

FOURTH AMENDMENT TO  
PAYMENT IN LIEU OF TAX AGREEMENT

COPY

AMENDMENT AGREEMENT made this 10<sup>th</sup> day of March, 2014, between

COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY,  
7642 N. State St., Lowville, NY

(hereinafter, the "Agency")

and

LAKESIDE BEAVER FALLS LLC,  
1200 Harger Rd., Suite 718, Oak Brook, IL 60523

(hereinafter, the "Company")

as follows (hereinafter known as the "Amendment Agreement"):

A. **RECITALS.** Agency and Company acknowledge that:

1. In conjunction with their execution of the original Payment In Lieu of Tax Agreement mentioned in subparagraph 4 below, on or about May 7, 1993 the Agency, as vendor, and Kamine, as vendee, entered into an installment sale agreement with regard to the Project Facility (as defined hereinbelow), which agreement has been subsequently restated and/or amended by agreements dated October 20, 1994 and April 15, 2002 and by an amendment agreement between the Agency and the Company dated the same date as this Amendment (collectively, the "Installment Sale Agreement").
2. By said Installment Sale Agreement, the Agency is the holder of certain leasehold, easement and other interests in co-generation plant and real property utilized in the operation of the Beaver Falls Cogeneration Plant located at Main Street in the hamlet of Beaver Falls, Town of Croghan, Lewis County, New York more particularly described in a Memorandum of Amended and Restated Installment Sale Agreement between the Agency and Kamine/Besicorp Beaver Falls L. P. filed in the Lewis County Clerk's Office on December 29, 1998 in Book 634 of Deeds at page 182 (the "Project Facility").
3. The original developer, operator and occupant of the Project Facility was Kamine/Besicorp Beaver Falls L.P. ("Kamine"), which on or about December 17, 1998 sold, transferred and assigned all of its rights, interests and obligations in the Project Facility and Installment Sales Agreement to CH Resources, Inc.
4. On or about May 7, 1993 the Agency and Kamine entered into a Payment In Lieu of Tax Agreement relative to the Project Facility, which agreement was superseded

first by an Amended and Restated Payment in Lieu of Tax Agreement between the Agency and Kamine dated October 20, 1994 and, subsequently, by a Third Amended and Restated Payment In Lieu of Tax Agreement between the Agency and CH Resources, Inc. dated December 17, 1998.

5. Thereafter, CH Resources, Inc. changed its name to WPS Empire, Inc., and on or about September 30, 2003 WPS Empire, Inc., with the consent of the Agency, assigned its rights and interests in the Project Facility and its rights and obligations under the Third Amended and Restated Payment In Lieu of Tax Agreement to WPS Beaver Falls Generation LLC.
6. On or about May 14, 2013, WPS Beaver Falls Generation LLC changed its name to Lakeside Beaver Falls LLC, and the latter is the current operator and occupant of the Project Facility.
7. The Project Facility is identified on current tax rolls and tax maps as tax parcels 128.16-3-8.112, 128-4-15.3 and 651.05-8-2.26.
8. The Third Amended and Restated Payment In Lieu of Tax Agreement, among other things, provides in Section 2 thereof that:
  - a. The Company is to make annual payments in lieu of taxes to the Agency, for distribution by the Agency to the County of Lewis, the Town of Croghan and the Beaver River Central School District (the "Taxing Entities") in a prescribed amount for the period of time to, and inclusive of, April 1, 2016, as set out in subparagraphs B(1) and B(2) of that Section 2.
  - b. The prescribed amount of those annual payments is the aggregate of (i) a fixed and specified, escalating sum per year, as set out in subparagraph B(1) of that Section 2, and (ii) in the event of the expansion of the Project Facility, an escalating percentage of real property taxes which would otherwise be imposed upon those additional facilities, as set out in subparagraph B(2) of that Section 2.
  - c. Commencing in 2017 and continuing until the Agency transfers its interest in the Project Facility to the Company, the Company will make annual payments to the Taxing Entities in such amounts as would be due them for real property taxes on the Project Facility if it were not exempt from such taxation by virtue of the Agency's interest in the Project Facility, as set out in subparagraph B(4) of that Section 2.

9. The Third Amended and Restated Payment In Lieu of Tax Agreement further provides, in Section 5, that that agreement continues in effect until the earlier of (i) the date on which title to the Project Facility is no longer held by the Agency and (ii) April 30, 2016.
10. The Company has requested, and the Taxing Entities have approved, an extension of the duration of the payment in lieu of tax agreement for ten years or until 2023 between the Agency and the Company, and an adjustment to the fixed annual component of the payments in lieu of tax (subparagraph B(1) of Section 2 of the Third Amended and Restated Payment in Lieu of Taxes Agreement) to be made by the Company and distributed by the Agency to the Taxing Entities. The Company agrees that all provisions of the Third Amended and Restated Payment in Lieu of Taxes Agreement (unless otherwise lapsed or no longer applicable) shall remain in effect, except as amended below.

**B. SPECIFIC AMENDMENTS.** The Agency and the Company do hereby agree to, and do, amend the Third Amended and Restated Payment In Lieu of Tax Agreement ("Third PILOT Agreement") prospectively in the following respects:

1. The phrase "on or before April 1, 2000 and on or before April 1 in each calendar year thereafter through April 1, 2016" appearing in subparagraph B(1) of Section 2 of that Third Pilot Agreement is hereby amended prospectively to read "on or before April 1, 2000 and on or before April 1 in each calendar year thereafter through April 1, 2023".
2. The phrase "The agreement for Pilot Payments as set forth above for any Additional Facility shall continue to and include April 1, 2016" appearing in subparagraph B(2) of Section 2 of that Third PILOT Agreement is hereby amended to read "The agreement for Pilot Payments as set forth above for any Additional Facility shall continue to and include April 1, 2023".
3. The schedule of fixed payments in lieu of taxes to be made by the Company to the Agency, as appearing in subparagraph B(1) of Section 2 of that Third PILOT Agreement, is hereby amended for each of the years 2014 through, and inclusive, of April 1, 2023 prospectively to read as set out on Exhibit A to this Amendment Agreement. That amendment is not intended to, and does not, negate, alter or supersede the continuing application of subparagraph B(2) of that Section 2 of the Third PILOT Agreement.
4. The term of the Third PILOT Agreement as set forth in Section 5 of the Third PILOT Agreement, and the language "Commencing in 2017" in subparagraph B(3) of Section 2 of that Third PILOT Agreement, are hereby changed to be the earlier of:


- a. April 30, 2023; or
  - b. Such other date that the Amended Agreement terminates in consequence of (i) the mutual agreement of the Agency and the Company, (ii) the Agency's unilateral termination of the Amended Agreement on account of the Company's default in performance of the terms of the Amended Agreement or of the Installment Sale Agreement, or (iii) the Company's unilateral termination of the Amended Agreement, upon thirty days' notice to the Agency.
5. The Third PILOT Agreement is hereby deemed modified and amended to the extent of the application of the provisions of this Amendment Agreement. In all other respects, the Agency and the Company ratify and reaffirm the terms of the Third Amended and Restated Payment In Lieu of Tax Agreement, and acknowledge that they remain in full force and effect (unless otherwise lapsed or not applicable).

C. **EXECUTION.** This Amendment Agreement may be signed in multiple, identical counterparts, each of which shall constitute a valid, and fully-binding, agreement.

D. **SIGNATORY AUTHORITY.** By their signatures hereto, each of the undersigned individuals executing this instrument in an agency capacity covenants and warrants that he or she has the authority to contract on behalf of the principals he or she purports to represent in regard to all of the matters addressed in this Amendment Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment Agreement effective as of the date first hereinabove set forth.

COUNTY OF LEWIS INDUSTRIAL  
INDUSTRIAL DEVELOPMENT AGENCY

By:   
Name: Jack T. Bush  
Its: Chairman

LAKESIDE BEAVER FALLS LLC

By:   
Name: Mark Hall  
Its: Executive Vice President

STATE OF NEW YORK )  
COUNTY OF LEWIS )

On this 14<sup>th</sup> day of March, 2014 before me, the undersigned, personally appeared  
**JACK T. BUSH**

personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

  
\_\_\_\_\_  
Notary Public

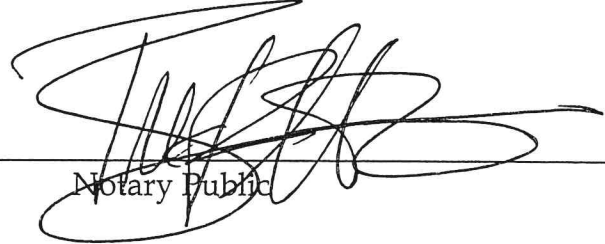
THOMAS A. CAMPANY  
Notary Public in the State of New York  
Appointed in Lewis County  
My Commission Expires 7/31/2017

STATE OF ILLINOIS )  
COUNTY OF DUPAGE )

On this 10<sup>th</sup> day of March, 2014 before me, the undersigned, personally appeared  
**MARK HALL**

personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



  
\_\_\_\_\_  
Notary Public

**EXHIBIT A**

- a. For the taxes levied pursuant to the application of the 2013 assessment rolls and for the PILOT payments due in 2014, 2015, and 2016 (i.e., the 2013, 2014, and 2015 assessment rolls), the PILOT Payment for all Taxing Jurisdictions shall be \$82,000; thereafter, said PILOT payments shall increase by 2% per year. The following PILOT Payments shall be apportioned by the Agency to each Taxing Jurisdiction based on their respective tax rate distribution for each said year of the PILOT.

