodstock

## **WEST VIRGINIA**

Days Inn, Bridgeport  
Embassy Suites, Charleston  
Holiday Inn, Martinsburg

## **INTERNATIONAL**

### **Mexico**

Gran Caribe, Cancun  
Royal Cancun, Cancun  
Gran Porto, Playa del Carmen  
Royal Porto, Playa del Carmen

UNIQUE ID NUMBER

46000051318

State of New York  
Department of State

DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY

Control  
No.

97808

PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE  
EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.

EFFECTIVE DATE

MO. DAY YR.  
03 12 17

BAUM EDWARD E  
C/O HVS  
413 S HOWES ST  
FORT COLLINS, CO 80521

EXPIRATION DATE

MO. DAY YR.  
03 11 19

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A  
R. E. GENERAL APPRAISER

In Witness Whereof, The Department of State has caused  
its official seal to be hereunto affixed.

ROSSANA ROSADO  
SECRETARY OF STATE

FOR OFFICE USE ONLY	
Control No.	101235
State of New York Department of State DIVISION OF LICENSING SERVICES	
PURSUANT TO THE PROVISIONS OF ARTICLE 36 OF THE EXECUTIVE LAW AS IT RELATES TO R.E. APPRAISERS	
TAYLOR JEROME S 670 N. 15 8123 1970 BEND BLVD WEBSTER GROVES, MO 65119	
EFFECTIVE DATE MO 07 DAY 19 YEAR 17	
EXPIRATION DATE MO 07 DAY 17 YEAR 19	
HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R.E. GENERAL APPRAISER	
ROSEMARY ROSADO SECRETARY OF STATE	



## SAVOY BANK.

600 Fifth Avenue, 17<sup>th</sup> Floor  
New York, NY 10020  
www.banksavoy.com  
Telephone: (646)775-4000  
Fax: (212)956-7381

May 31, 2018

Ahana Hospitality LLC  
7-11 Peach Lake Road  
Brewster, NY 10509

Anita Mehra  
16 S. Oak Avenue  
Fords, NJ 08863

**Re: SBA 7(a) loan in the amount of \$4,320,000 (the "Loan") to Ahana Hospitality LLC (the "Borrower") and Anita Mehra (the "Guarantor").**

Dear Borrower/Guarantor:

This letter of Intent ("LOI"), which supersedes and renders null and void all prior communications with Borrower(s) and its owners, outlines the general terms and conditions under which the undersigned ("Savoy Bank" or "Bank") is willing to consider negotiating and entering into definitive written agreements (the "Loan Documents") under which Bank would make the referenced Loan to you ("Borrowers"), as the same is further described on Exhibit A attached hereto and made a part hereof.

Please note that Bank will only agree to make the proposed Loan A and Loan B upon: (A) the satisfactory completion of Bank's due diligence of Borrowers and any guarantor and/or collateral; (B) final approval by Bank's loan committee and board of directors, which has not yet been sought or obtained; (C) final approval by a participating Bank if applicable; (D) approval of the loan terms and conditions by the US Small Business Administration ("SBA"); and (E) negotiation and approval of all Loan Documents and satisfaction of all Loan conditions by Bank and its counsel.

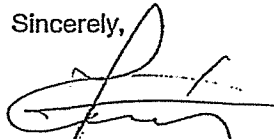
Also note the Bank's willingness to further evaluate the Loan is conditioned upon your agreement to: (A) negotiate the Loan exclusively with Bank; (B) keep the Loan, its terms and conditions, this LOI and all negotiations and materials pertaining thereto strictly confidential, except to Bank, its affiliates and advisers; (C) pay Bank a non-refundable Processing Fee, which shall be deemed fully earned upon Bank's receipt; and (D) reimburse all expenses incurred by Bank.

Except for the obligations set forth in the preceding paragraphs, this LOI is neither intended to constitute a binding agreement or commitment between the parties nor is it intended to be for the benefit of any third party whatsoever but, rather, merely an expression of the parties' intent to undertake the steps required to confirm that the Loan can be made on the terms and conditions set forth herein.

The existence of any such binding agreement shall be evidenced only by the parties' execution and delivery of the Loan Documents in form and substance wholly acceptable to the parties and consistent with the terms and conditions set forth herein. Failure to consummate the Loan prior to the Outside Date set forth on Exhibit A may result in Bank's inability to make the Loan on the terms and conditions set forth herein.

If you are in agreement with the terms and conditions set forth in this LOI, please execute the acknowledgement block(s) provided for your signature(s) below and return a copy of the acknowledged LOI, along with a check in the amount of \$14,250.00 on accounts of the Bank's Expenses, at your earliest convenience. *Failure to return a copy of the fully executed LOI, along with the required check within Ten (10) business days of the date of this LOI, will render this LOI null and void.*

Sincerely,



Robert J. Perez, SVP  
Chief Lending Officer

Agreed to and accepted:

Ahana Hospitality LLC

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

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Anita Mehra,  
Individually and as Full Guarantor