<u>Year</u>	<u>Annual Payment</u>
2014	\$ 82,000
2015	\$ 82,000
2016	\$ 82,000
2017	\$ 83,640
2018	\$ 85,313
2019	\$ 87,019
2020	\$ 88,759
2021	\$ 90,535
2022	\$ 92,345
2023	\$ 94,192

- b. The apportioned PILOT Payment corresponds to the tax payment due dates of each respective Taxing Jurisdiction, as set forth in the table below.

<b>PILOT Payment Year</b>	<b>Town Assessment Roll Year</b>	<b>Town/County Tax Year (Calendar)</b>	<b>School Fiscal/Tax Year</b>
2014	2013	2014	2013-14
2015	2014	2015	2014-15
2016	2015	2016	2015-16
2017	2016	2017	2016-17
2018	2017	2018	2017-18
2019	2018	2019	2018-19
2020	2019	2020	2019-20
2021	2020	2021	2020-21
2022	2021	2022	2021-22
2023	2022	2023	2022-23

file



INDUSTRIAL DEVELOPMENT AGENCIES
APPLICATION FOR REAL PROPERTY TAX EXEMPTION
(Real Property Tax Law, Section 412-a and General Municipal Law, Section 874)

1. INDUSTRIAL DEVELOPMENT AGENCY (IDA) 2. OCCUPANT (IF OTHER THAN IDA)
(If more than one occupant attach separate listing)

Name County of Lewis Industrial Development Agency Name CH Resources, Inc.
Street 7642 State St. Main St.
City Lowville, NY 13367 Croghan, NY 12601
Telephone no. Day (315) 376-3014 Day (845) 485-5770 Ext. 40
Evening ( ) Evening ( )
Contact Ned E. Cole Lincoln Bleveans
Title Executive Director Vice President

tax
(Otherwise found
in billing/invoices)

3. DESCRIPTION OF PARCEL

a. Assessment roll description (tax map no./roll year) d. School District Beaver River Central
2001: 128.16-3-8.112; 128-4-15.3
b. Street address Main St. PO Box 69 e. County Lewis County
Beaver Falls, NY 13305 f. Current assessment N/A
c. City, Town or Village Croghan g. Lease to IDA (date recorded; liber and page)
12/29/98 Liber 634, page 157

4. GENERAL DESCRIPTION OF PROPERTY (if necessary, attach plans or specifications)

a. Brief description (include property use) Existing electricity generating plant.
b. Type of construction N/A
c. Square footage N/A f. Projected expiration of exemption (i.e.
date when property is no longer
possessed, controlled, supervised or
under the jurisdiction of IDA)
April 30, 2016
d. Total cost N/A
e. Date construction commenced N/A

5. SUMMARIZE AGREEMENT (IF ANY) AND METHOD TO BE USED FOR PAYMENTS TO BE MADE TO MUNICIPALITY REGARDLESS OF STATUTORY EXEMPTION

(Attach copy of the agreement or extract of the terms relating to the project).

a. Formula for payment Amendment to 1994 Kamine Pilot Agreement. Modified Pilot Payments are set forth in Section 2(B)(1) of the attached Third Amended and Restated Payment In Lieu of Tax Agreement dated as of December 17, 1998.
b. Projected expiration date of agreement April 30, 2016



COPY

TP-584 (4/13)

New York State Department of Taxation and Finance

Recording office time stamp



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

See Form TP-584-I, Instructions for Form TP-584, before completing this form. Print or type.

Schedule A - Information relating to conveyance

Form with sections for Grantor/Transferor and Grantee/Transferee, including fields for Name, Mailing address, City, State, ZIP code, and Social security number.

Location and description of property conveyed

Table with columns: Tax map designation - Section, block & lot, SWIS code, Street address, City, town, or village, County.

Type of property conveyed (check applicable box)

Form with checkboxes for property types (One- to three-family house, Commercial/Industrial, etc.) and date of conveyance (3/14/2014).

Condition of conveyance (check all that apply)

Form with multiple checkboxes (a-s) for conditions of conveyance such as fee interest, acquisition of controlling interest, etc.

Summary table for recording officer's use with columns: Amount received, Date received, Transaction number.

**Schedule B — Real estate transfer tax return (Tax Law, Article 31)**

**Part I — Computation of tax due**

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

1.		0	00
2.			
3.		0	00
4.		0	00
5.			
6.		0	00

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

- 1 Enter amount of consideration for conveyance (from Part I, line 1) .....
- 2 Taxable consideration (multiply line 1 by the percentage of the premises which is residential real property, as shown in Schedule A) ...
- 3 Total additional transfer tax due\* (multiply line 2 by 1% (.01)) .....

1.		
2.		
3.		

**Part III — Explanation of exemption claimed on Part I, line 1 (check any boxes that apply)**

The conveyance of real property is exempt from the real estate transfer tax for the following reason:

- a. Conveyance is to the United Nations, the United States of America, the state of New York, or any of their instrumentalities, agencies, or political subdivisions (or any public corporation, including a public corporation created pursuant to agreement or compact with another state or Canada) ..... a
- b. Conveyance is to secure a debt or other obligation..... b
- c. Conveyance is without additional consideration to confirm, correct, modify, or supplement a prior conveyance..... c
- d. Conveyance of real property is without consideration and not in connection with a sale, including conveyances conveying realty as bona fide gifts ..... d
- e. Conveyance is given in connection with a tax sale..... e
- f. Conveyance is a mere change of identity or form of ownership or organization where there is no change in beneficial ownership. (This exemption cannot be claimed for a conveyance to a cooperative housing corporation of real property comprising the cooperative dwelling or dwellings.) Attach Form TP-584.1, Schedule F..... f
- g. Conveyance consists of deed of partition..... g
- h. Conveyance is given pursuant to the federal Bankruptcy Act ..... h
- i. Conveyance consists of the execution of a contract to sell real property, without the use or occupancy of such property, or the granting of an option to purchase real property, without the use or occupancy of such property ..... i
- j. Conveyance of an option or contract to purchase real property with the use or occupancy of such property where the consideration is less than \$200,000 and such property was used solely by the grantor as the grantor's personal residence and consists of a one-, two-, or three-family house, an individual residential condominium unit, or the sale of stock in a cooperative housing corporation in connection with the grant or transfer of a proprietary leasehold covering an individual residential cooperative apartment..... j
- k. Conveyance is not a conveyance within the meaning of Tax Law, Article 31, section 1401(e) (attach documents supporting such claim) ..... k

\*The total tax (from Part I, line 6 and Part II, line 3 above) is due within 15 days from the date conveyance. Please make check(s) payable to the county clerk where the recording is to take place. If the recording is to take place in the New York City boroughs of Manhattan, Bronx, Brooklyn, or Queens, make check(s) payable to the **NYC Department of Finance**. If a recording is not required, send this return and your check(s) made payable to the **NYS Department of Taxation and Finance**, directly to the NYS Tax Department, RETT Return Processing, PO Box 5045, Albany NY 12205-5045.

**Schedule C – Credit Line Mortgage Certificate (Tax Law, Article 11)**

Complete the following only if the interest being transferred is a fee simple interest.

(e) certify that: (check the appropriate box)

- 1.  The real property being sold or transferred is not subject to an outstanding credit line mortgage.
- 2.  The real property being sold or transferred is subject to an outstanding credit line mortgage. However, an exemption from the tax is claimed for the following reason:
  - The transfer of real property is a transfer of a fee simple interest to a person or persons who held a fee simple interest in the real property (whether as a joint tenant, a tenant in common or otherwise) immediately before the transfer.
  - The transfer of real property is (A) to a person or persons related by blood, marriage or adoption to the original obligor or to one or more of the original obligors or (B) to a person or entity where 50% or more of the beneficial interest in such real property after the transfer is held by the transferor or such related person or persons (as in the case of a transfer to a trustee for the benefit of a minor or the transfer to a trust for the benefit of the transferor).
  - The transfer of real property is a transfer to a trustee in bankruptcy, a receiver, assignee, or other officer of a court.
  - The maximum principal amount secured by the credit line mortgage is \$3,000,000 or more, and the real property being sold or transferred is **not** principally improved nor will it be improved by a one- to six-family owner-occupied residence or dwelling.

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



Other (attach detailed explanation).

- 3.  The real property being transferred is presently subject to an outstanding credit line mortgage. However, no tax is due for the following reason:
  - A certificate of discharge of the credit line mortgage is being offered at the time of recording the deed.
  - A check has been drawn payable for transmission to the credit line mortgagee or his agent for the balance due, and a satisfaction of such mortgage will be recorded as soon as it is available.

4.  The real property being transferred is subject to an outstanding credit line mortgage recorded in \_\_\_\_\_ (insert liber and page or reel or other identification of the mortgage). The maximum principal amount of debt or obligation secured by the mortgage is \_\_\_\_\_. No exemption from tax is claimed and the tax of \_\_\_\_\_ is being paid herewith. (Make check payable to county clerk where deed will be recorded or, if the recording is to take place in New York City but not in Richmond County, make check payable to the **NYC Department of Finance**.)

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

The undersigned certify that the above information contained in schedules A, B, and C, including any return, certification, schedule, or attachment, is to the best of his/her knowledge, true and complete, and authorize the person(s) submitting such form on their behalf to receive a copy for purposes of recording the deed or other instrument effecting the conveyance.

 _____ Grantor signature	_____ Title	 _____ Grantee signature	_____ VP & CFO Title
_____ Grantor signature	_____ Title	_____ Grantee signature	_____ Title

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

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

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

The property is being conveyed by a referee pursuant to a foreclosure proceeding, proceed to Part II, and check the second box under *Exemptions for nonresident transferor(s)/seller(s)* and sign at bottom.

**Part I - New York State residents**

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

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

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

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

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

**Part II - Nonresidents of New York State**

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

If none of these exemption statements apply, you must complete Form IT-2663, *Nonresident Real Property Estimated Income Tax Payment Form*, or Form IT-2664, *Nonresident Cooperative Unit Estimated Income Tax Payment Form*. For more information, see *Payment of estimated personal income tax*, on page 1 of Form TP-584-I.

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

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

- The real property or cooperative unit being sold or transferred qualifies in total as the transferor's/seller's principal residence (within the meaning of Internal Revenue Code, section 121) from \_\_\_\_\_ to \_\_\_\_\_ (see instructions).  
Date Date
- The transferor/seller is a mortgagor conveying the mortgaged property to a mortgagee in foreclosure, or in lieu of foreclosure with no additional consideration.
- The transferor or transferee is an agency or authority of the United States of America, an agency or authority of the state of New York, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or a private mortgage insurance company.

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

COUNTY OF LEWIS  
INDUSTRIAL DEVELOPMENT AGENCY

AND

CH RESOURCES, INC.

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THIRD AMENDED AND RESTATED  
PAYMENT IN LIEU OF TAX AGREEMENT

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DATED AS OF December 17, 1998

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RELATING TO THE  
CH RESOURCES BEAVER FALLS GENERATION PROJECT

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EXHIBIT A - DESCRIPTION OF LAND

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EXHIBIT B - DESCRIPTION OF EASEMENTS

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### THIRD AMENDED AND RESTATED PAYMENT IN LIEU OF TAX AGREEMENT

THIS THIRD AMENDED AND RESTATED PAYMENT IN LIEU OF TAX AGREEMENT dated as of December 17, 1998 by and between COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation organized and existing under the laws of the State of New York having its office at 7638 State Street, Lowville, New York 13367, acting on its own behalf and on behalf of the Taxing Entities (as defined below) (the "Agency"), and CH RESOURCES, INC., a corporation organized and existing under the laws of the State of New York, having an office at 110 Main Street, Poughkeepsie, New York 12601 (the "Company"), amends and restates in full that certain Payment in Lieu of Tax Agreement dated as of May 7, 1993, as amended and restated by that certain Amended and Restated Payment in Lieu of Tax Agreement dated as of October 20, 1994, as further amended and restated by that certain Second Amended and Restated Payment in Lieu of Tax Agreement dated as of March 1, 1995 by and between the Agency and Kamine/Besicorp Beaver Falls, L.P. ("Kamine") (collectively the "Original Payment in Lieu of Tax Agreement");

As used herein, the term "Taxing Entities" shall mean the County of Lewis (the "County"), the Town of Croghan (the "Town"), and the Beaver River Central School District (the "School").

#### WITNESETH

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

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

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act, Chapter 62 of the 1973 Laws of the State, as amended (collectively



with the Enabling Act, the "Act"), created the Agency for the benefit of the County and the inhabitants thereof; and

WHEREAS, by resolutions adopted on October 21, 1992 and April 28, 1993, the Agency determined to undertake a project (the "Project") consisting of (A) the acquisition of (i) a leasehold interest in certain parcels of land including but not limited to the land more particularly described on Exhibit A hereto and (ii) certain easement interests more particularly described on Exhibit B hereto (Exhibit A and Exhibit B being collectively referred to as the "Land"), (B) the construction on the Land of an approximately 79.9 (net) megawatt gas-fired combined cycle combustion turbine generation plant and associated equipment (the "Generation Facility"), (C) the construction on the Land and elsewhere of all associated improvements and infrastructures including electric transmission lines, thermal energy distribution equipment, and other equipment and lines associated with the construction and operation of the Generation Facility (the "Transmission Facility," the Generation Facility and Transmission Facility are referred to collectively as the "Facility"), (D) the acquisition and installation in the Facility of certain machinery and equipment (the "Equipment") (the Land, the Facility and the Equipment being hereinafter referred to as the "Original Project Facility"), and (E) the financing of a portion of the costs of the foregoing; and

WHEREAS, modifications have been made to the Generation Facility so that it currently can generate approximately 103 net megawatts of electricity; and

WHEREAS, by resolution adopted on October 17, 1994 the Agency authorized certain modifications to the Original Project Facility to include (A) the installation of anti-corrosion and related protective equipment to assist in the preservation and long-term maintenance of the Original Project Facility, (B) modification of existing fuel supply and certain other contractual arrangements in connection with the operation of the Original Project Facility, and (C) possible installation of a natural gas fired utility boiler and other improvements within the Generation Facility (collectively the "Project Modifications") (the "Original Project Facility" and the "Project Modifications" collectively referred to as the "Project Facility"); and

WHEREAS, the Agency accepted an interest in the Land and the Agency and Kamine entered into an amended and restated installment sale agreement dated as of October 20, 1994 (the "Project Agreement") specifying the terms and conditions pursuant to which the Agency agreed to construct and install the Project Facility and to sell the Project Facility to Kamine; and

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

WHEREAS, to induce Kamine to undertake the Project, the Agency agreed to construct and install the Original Project Facility and retain their interest thereto during the term of the Original Payment in Lieu of Tax Agreement, and Kamine entered into the Original Payment in Lieu of Tax Agreement to induce the Agency to retain their interest in the Original Project Facility during the term of the Original Payment in Lieu of Tax Agreement; and

WHEREAS, Kamine has assigned, conveyed and transferred its right, title and interest in the Project, the Project Agreement and the Original Payment in Lieu of Tax Agreement to the Company by, inter alia, Assignment of Installment Sale Agreement, dated as of December 17, 1998 and Assignment of Payment in Lieu of Tax Agreement, dated as of December 17, 1998 (collectively, "Assignment Documents"), and the Company has assumed Kamine's obligations under the Project Agreement and the Original Payment in Lieu of Tax Agreement to the extent provided for in the Assignment Documents; and

WHEREAS, to induce the Company to acquire the Project and assume Kamine's obligations under the Project Agreement and Original Payment in Lieu of Tax Agreement, the Agency consented to and approved the Assignment Documents; and

WHEREAS, the Agency and the Company wish to amend and restate the Original Payment in Lieu of Tax Agreement in full as set forth herein; and

WHEREAS, it is the intent of the Agency and the Company that this Third Amended and Restated Payment in Lieu of Tax Agreement amend and restate in its entirety the Original Payment in Lieu of Tax Agreement and that, after the effective date hereof, the Original Payment in Lieu of Tax Agreement shall be of no force and effect except to evidence the terms, conditions and obligations under which the Agency and Kamine heretofore incurred obligations and liabilities to the Taxing Entities as evidenced by the Original Payment in Lieu of Tax Agreement; and

WHEREAS, this Third Amended and Restated Payment in Lieu of Tax Agreement is made in renewal, amendment, restatement and modification, but not an extinguishment of, the obligations of the Original Payment in Lieu of Tax Agreement;

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

SECTION 1. TAX-EXEMPT STATUS OF PROJECT FACILITY.