Date: \_\_\_\_\_

\_\_\_\_\_  
Ashok Nichani,  
Individually and as Limited Guarantor

Date: \_\_\_\_\_

\_\_\_\_\_  
Ravi Nichani,  
Individually and as Limited Guarantor

Date: \_\_\_\_\_

**Borrower's Attorney:**

Thomas J. Sirobelli's  
3 Stone Ridge Rd.  
Brewster, NY 10509  
Phone: 845 225-7121

Email: \_\_\_\_\_

**Bank's Attorney:**

Attorney / Firm: Cahill Wilinski Rhodes & Joyce PC  
Address: 89 Haddon Avenue, Haddonfield, NJ 08033  
Phone: (856) 428 2100  
Email: dmj@cahill-law.com

**Underwriter:**

Name: Joel De Jesus, Commercial Loan Officer, VP  
Phone: (646) 775-4082  
Email: Joel.DeJesus@banksavoy.com

### EXHIBIT A, LOAN TERMS

<u>Borrower:</u>	Ahana Hospitality LLC (the "Company").																																				
<u>Guarantors:</u>	Anita Mehra, full guarantor; and Ashok Nichani and Ravi Nichani, limited guarantors with guarantee limited to their ownership interests in the Company.																																				
<u>Loan Amount:</u>	An SBA 7(a) loan (the "Loan") in the amount of \$4,320,000 secured by the land & improvements located 7-11 Peach Lake Road, Brewster, NY 10509 (the "Subject Property").																																				
<u>Use of Funds:</u>	<table><tr><td><u>Source of Funds</u></td><td>\$</td><td>%</td></tr><tr><td>Loan Proceeds</td><td>4,320,000</td><td>80.00%</td></tr><tr><td>Borrower Equity</td><td>1,080,000</td><td>20.00%</td></tr><tr><td><b>Total</b></td><td><b>5,400,000</b></td><td><b>100.00%</b></td></tr><tr><td><u>Use of Funds</u></td><td>\$</td><td>%</td></tr><tr><td>Purchase Subject Property</td><td>3,300,000</td><td>61.11%</td></tr><tr><td>Construction</td><td>1,500,000</td><td>27.78%</td></tr><tr><td>Interest Reserve</td><td>270,000</td><td>5.00%</td></tr><tr><td>Working Capital</td><td>130,000</td><td>2.41%</td></tr><tr><td>SBA Guaranty Fee</td><td>119,000</td><td>2.20%</td></tr><tr><td>Closing Costs</td><td>81,000</td><td>1.50%</td></tr><tr><td><b>Total</b></td><td><b>5,400,000</b></td><td><b>100.00%</b></td></tr></table>	<u>Source of Funds</u>	\$	%	Loan Proceeds	4,320,000	80.00%	Borrower Equity	1,080,000	20.00%	<b>Total</b>	<b>5,400,000</b>	<b>100.00%</b>	<u>Use of Funds</u>	\$	%	Purchase Subject Property	3,300,000	61.11%	Construction	1,500,000	27.78%	Interest Reserve	270,000	5.00%	Working Capital	130,000	2.41%	SBA Guaranty Fee	119,000	2.20%	Closing Costs	81,000	1.50%	<b>Total</b>	<b>5,400,000</b>	<b>100.00%</b>
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Borrower Equity	1,080,000	20.00%																																			
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Closing Costs	81,000	1.50%																																			
<b>Total</b>	<b>5,400,000</b>	<b>100.00%</b>																																			
<u>Disbursement Conditions:</u>	\$1,500,000 will be held and disbursed upon receipt of the site report provided by the Bank's construction consultant and Bank approval of invoices from the General Contractor for the work completed.																																				
<u>Interest Rate:</u>	WSJ prime rate plus 1.50% (the "Margin"), variable, adjusted calendar quarterly.																																				
<u>Packaging Fee:</u>	\$2,500.																																				
<u>Estimated Closing Date:</u>	July 12, 2018.																																				
<u>Outside Date:</u>	August 2, 2018.																																				
<u>Maturity Date:</u>	Twenty-sixth year anniversary of the closing date.																																				
<u>Term/Renewal Options:</u>	26 years with no renewal options.																																				
<u>Principal Amortization:</u>	Interest-only payments for the initial 12 months of the term and principal & interest for the following 300 months.																																				
<u>Principal Revolver:</u>	Not applicable.																																				
<u>Primary Collateral:</u>	<ul style="list-style-type: none"><li>• 1st mortgage and assignment of all rents and leases on the Subject Property;</li><li>• General security agreement and UCC-1 filing on all property, including all tangible and intangible assets and accounts receivable, of the Borrower;</li><li>• Assignment of all approved plans, specifications, contracts and permits regarding the proposed construction of the Subject Property; and</li><li>• Completion guarantee from the General contractor.</li></ul>																																				
<u>Reserve:</u>	\$270,000 funded at closing from Loan proceeds.																																				