(A) Assessment of Project Facility: Pursuant to Section 874 of the General Municipal Law of the State and Section 412-a of the Real Property Tax Law, the parties hereto understand that, upon the acquisition of an interest in the Original Project Facility by the Agency, and for so long thereafter as the Agency shall have an interest in the Project Facility, the Project Facility was and shall continue to be assessed by the Taxing Entities as exempt upon the assessment rolls of the respective Taxing Entities prepared subsequent to the acquisition by the Agency of an interest in the Original Project Facility. The parties hereto understand that the Project Facility was not entitled to such exempt status on the tax rolls of any Taxing Entity until the first tax year of such Taxing Entity following the first tax status date of such Taxing Entity occurring subsequent to the date upon which the Agency became the owner of record of an interest in the Project Facility. The Agency will cooperate with the Company to preserve the tax-exempt status of the Project Facility.

(B) Special Assessments: The parties hereto understand that the tax exemption extended to the Agency by Section 874 of the General Municipal Law and Section 412-a of the Real Property Tax Law does not entitle the Agency to exemption from special assessments and special ad valorem levies. Pursuant to the Project Agreement, the Company will be required to pay all special assessments and special ad valorem levies lawfully levied and/or assessed against the Project Facility.

SECTION 2. PAYMENTS IN LIEU OF TAXES.

(A) Agreement to Make Payments: The Company agrees that it will make annual payments in lieu of taxes in the amounts hereinafter provided to the Agency as hereinafter provided so long as the Project Facility continues to be exempt on the tax rolls of the Taxing Entities. In its capacity as agent for the Taxing Entities, the Agency will allocate the annual payments among the Taxing Entities, it being understood that the Company shall have no liability to any Taxing Entity for any amounts so paid hereunder by the Company to the Agency but not distributed to such Taxing Entity.

(B) Amount of Payments in Lieu of Taxes: \_\_\_\_\_

(1) Annual Payments: On or before April 1, 2000 and on or before April 1 in each calendar year thereafter through April 1, 2016 the Company agrees to make annual payments in lieu of taxes ("Pilot Payments") to the Agency in such amounts as are set forth opposite such calendar year in the following table.

<u>Year</u>	<u>Annual Payment</u>
2000	216,000
2001	221,000
2002	227,000
2003	233,000
2004	238,000
2005	244,000
2006	250,000
2007	257,000
2008	263,000
2009	270,000
2010	276,000
2011	283,000
2012	290,000
2013	298,000
2014	305,000
2015	313,000
2016	321,000

(2) Additional Amounts in Lieu of Taxes: Commencing on April 1 of the first full calendar year following completion of construction of any additional buildings or structures on the Land ("Additional Facilities") other than the Project Facility, the Company agrees to make annual Pilot Payments ("Additional Payments") to the Agency with respect to such Additional Facilities. The amount of such Additional Payments shall be equal to the product of (a) the normal taxes which would have been payable in each tax year during this period, assuming (i) an assessed value of the Additional Facilities equal to the Construction Costs (as hereinafter defined) multiplied by the equalization rates then in effect for the Taxing Entities, and (ii) the tax rates for the respective Taxing Entities in effect on the date the Additional Payment is made times (b) the applicable percentage of the normal tax for such year as shown on the following table:

<u>Year</u> <sup>1</sup>	<u>Amount Due Expressed as a Percentage of the Amount of Normal Tax</u>
1	50%
2	55%
3	60%
4	65%
5	70%
6	75%
7	80%

<sup>1</sup> Year 1 is the first full calendar year following Completion of the Additional Facility.

8	85%
9	90%
10	95%
11	100%

"Construction Costs" shall be defined as the taxable actual costs of all building materials, equipment and labor incurred by the Company or the occupant of the Additional Facility in connection with the acquisition, installation or construction of those components of the Additional Facility which constitute real property as defined in §102(12) of New York's Real Property Tax Law or other applicable statutes. The Company agrees to promptly furnish copies of all construction contracts during all phases of the construction period to the Agency.

In no event shall the Additional Payments due in any year exceed the amount of taxes which would be levied on the Additional Facilities as if the Additional Facilities were privately owned by the Company and not owned by the Agency after appropriate reductions for the tax exemptions and credits, if any, which would be afforded to the Company if it were the owner of the Additional Facilities.

The agreement for Pilot Payments as set forth above for any Additional Facility shall continue to and include April 1, 2016 unless the Agency and the Company shall enter into a separate Payment in Lieu of Tax Agreement with respect to such Additional Facility.

The provisions of this paragraph (2) shall not apply in the event the Agency and the Company enter into a separate Payment in Lieu of Tax Agreement with respect to any Additional Facilities.

(3) Commencing in 2017 and each calendar year thereafter until the Agency transfers its interests in the Project Facility to the Company, the Company agrees to make annual Pilot Payments to the Taxing Entities in such amounts as would result from taxes being levied on the Project Facility and/or any Additional Facilities, as the case may be, by the Taxing Entities as if the Project Facility and/or the Additional Facilities were privately owned by the Company and not deemed owned by or under the jurisdiction, control or supervision of the Agency, but with appropriate reductions similar to the tax exemptions and credits, if any, which would be afforded to the Company if it were the owner of the Project Facility and any Additional Facilities. It is agreed that the Agency, in cooperation with the Company, (a) shall cause the Project Facility and any Additional Facilities to be valued for purposes of determining the amounts due hereunder as if owned by the Company as aforesaid by the appropriate officer or officers of any of the Taxing Entities as may from time to time be charged with responsibility for making such valuations, (b) shall cause to be appropriately applied to the valuation or valuations so determined the respective tax rate or rates of the Taxing Entities that would be applicable to the Project Facility and any Additional Facilities if so privately owned, (c) shall cause the appropriate officer or officers of the Taxing Entities charged with the duty of levying and collecting such taxes to submit to the Company, when the respective levies are

made for purposes of such taxes upon property privately owned as aforesaid, statements specifying the amounts and due dates of such taxes which the Taxing Entities would receive if such property were so privately owned by the Company and not deemed owned by or under the jurisdiction, control or supervision of the Agency, and (d) shall file with the appropriate officer or officers any accounts or tax returns furnished to the Agency by the Company for the purpose of such filing.

(4) The Company shall pay or cause to be paid to the Taxing Entities when due all such Pilot Payments with respect to the Project Facility and any Additional Facilities subject in each case to the Company's right to (a) obtain exemptions and credits, if any, which would be afforded to a private owner of the Project Facility and any Additional Facilities, including any available exemption under Section 485-b of the New York Real Property Tax Law with respect to the Project Facility and any Additional Facilities, (b) contest valuations of the Project Facility and any Additional Facilities made for the purpose of determining such payments therefor, and (c) seek to obtain a refund of any such payments made, all in the same manner and subject to the same statutes, rules and regulations as if the Company owned the Project Facility and any Additional Facilities. Notwithstanding the foregoing, in no event shall the Pilot Payments provided for in Section 2(B)(1) or (2) be reduced by any such exemption, except to the extent specifically provided for in Section 2(B)(2) as to Additional Facilities.

(C) Receipts for Payments: The Company shall be entitled to receive receipts for all Pilot Payments made hereunder.

(D) Method of Payment: Each Pilot Payment by the Company hereunder shall be paid in lawful money of the United States of America.

(E) Kamine 1999 Pilot Obligation. The Agency and the Company acknowledge that Kamine, and not the Company, is obligated to make a \$300,000 Pilot Payment on or before April 1, 1999, notwithstanding Kamine's assignment and the Company's assumption of Kamine's obligations under the Original Payment in Lieu of Tax Agreement. Any failure by Kamine to make the 1999 Payment shall not constitute a default or breach by the Company of any of its obligations under this Third Amended and Restated Payment in Lieu of Tax Agreement or the Project Agreement.

### SECTION 3. CREDIT FOR TAXES PAID.

(A) Credits: The parties hereto acknowledge and agree that the obligation of the Company to make the payments provided in Section 2 hereof shall be in addition to any and all other taxes and governmental charges of any kind whatsoever which the Company may be required to pay under the Project Agreement. It is understood and agreed, however, that, should under any subsequently adopted state or local law the Company pay in any tax year to any Taxing Entity any amounts in the nature of general property taxes, general assessments, service charges or other general governmental charges of a similar

nature levied and/or assessed upon the Project Facility or any Additional Facilities or the interest therein of the Company or the occupancy thereof by the Company (but not including, by way of example, (1) sales and use taxes, and (2) special assessments of any nature, special ad valorem charges of any nature or governmental charges in the nature of utility charges, including, but not limited to, water, solid waste, sewage treatment or sewer or other rents, rates and charges), then the Company's obligation hereunder to make Pilot Payments in such tax year to the Agency shall be reduced by the amounts which the Company shall have so paid to such Taxing Entity in such tax year, but there shall be no cumulative or retroactive credit as to any Pilot Payment due to any other Taxing Entity or as to any Pilot Payment due to such Taxing Entity in any other tax year.

(B) Method of Claiming Credits: If the Company desires to claim a credit against any particular Pilot Payment due hereunder, the Company shall give the appropriate Taxing Entity and the Agency prior written notice of its intention to claim any credit pursuant to the provisions of this Section 3, said notice to be given by the Company at least ten (10) days prior to the final date on which such Pilot Payment is due pursuant to the provisions of Section 2 hereof.

SECTION 4. INTEREST. If the Company shall fail to make any payment required by this Third Amended and Restated Payment in Lieu of Tax Agreement when due, its obligation to make the payment so in default shall continue as an obligation of the Company until such payment in default shall have been made in full, and the Company shall pay the same together with interest thereon, to the extent permitted by law, at the rate per annum which would be payable if such amounts were delinquent taxes, until so paid in full.

SECTION 5. TERM OF AGREEMENT. This Third Amended and Restated Payment in Lieu of Tax Agreement shall become effective as of December 17, 1998. This Third Amended and Restated Payment in Lieu of Tax Agreement shall continue to remain in effect until the earlier of (i) the date on which an interest in the Project Facility is no longer held by the Agency pursuant to the Project Agreement and (ii) April 30, 2016.

SECTION 6. AMENDMENT OF AGREEMENT. This Third Amended and Restated Payment in Lieu of Tax Agreement may not be effectively amended, changed, modified, altered or terminated unless such amendment, change, modification, alteration or termination is in writing intended for such purpose and executed and delivered by the Agency and the Company.

SECTION 7. BINDING EFFECT. This Third Amended and Restated Payment in Lieu of Tax Agreement shall inure to the benefit of, and shall be binding upon, the Agency, the Company and their respective successors and assigns. The provisions of this Third Amended and Restated Payment in Lieu of Tax Agreement are intended to be for the benefit of the Taxing Entities. Notwithstanding anything to the contrary contained in this Third Amended and Restated Payment in Lieu of Tax Agreement, this Third Amended and Restated Payment in Lieu of Tax Agreement

may not be assigned by the Company without the Agency's consent, which consent shall not be unreasonably withheld.

SECTION 8. DEFAULT. In the event any Pilot Payment is not received by the Agency when due, the Agency may, in addition to collecting the interest provided for in Section 4 above, take any action at law or in equity as it deems appropriate to collect the amounts due hereunder.

SECTION 9. COSTS AND EXPENSES. In the event that the Company shall fail to make any payment required hereunder when due and the Agency refers to an attorney collection of amounts due under this Third Amended and Restated Payment in Lieu of Tax Agreement, the Company shall pay to the Agency all costs and expenses, including reasonable attorney's fees, incurred by the Agency with respect thereto.

SECTION 10. NOTICES.

(A) All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently deemed given when sent to the applicable address stated below by registered or certified mail, return receipt requested, or by such other method as shall provide the sender with documentary evidence of such delivery. The addresses to which notices, certificates or other communications hereunder shall be delivered are as follows:

To the Company:

CH Resources, Inc.  
110 Main Street  
Poughkeepsie, New York 12601  
Attention: Gary H. Thorn, Vice President

With a copy to:

Nixon Peabody LLP  
P.O. Box 31051  
Clinton Square  
Rochester, New York 14604  
Attention: John B. Hood

To the Agency:

County of Lewis Industrial Development Agency  
7642 State Street  
Lowville, New York 13367  
Attention: Chairman



(B) Any person entitled to notice may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates and other communications shall be sent.

SECTION 11. SEVERABILITY. If any article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion of this Third Amended and Restated Payment in Lieu of Tax Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion so adjudged invalid, illegal or unenforceable shall be deemed separate, distinct and independent, and the remainder of this Third Amended and Restated Payment in Lieu of Tax Agreement shall be and remain in full force and effect and shall not be invalidated or rendered illegal or unenforceable or otherwise affected by such holding or adjudication.

SECTION 12. COUNTERPARTS. This Third Amended and Restated Payment in Lieu of Tax Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 13. APPLICABLE LAW. This Third Amended and Restated Payment in Lieu of Tax Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 14. LIMITATIONS WITH RESPECT TO OBLIGATIONS OF THE COMPANY. Anything contained herein to the contrary notwithstanding, the Agency hereby agrees that there shall be no recourse against the Company or affiliates or lenders of the Company nor any shareholder, partner, officer, director, agent or representative of any thereof for any liability to the Agency arising in connection with any breach or default under this Third Amended and Restated Payment in Lieu of Tax Agreement except to the extent the same is enforced against the Project Facility, and the Agency shall look solely to the Project Facility in enforcing the Company's rights and obligations under and in connection with this Third Amended and Restated Payment in Lieu of Tax Agreement, provided that (a) the foregoing provisions of this Section 14 shall not constitute a waiver, release or discharge of any of the obligations arising under this Third Amended and Restated Payment in Lieu of Tax Agreement, or of any of the terms, covenants, conditions or provisions of this Third Amended and Restated Payment in Lieu of Tax Agreement, but the same shall continue until fully paid, discharged, observed or performed, and (b) the foregoing provisions of this Section 14 shall not limit or restrict the right of the Agency, or the County as agent of the Agency, to name the Company or any other person as a defendant in any action or suit for a judicial foreclosure or for the exercise of any other remedy under or with respect to this Third Amended and Restated Payment in Lieu of Tax Agreement (including, without limitation, any action taken pursuant to Section 8 hereof), or for injunction or specific performance. In addition, nothing contained in this Section 14 shall limit in any way the ability of the Agency to enforce its respective rights or the rights of the Company against any person other than the

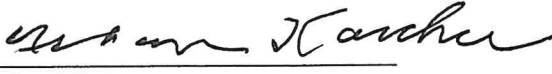
Company or affiliates or lenders of the Company or any shareholder, partner, officer, director, agent or representative of any thereof under this Third Amended and Restated Payment in Lieu of Tax Agreement.

SECTION 15. SPECIAL OBLIGATION OF THE AGENCY. Notwithstanding any other provision in this Third Amended and Restated Payment in Lieu of Tax Agreement to the contrary, the obligations and agreements of the Agency contained herein, shall be deemed the obligations and agreements of the Agency, and not of any member, officer, agent (other than the Company) or employee of the Agency in his individual capacity, and the members, officers, agents (other than the Company) and employees of the Agency shall not be liable personally hereon or thereon or be subject to any personal liability or accountability based upon or in respect hereof or thereof or of any transaction contemplated hereby or thereby. The obligations and agreements of the Agency contained herein shall not constitute or give rise to an obligation of the State of New York or Lewis County, New York and neither the State of New York nor Lewis County, New York shall be liable thereon, and further, such obligations and agreements shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute limited, non-recourse obligations of the Agency payable solely from the revenues of the Agency received hereunder or derived and to be derived from the sale or other disposition of the Project Facility.

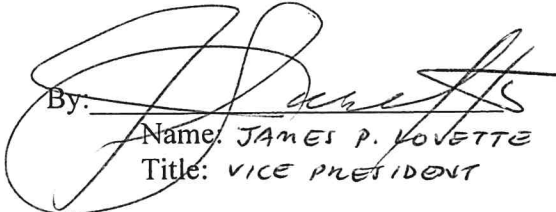
SECTION 16. ORIGINAL PAYMENT IN LIEU OF TAX AGREEMENT SUPERSEDED. With respect to the obligations of the Company, its successors and assigns, the Original Payment in Lieu of Tax Agreement is superseded by this Third Amended and Restated Payment in Lieu of Tax Agreement which has been executed in renewal, amendment, reinstatement and modification, but not in extinguishment of, the obligations under the Original Payment in Lieu of Tax Agreement.

IN WITNESS WHEREOF, the Agency and the Company have caused this Third Amended and Restated Payment in Lieu of Tax Agreement to be executed in their respective names by their respective authorized officers, all as of the day and year first above written.

COUNTY OF LEWIS INDUSTRIAL  
DEVELOPMENT AGENCY

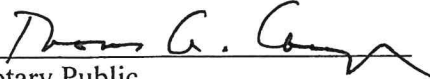
By:   
Chairman

CH RESOURCES, INC.

By:   
Name: JAMES P. LOVETTE  
Title: VICE PRESIDENT

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

On this 26<sup>th</sup> day of November, 2001, before me personally came Urban Kardner, to me known, who, being by me duly sworn, did depose and say that he resides in Lyon Falls, New York; that he is Chairman of County of Lewis Industrial Development Agency, the public benefit corporation described in and which executed the foregoing Third Amended and Restated Payment in Lieu of Tax Agreement; and that he signed his name thereto by authority of the members of said public benefit corporation.