<u>Escrows:</u>	<p>The Bank will collect a minimum of one-sixth of the total annual real estate taxes (amount to be determined prior to closing) for the Subject Property to be escrowed at closing and one twelfth of the total annual real estate taxes to be collected with each Loan payment.</p> <p>In accordance with the National Flood Act, escrowing of flood insurance premiums is required if there is an existing real estate escrow account. The Bank will collect a minimum of one-sixth of the total annual flood insurance premium to be escrowed at closing and one twelfth of the total annual flood insurance premium to be collected with each Loan payment.</p>	
<u>Prepayment Penalty:</u>	Not applicable.	
<u>Bank's Estimated Expenses Due and Payable Upon Borrowers' Acceptance of LOI:</u>	<p>Processing Fee:</p> <p>Appraisal &amp; Feasibility Study:</p> <p>Environmental:</p> <p>Engineering cost estimate:</p> <p>Flood Search:</p> <p>Credit Report(s):</p> <p>Income Verification:</p> <p>Income Verification (entity):</p> <p>Dun &amp; Bradstreet Report:</p> <p><b>Total</b></p>	<p>\$2,500.00</p> <p>\$6,500.00</p> <p>\$2,000.00</p> <p>\$3,000.00</p> <p>\$50.00</p> <p>\$100.00</p> <p>\$50.00</p> <p>\$50.00</p> <p>\$0.00</p> <p><b>*\$14,250.00</b></p>
<u>Closing Conditions:</u>	Loan closing shall be predicated on timely receipt and satisfactory review by Bank of any and all documentation that Bank may request from Borrowers.	
<u>Loan Documents:</u>	Bank's form loan documents (the "Loan Documents"), as adapted to the Loan and approved by Bank's counsel.	
<u>Other:</u>	Borrowers shall be responsible for all closing expenses, including mortgage recording taxes, broker fees, Bank and Borrowers' legal fees, title charges, insurance premiums and any other costs that may be incurred in the course of closing the Loan. Such expenses may be paid from Loan proceeds. It is estimated that the Bank's legal expenses related to the Loan will be \$7,500; however, the exact cost may vary, depending on the efficiency with which information is provided by Borrowers and its representatives to the Bank's counsel.	
<u>Insurance:</u>	<p>The Bank shall receive, prior to the closing of the Loan, at Borrowers' expense, an Acond 28 certificate evidencing commercial property insurance coverage on the Subject Property naming "Savoy Bank, its successors and/or assigns, as their interests may appear", 600 Fifth Ave., 17th Floor, New York, NY 10020 as a mortgagee and loss payee, for the amount of the Loan or the insurable value of the Subject Property, whichever is less, with the following endorsements: agreed amount (with no coinsurance), replacement cost, terrorism and building ordinance and law;</p> <p>The Bank shall receive, prior to the closing of the Loan, at Borrowers' expense, an Acond 25 certificate evidencing general liability insurance in the name of the Borrowers, naming "Savoy Bank, its successors and/or assigns, as their interests may appear", 600 Fifth Ave., 17th Floor, New York, NY 10020 as an additional insured, with a policy limit of at least \$1,000,000 for each occurrence, and \$2,000,000 in the aggregate; and</p> <p>If the subject property is in a flood zone, Borrowers shall be required to obtain flood insurance prior to the Closing Date in the maximum amount available under the National Flood Insurance Program.</p>	

<p><u>Loan Covenants:</u></p>	<p>In order to maintain the Loan in good standing, Borrowers and Guarantor agree to the following for life of the Loan:</p> <p>Within 120 days of the fiscal year end ("FYE"), Borrowers to provide:</p> <ul style="list-style-type: none"> <li>- Corporate tax returns or extension filing (in the case of extension filing, Borrowers must provide a copy of filed returns within 30 days of filing but no later than October 31st);</li> <li>- Internally prepared income statement, balance sheet and accompanying notes for the prior fiscal year; and</li> <li>- Current rent roll and expenses (if applicable).</li> </ul> <p>Within 30-days written request by Bank, Borrowers to provide:</p> <ul style="list-style-type: none"> <li>- Year-to-date balance sheets and income statements; and</li> <li>- Year-to-date rent rolls and expenses (if applicable).</li> </ul> <p>Within 120 days of Borrowers' FYE, Guarantor to provide:</p> <ul style="list-style-type: none"> <li>- Personal tax returns or extension filing (in the case of extension filing, Guarantor must provide a copy of filed returns within 30 days of filing but no later than October 31st); and</li> <li>- Personal financial statement on a form acceptable to the Bank.</li> </ul> <p>Within 30-days written request by Bank, Guarantor to provide:</p> <ul style="list-style-type: none"> <li>- Personal financial statement on a form acceptable to the Bank; and</li> <li>- Other financial information requested by the Bank.</li> </ul> <p>Borrowers must maintain minimum Debt Service Coverage ("DSC") of 1.15X times debt service of the Loan. Unless otherwise determined by the Bank and communicated to the Borrowers prior to the Closing Date, DSC shall be defined as Earnings before Interest Taxes Depreciation and Amortization divided by the Company's debt service obligations;</p> <p>Borrowers may not obtain additional financing, including loans and advances against account receivable or future sales, without the Bank's prior written consent;</p> <p>Borrowers will continue to maintain operating, tenant escrow and other deposit accounts at the Bank for the Term of the Loan; and</p> <p>Comply with other covenants Bank may reasonably require to be included in the Loan documents.</p>
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## Michael Liguori

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**From:** Bob Lusardi  
**Sent:** Friday, August 17, 2018 4:47 PM  
**To:** Michael Liguori  
**Cc:** 'Petrone, Richard'  
**Subject:** FW: Ahana Hospitality LLC

Mike  
This looks like good news. Are you aware of any issues with the PILOT? When do you expect to be able to close?  
Bob

---

**From:** Harry Shah [mailto:harryshah@mcsamhotel.com]  
**Sent:** Friday, August 17, 2018 10:25 AM  
**To:** Michael Liguori  
**Cc:** shellynichani@msn.com; Bob Lusardi; Petrone, Richard; Chris Baxter  
**Subject:** Ahana Hospitality LLC

Shelly:

Please note that your loan is approved and the term sheet that was issued is now the commitment as no new commitment will be issued.