  
Notary Public

THOMAS A. CAMPANY  
Notary Public in the State of New York  
Appointed in Lewis County  
My Commission Expires 7/31/2005

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

On the 28th day of NOVEMBER in the year 2001 before me personally came JAMES P. LOUETTE to me known, who, being by me duly sworn, did depose and say that (he) (she) resides in POUGHKEEPSIE, NY, that (he) (she) is the VICE PRESIDENT of CH Resources, Inc., the corporation described in and which executed the above instrument; and that (he) (she) signed (his) (her) name thereto by order of the board of directors of said corporation.

  
Notary Public

SHARRON E. SMITH  
Notary Public, State of New York  
Qualified in Dutchess County  
Commission Expires May 26, 2003

EXHIBIT A

Land , Lease Parcel

Lease Parcel "A"  
Specialty Paperboard, Inc.  
Town of Croghan

ALL that tract or parcel of land situate in the Hamlet of Beaver Falls, Town of Croghan, County of Lewis and State of New York being further described as follows:

BEGINNING at a point in the centerline of Main Street said point being located a direct tie of S.58°-14'-43"E., 686.67 feet from the intersection of the centerlines of Main Street and Toytown Road;

THENCE in a generally southeasterly direction along the centerline of Main Street, as the centerline winds and turns, a distance of 594.7 feet to a point being located a direct tie of S.37°-34'-40"E., 584.09 feet from the point of beginning;

THENCE S.27°-00'-00"W., a distance of 99.34 feet to a point;

THENCE S.31°-00'-23"E., a distance of 93.51 feet to a point;

THENCE S.26°-46'-50"W., a distance of 107.14 feet to a point on the shoreline of an island in the Beaver River;

THENCE along the shoreline of the island in the Beaver River, represented by a survey meander line having the following nine courses:

1. S.37°-24'-54"E., 58.62 feet;
2. S.26°-01'-15"E., 231.73 feet;
3. S.00°-27'-55"W., 187.28 feet;
4. N.54°-20'-30"W., 106.79 feet;
5. N.78°-07'-37"W., 79.33 feet;
6. N.49°-37'-20"W., 129.56 feet;
7. N.07°-49'-27"W., 57.18 feet;
8. N.28°-25'-20"W., 167.87 feet;
9. N.05°-53'-28"W., 46.97 feet to a point on the shoreline of the island in Beaver River;

THENCE N.37°-21'-31"W., crossing a canal from the island in the Beaver River to the mainland, a distance of 200.33 feet to a point in the mainland shoreline of Beaver River;

THENCE along the shoreline of the Beaver River, represented by a survey meander line, having the following 2 courses:

1. N.57°-06'-14"W., 94.63 feet;
2. N.30°-07'-34"W., 148.37 feet to a point in the shoreline of the Beaver River;

THENCE N.56°-10'-05"E., a distance of 143.00 feet to a point;

THENCE N.11°-00'-00"E., a distance of 343.52 feet to the point of beginning.

CONTAINING 6.725 acres of land more or less.

DESCRIPTION

Specialty Paperboard, Inc.  
Town of Croghan  
Cut Out Parcel (5.00 Acres) Part of Lease Parcel "A"

ALL THAT TRACT OR PARCEL OF LAND situate in the Hamlet of Beaver Falls, Town of Croghan, County of Lewis and State of New York being further described as follows:

BEGINNING at a point in the centerline of Main Street, said point being situate a direct tie of S.64°-29'-02"E., 255.20 feet from the intersection of the centerline of Main Street and the centerline of Toytown Road;

THENCE N.30°-40'-00"E., a distance of 479.79 feet to a point;

THENCE S.59°-20'-00"E., a distance of 454.51 feet to a point;

THENCE S.30°-40'-00"W., a distance of 527.30 feet to a point in the centerline of Main Street;

THENCE in a generally northwesterly direction along the centerline of Main Street, as the centerline winds and curves, a distance of 466.0 feet to the point of beginning, being located a direct tie of N.53°-21'-57"W., 456.98 feet from the last mentioned point in the centerline of Main Street.

CONTAINING 5.00 acres of land more or less.

EXHIBIT B

Land , Easements

Easement "A"  
Specialty Paperboard, Inc.  
Town of Croghan

ALL that tract or parcel of land situate in the Hamlet of Beaver Falls, Town of Croghan, County of Lewis and State of New York being further described as follows:

BEGINNING at a point, said point being located S.11°-00'-00"W., a distance of 343.52 feet from a point in the centerline of Main Street, said point being known as a reference point, said reference point being located S.58°-14'-43"E., 686.67 feet from the intersection of the centerline of Main Street and Toytown Road;

THENCE from said point of beginning S.56°-10'-05"W., 98.07 feet to a point;

THENCE N.30°-00'-00"W., a distance of 100.94 feet to a building corner;

THENCE the following 13 courses along the face of the building:

1. N.04°-59'-48"E., 6.65 feet to a building corner;
2. S.85°-00'-12"E., 54.68 feet to a building corner;
3. N.07°-52'-35"E., 25.00 feet to a building corner;
4. S.82°-07'-25"E., 6.00 feet to a building corner;
5. S.06°-59'-36"W., 33.61 feet to a building corner;
6. S.85°-24'-48"E., 59.11 feet to a building corner;
7. N.04°-35'-25"E., 19.58 feet to a building corner;
8. N.85°-37'-18"W., 14.00 feet to a building corner;
9. N.04°-33'-45"E., 23.20 feet to a building corner;
10. N.85°-19'-32"W., 14.70 feet to a building corner;
11. N.04°-59'-19"E., 10.00 feet to a building corner;
12. S.85°-07'-04"E., 2.10 feet to a building corner;
13. N.04°-52'-56"E., 16.62 feet to a point in the face of said building;

THENCE S.79°-00'-00"E., a distance of 50.41 feet to a point;

THENCE S.11°-00'-00"W., a distance of 83.71 feet to the point of beginning.

CONTAINING 0.209 acres of land more or less.



DESCRIPTION

Specialty Paperboard, Inc.  
Town of Croghan  
Easement "B"

ALL THAT TRACT OR PARCEL OF LAND situate in the Hamlet of Beaver Falls, Town of Croghan, County of Lewis and State of New York and being further described as follows:

BEGINNING at a point, said point is situate a direct tie of S.42°-28'-32"E., 1378.77 feet from the intersection of the centerline of Main Street and the centerline of Toytown Road;

THENCE S.31°-00'-23"E., parallel to and 8 feet westerly of the centerline of the existing railroad tracks, a distance of 201.25 feet to a point;

THENCE in a generally southeasterly direction parallel to and 8 feet westerly of the centerline of the existing railroad tracks, along a curve to the right at a radius of 532.00 feet, a distance of 326.39 feet to a point, said point is situate S.13°-24'-19"E., 320.81 feet from the last mentioned point;

THENCE S.76°-47'-42"E., a distance of 31.01 feet to a point;

THENCE S.63°-43'-47"E., a distance of 49.83 feet to a point;

THENCE S.73°-34'-01"E., a distance of 24.61 feet to a point;

THENCE N.75°-26'-052"E., a distance of 43.83 feet to a point;

THENCE N.61°-50'-31"E., a distance of 27.73 feet to a point;

THENCE N.31°-00'-11"E., a distance of 10.24 feet to a point on a building face;

THENCE S.75°-38'-33"E. along said building face, a distance of 36.53 feet to a point;

THENCE S.31°-00'-11"W., a distance of 30.35 feet to a point on the shoreline of Beaver River;

THENCE along the shoreline of the Beaver River, represented by a survey meander line having the following 4 courses and distances:

1. S.61°-50'-31"W., 41.56 feet;
2. S.75°-26'-52"W., 57.71 feet;
3. N.73°-34'-01"W., 37.32 feet;
4. N.63°-43'-47"W., 45.19 feet;

THENCE S.04°-41'-35"W., a distance of 31.94 feet to a point in the Beaver River;

THENCE N.85°-18'-25"W., a distance of 36.00 feet to a point:

THENCE N.04°-41'-35"E., a distance of 37.45 feet to a point on the shoreline of the Beaver River;

THENCE continuing along the shoreline of the Beaver River represented by a survey meander line having the following 8 course and distances;

1. N.72°-50'-01"W., 10.12 feet;
2. N.20°-12'-43"W., 55.02 feet;
3. N.02°-31'-38"E., 121.86 feet;
4. N.14°-35'-28"W., 56.32 feet;
5. N.37°-42'-15"W., 74.21 feet;
6. N.20°-53'-20"W., 101.97 feet;
7. N.29°-44'-33"W., 70.69 feet;
8. N.42°-35'-13"W., 45.17 feet to a point on the shoreline of Beaver River;

THENCE N.26°-46'-50"E., a distance of 43.50 feet to the point of beginning.

CONTAINING 0.636 acres of land more or less.

Specialty Paperboard, Inc.  
Town of Croghan  
Easement "E"

ALL THAT TRACT OR PARCEL OF LAND situate in the Hamlet of Beaver Falls, Town of Croghan, County of Lewis and State of New York and further described as follows:

BEGINNING at a point in the easterly shoreline of Beaver River, said point is situate a direct tie of S.27 -10'-37"E., 874.78 feet from the intersection of the centerline of Main Street and the centerline of Toytown Road;

THENCE in a generally southeasterly direction along the shoreline of Beaver River, a distance of 149.0 feet to a point, said point is situate a direct tie of S.30 -07'-34"E., 148.37 feet from the point of beginning;

THENCE in a generally southeasterly direction along the shoreline of Beaver River, a distance of 95.2 feet to the point of intersection of said shoreline with the northeasterly shoreline of the existing canal, said point of intersection is situate a direct tie of S.57 -06'14"E., 94.63 feet from the last mentioned point in the shoreline of Beaver River;

THENCE S.37 -21'-31"E., a distance of 46.61 feet to a point in said canal;

THENCE N.49 -44'-48"W., a distance of 44.89 feet to a point;

THENCE S.40 -15'-12"W. crossing Beaver River, a distance of 233.41 feet to a point in the southerly shoreline of Beaver River;

THENCE N.61 -03'-47"W. along the shoreline of Beaver River, a distance of 11.70 feet to a point;

THENCE N.47 -25'-41"W. along the shoreline of Beaver River, a distance of 44.41 feet to a point;

THENCE N.34 -41'-44"W., along the shoreline of Beaver River, a distance of 30.49 feet to a point;

THENCE N.30 -37'-57"W. along the shoreline of Beaver River, a distance of 52.44 to a point;

THENCE in a generally northwesterly direction along the shoreline of Beaver River, as the shoreline winds and turns, a distance of 170.7 feet to a point, said point is situate a direct tie of N.24 -26'-25"W., 170.63 feet from the last mentioned point in the shoreline of Beaver River;

THENCE N.50 -31'-07"W. along the shoreline of Beaver River, a distance of 46.00 feet to a point;

THENCE N.68 -57'-07"E., crossing the Beaver River, a distance of 210.00 feet to the point of beginning.

CONTAINING 1.42 acres of land more or less.

DESCRIPTION

Specialty Paperboard, Inc.  
Town of Croghan – Easement “F”

ALL THAT TRACT OR PARCEL OF LAND situate in the Hamlet of Beaver Falls, Town of Croghan, County of Lewis and State of New York and further described as follows:

BEGINNING at a point being located a direct tie of S.62 –05’-11”E., 596.33 feet from the intersection of the centerline of Main Street and the centerline of Toytown Road;

THENCE S.34 –42’-04”E., a distance of 100.00 feet to a point;

THENCE S.11 –00’-00”W., a distance of 104.79 feet to a point;

THENCE N.34 –42’-04”W., a distance of 173.19 feet to a point;

THENCE N.55 –17’-56”E., a distance of 75.00 feet to the point of beginning.

CONTAINING 0.235 acres of land more or less.

Excepting from said lease parcels easement rights over those certain easements described on the following pages as Easements D, J, G, H and I as reserved by Specialty Paperboard, Inc. under that certain Restated Ground Lease dated as of November 19, 1992 (which supersedes that certain ground lease dated as of February 26, 1992 and amended June 10, 1992) between Specialty Paperboard, Inc. and Kamine/Besicorp Beaver Falls L.P., as amended by that certain First Amendment of Restated Ground Lease dated as of May 7, 1993 between Specialty Paperboard Inc. and Kamine/Besicorp Beaver Falls L.P.

DESCRIPTION

Easement "D"  
Specialty Paperboard, Inc.  
Town of Croghan

The access road is contained within the following Easement Areas J & D.

ALL THAT TRACT OR PARCEL OF LAND situate in the Hamlet of Beaver Falls, Town of Croghan, County of Lewis and State of New York being further described as follows:

BEGINNING at an iron pipe found, said iron pipe is situate N.49 -34'-09"E., 2187.57 feet from the intersection of the centerlines of centerlines of Toytown Road and Main Street;

THENCE S.30 -40'-00"W., a distance of 1566.90 feet to a point;

THENCE N.59 -20'-00"W., a distance of 100.00 feet to a point;

THENCE N.30 -40'-00"E., a distance of 1609.34 feet to a point;

THENCE S.36 -20'-00"E., a distance of 108.64 feet to the point of beginning.

CONTAINING 3.646 acres of land more or less.

DESCRIPTION

Easement "J"  
Specialty Paperboard, Inc.  
Town of Croghan

ALL THAT TRACT OR PARCEL OF LAND situate in the Hamlet of Beaver Falls, Town of Croghan, County of Lewis and State of New York being further described as follows:

BEGINNING at a point, said point is situate N.85 -19'-00"E., 868.87 feet from the intersection of the centerline of Main Street and the centerline of Toytown Road;

THENCE S.30 -40'-00"W., a distance of 275.00 feet to a point;

THENCE N.59 -20'-00"W., a distance of 100.00 feet to a point;

THENCE N.30 -40'-00"E., a distance of 275.00 feet to a point;

THENCE S.59 -20'-00"E., a distance of 100.00 feet to the point of beginning.

CONTAINING 0.631 acres of land more or less.

DESCRIPTION

Specialty Paperboard, Inc.  
Town of Croghan  
Easement "G"

ALL THAT TRACT OR PARCEL OF LAND situate in the Hamlet of Beaver Falls, Town of Croghan, County of Lewis and State of New York and further described as follows:

BEGINNING at a point, said point is situate a direct tie of S.11 -00'-00"W., 237.70 feet from a Reference Point in the centerline of Main St., said Reference Point is situate a direct tie of S.58 -14'-43"E., 686.67 feet from the intersection of the centerline of Main Street and the centerline of Toytown Road;

THENCE S.63 -58'-04"E., parallel to and 10 feet northerly of the centerline of the existing railroad tracks, a distance of 65.31 feet to a point;

THENCE in a generally southeasterly direction parallel to and 10 feet northerly and easterly of the centerline of the existing railroad tracks, on a curve to the right at a radius of 630.00 feet, a distance of 362.43 feet to a point, said point is situate S.47 -29'-14"E., 357.45 feet from the last mentioned point;

THENCE S.31 -00'-23"E., parallel to an 10 feet easterly of the centerline of the existing railroad tracks, a distance of 155.18 feet to a point;

THENCE S.26 -46'-50"W., crossing the railroad tracks, a distance of 23.64 feet to a point;

THENCE N.31 -00'-23"W., parallel to and 10 feet westerly of the centerline of the existing railroad tracks, a distance of 167.78 feet to a point;

THENCE in a generally northwesterly direction parallel to and 10 feet southerly and westerly of the centerline of the existing railroad tracks, on a curve to the left at a radius of 610.00 feet, a distance of 350.92 feet to a point, said point is situate N.47 -27'-44"W., 346.58 feet from the last mentioned point;

THENCE N.63 -58'-04"W. parallel to and 10 feet southerly of the centerline of the railroad tracks, a distance of 59.94 feet to a point;

THENCE N.11 -00'-00"E. crossing the railroad tracks, a distance of 20.71 feet to the point of beginning.

CONTAINING 0.267 acres of land more or less.



DESCRIPTION

Specialty Paperboard, Inc.  
Town of Croghan  
Easement "H"

ALL THAT TRACT OR PARCEL OF LAND situate in the Hamlet of Beaver Falls, Town of Croghan, County of Lewis and State of New York and further described as follows:

BEGINNING at a point, said point is situate a direct tie of S.11 -00'-00"W., 190.8 feet from a Reference Point in the centerline of Main Street, said Reference Point is situate a direct tie of S.58 -14'-43"E., 686.67 feet from the intersection of the centerline of Main Street and the centerline of Toytown Road;

THENCE S.53 -24'E., a distance of 70.2 feet to a point;

THENCE S.81 -53'E., a distance of 45.6 feet to a point;

THENCE N.83 -10'E., a distance of 39.2 feet to a point;

THENCE N.16 -25'E., a distance of 44.4 feet to a point in the centerline of Main Street;

THENCE S.31 -45'E. along the centerline of Main Street, a distance of 130.8 feet to a point;

THENCE N.87 -47'W., a distance of 67.2 feet to a point;

THENCE N.63 -19'W., a distance of 118.2 feet to a point;

THENCE S.61 -29'W. crossing the existing railroad tracks, a distance of 51.9 feet to a point;

THENCE N.79 -00'W., a distance of 18.88 feet to a point;

THENCE N.11 -00'-00"E., a distance of 79.2 feet to the point of beginning.