The bank is ready to close so please have your and seller's attorney coordinate closing. Savoy Bank would also need payoff letter.

Thanks  
Harry Shah  
cell # 908-884-7103  
Cell # 646-932-9293

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**From:** Sharon Madison [mailto:Sharon.Madison@banksavoy.com]  
**Sent:** Friday, August 17, 2018 9:21 AM  
**To:** Harry Shah <harryshah@mcsamhotel.com>  
**Cc:** Robert J. Perez <Robert.Perez@banksavoy.com>  
**Subject:** Ahana Hospitality LLC

Good morning Harry,

Re: SBA 7a Loan - \$4,320,000.00

Please be advised that your loan was internally approved by Credit Committee on 8/16/18.

Thank you for your attention to this matter. Please feel free to contact me if you have any questions or concerns.

Best regards,



**SAVOY BANK.**

Sharon Madison  
VP, SBA Credit Analyst

600 Fifth Ave, 17<sup>th</sup> FL, New York, NY 10020  
Tel: (212) 277-4356 Fax: (212) 956-7381  
**Sharon.Madison@banksavoy.com**

ormation is strictly prohibited.;

NOTE NBR 690566  
SHORT NAME AHANA HOSPITALITY

5-14-2018

AHANA HOSPITALITY LLC  
DBA TRAVELODGE OF FLORENCE KY  
8075 STEILEN DR  
FLORENCE KY 41042-9641

PRIMARY COLLATERAL  
1ST MORTGAGE-COMMERCIAL

```
*-----CURRENT BALANCE DATA-----*
NOTE AMOUNT          1,840,000.00
PRINCIPAL BALANCE    1,718,281.45
INT BALANCE          4,033.19
PAYOFF AMOUNT
AS OF 5-14-18        1,722,314.64

*-----CURRENT INTEREST DATA-----*
INTEREST RATE        6.50000
DAILY INT FACTOR     310.245261
INTEREST PAID YTD    44,974.32

*-----DATES-----*
NOTE DATE            12-31-14
LAST RENEWED         12-31-14
NEXT MATURITY        12-31-39
LAST PAID INSTALLMENT 05-01-18

*-----NEXT PAYMENT DATA-----*
NEXT DUE DATE        06-01-18
NEXT PMT AMOUNT      12,076.08
TOTAL PAST DUE AMT   .00
LATE FEES DUE        .00
LOAN FEES DUE        .00

*-----HISTORY: 00-00-00 THRU 00-00-00 -----*
POST DTE EFF DATE TRANS DESCRIPTION      AMOUNT  TYPE      ACCT BALANCE
DUE DATE PAID-TO
REC DATE
04-22-15 04-22-15 ACCRL/YR BASE CHANGE    1 ACCR BASE
00-00-00 00-00-00 1 YEAR BASE
00-00-00
04-22-15 SBA MERGER
1830952.54
05-01-15 05-01-15 INITIAL ADVANCE    1830952.54  PRINCIPAL
00-00-00 05-01-15
00-00-00
1830952.54
05-01-15 05-01-15 INTEREST ADJUSTMENT  7628.96  INTEREST
00-00-00 00-00-00
00-00-00
1827825.04
05-07-15 05-01-15 PAYMENT            3127.50  PRINCIPAL
05-01-15 05-01-15 7628.96  INTEREST
00-00-00
05-07-15 5/1 PMT TO COLSON
1824684.51
06-04-15 06-01-15 PAYMENT            3140.53  PRINCIPAL
06-01-15 06-01-15 7615.93  INTEREST
00-00-00
06-04-15 6/1 PMT TO COLSON
1827825.04
06-10-15 06-01-15 PAYMENT REVERSED    3140.53  PRINCIPAL
06-01-15 05-01-15 7615.93  INTEREST PAID
00-00-00
06-10-15 TO POST W/ PARTICIPATION
```

NOTE NBR 690566  
SHORT NAME AHANA HOSPITALITY

REQUEST DATE  
5-14-2018

\*-----HISTORY: 00-00-00 THRU 00-00-00 -----\*

POST DTE	EFF DATE	TRANS DESCRIPTION	AMOUNT	TYPE	ACCT BALANCE
DUE DATE PAID-TO					
REC DATE					1824684.52
06-10-15	06-01-15	PAYMENT	3140.52	PRINCIPAL	
06-01-15	06-01-15		7615.94	INTEREST	
00-00-00					
06-10-15		REPOST			1824684.52
06-30-15	06-30-15	CLOSING COST	42317.90	FEE	
00-00-00	00-00-00				1824684.52
00-00-00					
06-30-15	06-30-15	CLOSING COST ADJ	42317.90	FEE	
00-00-00	00-00-00				1824684.52
00-00-00					
06-30-15	05-01-15	CLOSING COST	42317.90	FEE	
00-00-00	00-00-00				1824684.52
00-00-00					
07-01-15	07-01-15	INTEREST RATE CHANGE	5.00000	NEW RATE	
00-00-00	00-00-61		5.00000	OLD RATE	
00-00-00					1821530.91
07-06-15	07-01-15	PAYMENT	3153.61	PRINCIPAL	
07-01-15	07-01-15		7602.85	INTEREST	
00-00-00					
07-06-15		7/1 COLSON PHT			1818870.14
08-03-15	08-03-15	PAYMENT	2660.77	PRINCIPAL	
08-01-15	08-03-15		8095.69	INTEREST	
00-00-00					
08-03-15		AUTO-DEBIT ACCOUNT NO. 733828623			1816209.37
08-10-15	08-03-15	PAYMENT	2660.77	PRINCIPAL	
09-01-15	08-03-15		8095.69	INTEREST	
00-00-00					
08-10-15		COLSON 08/03			1818870.14
08-14-15	08-03-15	PAYMENT REVERSED	2660.77	PRINCIPAL	
09-01-15	07-01-15		8095.69	INTEREST PAID	
00-00-00					
08-14-15		CORRECTION SENDING BACK TO CUSTOMER			1815187.06
09-03-15	09-01-15	PAYMENT	3683.08	PRINCIPAL	
09-01-15	07-29-15		7073.38	INTEREST	
00-00-00					
09-03-15		COLSON 09/01			1815187.06
10-01-15	10-01-15	INTEREST RATE CHANGE	5.00000	NEW RATE	
00-00-00	00-01-51		5.00000	OLD RATE	
00-00-00					

NOTE NBR 690566  
SHORT NAME AHANA HOSPITALITY

REQUEST DATE  
5-14-2018

\*-----HISTORY: 00-00-00 THRU 00-00-00 -----\*

POST DTE	EFF DATE	TRANS DESCRIPTION	AMOUNT	TYPE	ACCT BALANCE
DUE DATE PAID-TO					1811993.87
REC DATE					
10-02-15	10-01-15	PAYMENT	3193.19	PRINCIPAL	
10-01-15	08-29-15		7563.27	INTEREST	
00-00-00					
10-02-15		COLSON 10/1/15			1815187.06
10-06-15	10-01-15	PAYMENT REVERSED	3193.19	PRINCIPAL	
10-01-15	07-29-15		7563.27	INTEREST PAID	
00-00-00					
10-06-15		ITEM RETURNED NSF			1815187.06
10-13-15	10-13-15	LATE FEE ASSESSED	537.82	L/F ASSESS	
10-01-15	00-00-00				
00-00-00					1811993.87
10-16-15	10-15-15	PAYMENT	3193.19	PRINCIPAL	
10-01-15	08-29-15		7563.27	INTEREST	
00-00-00					
10-16-15		COLSON 10/15			1815187.06
10-27-15	10-15-15	PAYMENT REVERSED	3193.19	PRINCIPAL	
10-01-15	07-29-15		7563.27	INTEREST PAID	
00-00-00					
10-27-15	10-15-15	PAYMENT	.00	PRINCIPAL	1815187.06
10-01-15	09-12-15		10756.46	INTEREST	
00-00-00					
10-30-15	10-30-15	PAYMENT	.01	PRINCIPAL	1815187.05
00-00-00	09-12-15				
00-00-00					
10-30-15		CORRECTION			1815187.05
11-02-15	11-02-15	LOAN FEE ASSESSED	25.00	FEE AMOUNT	
00-00-00	00-00-00				
00-00-00					
11-02-15		PER COLSON			1809052.80
11-02-15	11-02-15	PAYMENT	6134.25	PRINCIPAL	
11-01-15	11-02-15		4622.21	INTEREST	
00-00-00					
11-02-15		AUTO-DEBIT ACCOUNT NO. 656088528			1815187.05
11-05-15	11-02-15	PAYMENT REVERSED	6134.25	PRINCIPAL	
11-01-15	10-14-15		4622.21	INTEREST PAID	
00-00-00					
11-05-15		ACH ACCOUNT CLOSED			

NOTE NBR 690566  
SHORT NAME AHANA HOSPITALITY

REQUEST DATE  
5-14-2018

\*-----HISTORY: 00-00-00 THRU 00-00-00 -----\*

POST DTE	EFF DATE	TRANS DESCRIPTION	AMOUNT	TYPE	ACCT BALANCE
DUE DATE PAID-TO					
REC DATE					1809052.80
11-12-15	11-02-15	PAYMENT	6134.25	PRINCIPAL	
11-01-15	11-02-15		4622.21	INTEREST	
00-00-00					
11-12-15		CHECK 411149748			
					1809052.80
11-13-15	11-13-15	LATE FEE WAIVER	537.82	L/F WAIVED	
00-00-00	00-00-00				
00-00-00					
11-13-15		PER COLSON			
					1801060.18
11-13-15	11-13-15	PAYMENT	7992.62	PRINCIPAL	
12-01-15	11-13-15		2763.84	INTEREST	
00-00-00					
11-13-15		NOV 1ST PMT			
					1809052.80
11-16-15	11-13-15	PAYMENT REVERSED	7992.62	PRINCIPAL	
12-01-15	11-02-15		2763.84	INTEREST PAID	
00-00-00					
11-16-15		RVS DBL PMT			
					1805582.81
12-01-15	12-01-15	PAYMENT	3469.99	PRINCIPAL	
12-01-15	12-01-15		7286.47	INTEREST	
00-00-00					
			25.00	FEE 1	
12-01-15		AUTO-DEBIT ACCOUNT NO. 733828623			
					1803101.94
01-04-16	01-04-16	PAYMENT	2480.87	PRINCIPAL	
01-01-16	01-04-16		8275.59	INTEREST	
00-00-00					
01-04-16		AUTO-DEBIT ACCOUNT NO. 733828623			
					1803101.94
01-04-16	01-01-16	INTEREST RATE CHANGE	5.25000	NEW RATE	
00-00-00	00-02-40		5.00000	OLD RATE	
00-00-00					
					1799215.02
02-01-16	02-01-16	PAYMENT	3886.92	PRINCIPAL	
02-01-16	02-01-16		7137.33	INTEREST	
00-00-00					
02-01-16		AUTO-DEBIT ACCOUNT NO. 733828623			
					1796062.33
03-01-16	03-01-16	PAYMENT	3152.69	PRINCIPAL	
03-01-16	03-01-16		7871.56	INTEREST	
00-00-00					
03-01-16		AUTO-DEBIT ACCOUNT NO. 733828623			
					1792895.85
04-01-16	04-01-16	PAYMENT	3166.48	PRINCIPAL	
04-01-16	04-01-16		7857.77	INTEREST	
00-00-00					
04-01-16		AUTO-DEBIT ACCOUNT NO. 733828623			

*-----HISTORY: 00-00-00 THRU 00-00-00 -----*						
POST DTE	EFF DATE	TRANS DESCRIPTION	AMOUNT	TYPE	ACCT BALANCE	
DUE DATE PAID-TO						1792895.85
REC DATE						
04-01-16	04-01-16	INTEREST RATE CHANGE	5.25000	NEW RATE		
00-00-00	00-03-33		5.25000	OLD RATE		
00-00-00						1789976.99
05-02-16	05-02-16	PAYMENT	2918.86	PRINCIPAL		
05-01-16	05-02-16		8105.39	INTEREST		
00-00-00						
05-02-16		AUTO-DEBIT ACCOUNT NO. 733828623				1786522.85
06-01-16	06-01-16	PAYMENT	3454.14	PRINCIPAL		
06-01-16	06-01-16		7570.11	INTEREST		
00-00-00						
06-01-16		AUTO-DEBIT ACCOUNT NO. 733828623				1783314.64
07-01-16	07-01-16	PAYMENT	3208.21	PRINCIPAL		
07-01-16	07-01-16		7816.04	INTEREST		
00-00-00						
07-01-16		AUTO-DEBIT ACCOUNT NO. 733828623				1783314.64
07-01-16	07-01-16	INTEREST RATE CHANGE	5.25000	NEW RATE		
00-00-00	00-04-24		5.25000	OLD RATE		
00-00-00						1780092.39
08-01-16	08-01-16	PAYMENT	3222.25	PRINCIPAL		
08-01-16	08-01-16		7802.00	INTEREST		
00-00-00						
08-01-16		AUTO-DEBIT ACCOUNT NO. 733828623				1776856.04
09-01-16	09-01-16	PAYMENT	3236.35	PRINCIPAL		
09-01-16	09-01-16		7787.90	INTEREST		
00-00-00						
09-01-16		AUTO-DEBIT ACCOUNT NO. 733828623				1773605.54
10-03-16	10-01-16	PAYMENT	3250.50	PRINCIPAL		
10-01-16	10-01-16		7773.75	INTEREST		
00-00-00						
10-03-16		AUTO-DEBIT ACCOUNT NO. 733828623				1773605.54
10-03-16	10-01-16	INTEREST RATE CHANGE	5.25000	NEW RATE		
00-00-00	00-00-17		5.25000	OLD RATE		
00-00-00						1770340.81
11-01-16	11-01-16	PAYMENT	3264.73	PRINCIPAL		
11-01-16	11-01-16		7759.52	INTEREST		
00-00-00						
11-01-16		AUTO-DEBIT ACCOUNT NO. 733828623				

\*-----HISTORY: 00-00-00 THRU 00-00-00 -----\*

POST DTE	EFF DATE	TRANS DESCRIPTION	AMOUNT	TYPE	ACCT BALANCE
DUE DATE PAID-TO					
REC DATE					1767061.80
12-01-16	12-01-16	PAYMENT	3279.01	PRINCIPAL	
12-01-16	12-01-16		7745.24	INTEREST	
00-00-00					
12-01-16		AUTO-DEBIT ACCOUNT NO. 733828623			1764283.84
01-03-17	01-03-17	PAYMENT	2777.96	PRINCIPAL	
01-01-17	01-03-17		8246.29	INTEREST	
00-00-00					
01-03-17		AUTO-DEBIT ACCOUNT NO. 733828623			1764283.84
01-03-17	01-01-17	INTEREST RATE CHANGE	5.50000	NEW RATE	
00-00-00	00-00-16		5.25000	OLD RATE	
00-00-00					1760831.35
02-01-17	02-01-17	PAYMENT	3452.49	PRINCIPAL	
02-01-17	02-01-17		7571.76	INTEREST	
00-00-00					
02-01-17		AUTO-DEBIT ACCOUNT NO. 733828623			1757624.63
03-01-17	03-01-17	PAYMENT	3206.72	PRINCIPAL	
03-01-17	03-01-17		8070.47	INTEREST	
00-00-00					
03-01-17		AUTO-DEBIT ACCOUNT NO. 733828623			1754940.28
04-03-17	04-03-17	PAYMENT	2684.35	PRINCIPAL	
04-01-17	04-03-17		8592.84	INTEREST	
00-00-00					
04-03-17		AUTO-DEBIT ACCOUNT NO. 733828623			1754940.28
04-03-17	04-01-17	INTEREST RATE CHANGE	5.75000	NEW RATE	
00-00-00	00-00-15		5.50000	OLD RATE	
00-00-00					1751535.98
05-01-17	05-01-17	PAYMENT	3404.30	PRINCIPAL	
05-01-17	05-01-17		7872.89	INTEREST	
00-00-00					
05-01-17		AUTO-DEBIT ACCOUNT NO. 733828623			1748651.57
06-01-17	06-01-17	PAYMENT	2884.41	PRINCIPAL	
06-01-17	06-01-17		8392.78	INTEREST	
00-00-00					
06-01-17		AUTO-DEBIT ACCOUNT NO. 733828623			1746311.93
07-03-17	07-03-17	PAYMENT	2339.64	PRINCIPAL	
07-01-17	07-03-17		8937.55	INTEREST	
00-00-00					
07-03-17		AUTO-DEBIT ACCOUNT NO. 733828623			

\*-----HISTORY: 00-00-00 THRU 00-00-00 -----\*

POST DTE	EFF DATE	TRANS DESCRIPTION	AMOUNT	TYPE	ACCT BALANCE
DUE DATE PAID-TO					1746311.93
REC DATE					
07-03-17	07-01-17	INTEREST RATE CHANGE	6.00000	NEW RATE	
00-00-00	00-00-16		5.75000	OLD RATE	
00-00-00					1743208.48
08-01-17	08-01-17	PAYMENT	3103.45	PRINCIPAL	
08-01-17	08-01-17		8173.74	INTEREST	
00-00-00					
08-01-17		AUTO-DEBIT ACCOUNT NO. 733828623			1740647.33
09-01-17	09-01-17	PAYMENT	2561.15	PRINCIPAL	
09-01-17	09-01-17		8716.04	INTEREST	
00-00-00					
09-01-17		AUTO-DEBIT ACCOUNT NO. 733828623			1738363.49
10-02-17	10-02-17	PAYMENT	2283.84	PRINCIPAL	
10-01-17	10-02-17		8993.35	INTEREST	
00-00-00					
10-02-17		AUTO-DEBIT ACCOUNT NO. 733828623			1738363.49
10-02-17	10-01-17	INTEREST RATE CHANGE	6.00000	NEW RATE	
00-00-00	00-00-17		6.00000	OLD RATE	
00-00-00					1735488.39
11-01-17	11-01-17	PAYMENT	2875.10	PRINCIPAL	
11-01-17	11-01-17		8402.09	INTEREST	
00-00-00					
11-01-17		AUTO-DEBIT ACCOUNT NO. 733828623			1732888.64
12-01-17	12-01-17	PAYMENT	2599.75	PRINCIPAL	
12-01-17	12-01-17		8677.44	INTEREST	
00-00-00					
12-01-17		AUTO-DEBIT ACCOUNT NO. 733828623			1730275.89
01-02-18	01-01-18	PAYMENT	2612.75	PRINCIPAL	
01-01-18	01-01-18		8664.44	INTEREST	
00-00-00					
01-02-18		AUTO-DEBIT ACCOUNT NO. 733828623			1730275.89
01-02-18	01-01-18	INTEREST RATE CHANGE	6.25000	NEW RATE	
00-00-00	00-00-16		6.00000	OLD RATE	
00-00-00					1727211.67
02-01-18	02-01-18	PAYMENT	3064.22	PRINCIPAL	
02-01-18	02-01-18		9011.86	INTEREST	
00-00-00					
02-01-18		AUTO-DEBIT ACCOUNT NO. 733828623			

\*\*\*\*\*HISTORY: 00-00-00 THRU 00-00-00 \*\*\*\*\*

POST DTE	EFF DATE	TRANS DESCRIPTION	AMOUNT	TYPE	ACCT BALANCE
DUE DATE PAID-TO					
REC DATE					1724131.48
03-01-18	03-01-18	PAYMENT	3080.19	PRINCIPAL	
03-01-18	03-01-18		8995.89	INTEREST	
00-00-00					
03-01-18		AUTO-DEBIT ACCOUNT NO. 733828623			1721035.25
04-02-18	04-01-18	PAYMENT	3096.23	PRINCIPAL	
04-01-18	04-01-18		8979.85	INTEREST	
00-00-00					
04-02-18		AUTO-DEBIT ACCOUNT NO. 733828623			1721035.25
04-02-18	04-01-18	INTEREST RATE CHANGE	6.50000	NEW RATE	
00-00-00	00-00-15		6.25000	OLD RATE	
00-00-00					1718281.45
05-01-18	05-01-18	PAYMENT	2753.80	PRINCIPAL	
05-01-18	05-01-18		9322.28	INTEREST	
00-00-00					
05-01-18		AUTO-DEBIT ACCOUNT NO. 733828623			
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Misc. Additional Info

## MEMORANDUM IN SUPPORT

To: Putnam County Industrial Development Agency

From: Michael T. Liguori, Esq.

Date: August 21, 2018

Re: Application for Benefits by Shelly Nichani related to his acquisition of the Fox Ridge Hotel project located at 7-11 Peach Lake Road, Brewster, New York 10509

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The purpose of this Memorandum is to update the Agency as it relates to the overall transaction and to address the remaining comments of the IDA in its review of same.

At the outset, we note the following updates itemized below. To the extent relevant, the Application to the IDA has been updated to reflect the updated information.

1. Shelly Nichani will be assigning the Contract of Sale to Ahana Hospitality LLC, a CT limited liability company authorized to do business in New York, which is an entity that he owns with one other member, Anita Mehra. Ahana Hospitality LLC will be taking title to the property and the relevant IDA documents will be with Ahana.
2. Savoy Bank has issued a commitment letter in the amount of \$4,320,000 contingent upon a satisfactory Appraisal and Feasibility Study, Phase I, and Plan and Cost Review.
3. The Appraisal and Feasibility Study was prepared by HVS Consulting & Valuation and submitted to the Bank on July 3, 2018.
4. The Phase I was prepared by Geographic Services, Inc. and submitted to the Bank on July 3, 2018.
5. The Construction Budget is complete as well as the Plan and Cost Review.
6. Financial data to support the Applicant's ability to complete the project.
7. We previously provided the letter in support from the Putnam County Tourism Bureau.

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### Evaluation Criteria

The IDA has been charged with reviewing the following criteria in its review of projects:

Extent to which a project will create or retain permanent jobs:

*There are two aspects of job creation proposed in connection with the project. The first relates to construction jobs created by the project. Exact figures on the number of tradesmen do not exist, however, the construction of the project requires the following services:*

*Construction Management, Steel, Electrical, Plumbing, HVAC, Paving, Site Work, Concrete Work, Fire Suppression, Carpenters, Sheetrockers, Roofers, Floor, Wall and Ceiling finish installers, Laborers, Landscapers, Security, Cable, Internet, Phone & Data Contractors, Engineering, Architectural and Legal Services, Rubbish Removal, Temp Services.*

*Permanent Jobs:*

*It is anticipated that after the hotel construction is complete, operation of the hotel will require the services of approximately 9 staff, which include 1 manager, 1 assistant manager, 4 maids/roomkeepers, 1 chauffeur; and 2 food / pantry workers. Outside professional services will include legal, accounting and management.*

Estimated value of tax exemptions:

*The estimated values of the tax exemptions are detailed in the Application itself.*

Amount of private sector investment:

*Mr. Nichani intends on investing approximately \$2,000,000 into the project in addition to the sale price, which would increase depending on future expansion of the hotel and the development of a restaurant in the location of the presently abandoned house on the property. Because the property consists of 12.5 acres and the hotel site (including the house) only use 3 acres, additional development is anticipated.*

Likelihood of project being accomplished in a timely fashion:

*With the availability of the construction loan funds and the cash to be injected into the project, together with the extent of the level of existing completion, it is very likely that the project will be completed on time.*

Extent of new revenue to taxing jurisdictions;

*As discussed in our prior submittals, at the June meeting and in the Application, even with the PILOT in place, the project will create additional revenue for the taxing jurisdictions in the form of additional real property tax, sales tax and bed tax.*

Any other miscellaneous public benefits.

*As discussed in the letter from the Putnam County Tourism Bureau, having a branded hotel in the County is a great way to continue the County's plan to further a tourist economy and to capitalize on that economy. All too often it sees its tax dollars lost in Connecticut or in Dutchess County due to there being no branded hotels available for people to stay. Moreover, countless businesses in the County send their business visitors to Danbury to stay because there are no branded hotels for their guests to stay in.*

*Finally, the current application will rescue a defaulted project thereby salvaging the abatements provided to the original project and finishing a project that will provide numerous benefits to the community.*

Attachments:

Assignment of Contract to Ahana Hospitality LLC

Ahana Hospitality LLC CT Business Inquiry Report

Appraisal and Feasibility Study prepared by HVS Consulting & Valuation

Phase I Environmental Site Assessment Findings Pages (1-12)

Commitment Letter from Savoy Bank

Statement of Account Showing Proof of Funds for Completion of Work

Furniture, Fixtures and Equipment Schedule

Stipulation of Settlement