CONTAINING 0.254 acres of land more or less.

DESCRIPTION

Specialty Paperboard, Inc.  
Town of Croghan  
Easement "I"  
Parking Lot

ALL THAT TRACT OR PARCEL OF LAND situate in the Hamlet of Beaver Falls, Town of Croghan, County of Lewis and State of New York and further described as follows:

BEGINNING at a point, said point is situate a direct tie of S.11 -00'-00"W., 146.3 feet from a Reference Point is situate a direct tie of S.58 -14'-43"E., 686.67 feet from the intersection of the centerline of Main Street and the centerline of Toytown Road;

THENCE S.60 -00'E., a distance of 35.1 feet to a point;

THENCE N.76 -34'E., a distance of 21.6 feet to a point;

THENCE S.50 -28'E., a distance of 85.0 feet to a point;

THENCE S.24 -44'W., a distance of 26.2 feet to a point;

THENCE S.83 -10'W., a distance of 13.2 feet to a point;

THENCE N.81 -53'W., a distance of 45.6 feet to a point;

THENCE N.53 -24'W., a distance of 70.2 feet to a point;

THENCE N.11 00'-00"E., a distance of 44.5 feet to the point of beginning.

CONTAINING 0.145 acres of land more or less.

EXHIBIT "A-2"

Description of Easement Interests

Parcel E-1:

Easement Agreement dated as of September 13, 1993, made by Gary H. Walseman and Deborah L. Walseman to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 148.

Parcel E-2:

Easement Agreement dated as of September 16, 1993, made by Floyd E. Zehr and Laura L. Zehr to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 34.

Parcel E-3:

Easement Agreement dated as of November 10, 1993, made by Bruce D. Petzoldt and Patricia M. Petzoldt to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 94.

Parcel E-4:

Easement Agreement dated as of September 16, 1993, made by Donald J. Petzoldt and Rita B. Petzoldt to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 64.

Parcel E-5:

Easement Agreement dated as of November 10, 1993, made by Bruce D. Petzoldt and Patricia M. Petzoldt to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 94.

Parcel E-6:

Easement Agreement dated as of October 13, 1993, made by Keith W. Lehman and Ernestine C. Lehman to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 568 of Deeds, page 42.

Parcel E-7:

Easement Agreement dated as of September 16, 1993, made by Donald J. Petzoldt and Rita B. Petzoldt to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 64.

Parcel E-8:

Easement Agreement dated as of January 25, 1994, made by Ronald G. Arthur and Charlene A. Arthur to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 569 of Deeds, page 65.

Parcel E-9:

Easement Agreement dated as of September 16, 1993, made by Donald J. Petzoldt and Rita B. Petzoldt to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 64.

Parcel E-10:

Easement Agreement dated as of September 16, 1993, made by Donald J. Petzoldt and Rita B. Petzoldt to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 64.

Parcel E-11:

Easement Agreement made by Dorrance Martin and Anne Martin to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office on December 8, 1993 in Liber 567 of Deeds, page 142.

Parcel E-12:

Easement Agreement dated as of September 16, 1993, made by Robert H. Monnat and Mildred A. Monnat to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 20.

Parcel E-13:

Easement Agreement dated as of March 10, 1994, made by Daniel J. Zehr to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 570 of Deeds, page 201.

Parcel E-14:

Easement Agreement dated as of October 12, 1993, made by Norman J. Zehr and Carolyn Zehr to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 122.

Parcel E-15:

Easement Agreement made by Merle J. Roggie and Beulah M. Roggie to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office on December 8, 1993 in Liber 567 of Deeds, page 136.

Parcel E-16:

Easement Agreement dated as of September 16, 1993, made by Daniel J. Zehr to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 50.

Parcel E-17:

Easement Agreement dated as of October 12, 1993, made by Erwin D. Zehr to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 115.

Parcel E-18:

Easement Agreement dated as of October 12, 1993, made by William S. Morrow and Elizabeth M. Morrow to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 109.

Parcel E-19:

Easement Agreement dated as of October 12, 1993, made by Michael J. Lyndaker and Sally A. Lyndaker to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 87.

Parcel E-20:

Easement Agreement dated as of February 7, 1994, made by Walter J. Smith, Jr. and Lorraine Smith to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 569 of Deeds, page 71.

Parcel E-21:

Easement Agreement dated as of October 13, 1993, made by Tabolt and Sons to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 27.

Parcel E-22:

Easement Agreement dated as of October 13, 1993, made by J. Russell Tabolt and Mary Tabolt to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 41.

Parcel E-23:

Easement Agreement dated as of October 13, 1993, made by J. Russell Tabolt and Mary Tabolt to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 41.

Parcel E-24:

Easement Agreement dated as of September 13, 1993, made by Robert G. Zehr and Roberta B. Zehr to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 128.

Parcel E-25:

Easement Agreement dated as of September 13, 1993, made by J. Russell Tabolt and Mary Tabolt to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 41.

Parcel E-26:

Easement Agreement made by Lewis C. Keefer and Eulene B. Keefer to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office on August 13, 1993 in Liber 562 of Deeds, page 341.

Parcel E-26a:

Easement Agreement dated as of September 17, 1993, made by Patrick J. Nortz and Helen E. Nortz to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 57.

Parcel E-27:

Easement Agreement dated as of December 28, 1993, made by to Grove J. Goodnough and Beatrice e. Goodnough Trust under Trust Agreement and Grove J. Goodnough and Beatrice E. Goodnough, life tenants to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 569 of Deeds, page 56.

Parcel E-28:

Easement Agreement dated as of September 13, 1993, made by Andrew B. Zehr and Ruth E. Zehr to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 154.

Parcel E-29:

Easement Agreement dated as of September 16, 1993, made by Titus Mast and Delores Mast to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 80.

Parcel E-30:

Easement Agreement dated as of September 16, 1993, made by Titus Mast and Delores Mast to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 80.

Parcel E-31:

Easement Agreement dated as of December 1, 1993, made by Anthony R. Zehr and Arlene Zehr to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 73.

Parcel E-32:

Easement Agreement dated as of December 1, 1993, made by James Zehr and Leona Zehr to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 103.

Parcel E-33:

Easement Agreement dated as of December 1, 1993, made by James Zehr and Leona Zehr to Kamine/Besicorp Beaver Falls L.P. recorded in the Lewis County Clerk's Office in Liber 567 of Deeds, page 103.



## Beaver Falls Generation Station Memorandum of Understanding

On this \_\_\_ day of October, 2013, the parties, Lakeside Beaver Falls LLC (“*Lakeside*”), owner of the Beaver Falls Generation Station, and the Town of Croghan (“*Town*”), Beaver River Central School District (“*District*”), and the County of Lewis (“*County*”) (Town, District, and County are collectively referred to as “*Taxing Jurisdictions*”) (all together, “*Parties*”) agree as follows:

1. This Memorandum of Understanding expresses the agreement of the Parties to amend the WPS Beaver Falls Generation, LLC PILOT Agreement (“**Beaver Falls PILOT**”) (and all associated agreements), as defined below, on terms consistent with those contained herein.

2. The Taxing Jurisdictions and Lakeside agree to work cooperatively in amending the existing payment in lieu of taxes agreement with the Lewis County Industrial Development Agency (“*IDA*”), based on the follow terms and conditions:

- a. For the taxes levied pursuant to the application of the 2013 assessment rolls and for the first three (3) years of the PILOT (i.e., the 2014, 2015, and 2016 assessment rolls), the PILOT Payment for all Taxing Jurisdictions shall be \$82,000. The PILOT Payment shall be apportioned to each Taxing Jurisdiction based on their respective tax rate distribution for each said year of the PILOT.
- b. The apportioned PILOT Payment shall be paid at times that correspond to the tax payment due dates of each respective Taxing Jurisdiction, as set forth in the table below.

PILOT Year	Town Assessment Roll Year	Town/County Tax Year (Calendar)	Town/County Payment Due Date	School Fiscal/Tax Year	School Payment Date
1	2013	2014	31-Jan-14	2013-14	30-Oct-13
2	2014	2015	31-Jan-15	2014-15	30-Sep-14
3	2015	2016	31-Jan-16	2015-16	30-Sep-15
4	2016	2017	31-Jan-17	2016-17	30-Sep-16
5	2017	2018	31-Jan-18	2017-18	30-Sep-17
6	2018	2019	31-Jan-19	2018-19	30-Sep-18
7	2019	2020	31-Jan-20	2019-20	30-Sep-19
8	2020	2021	31-Jan-21	2020-21	30-Sep-20
9	2021	2022	31-Jan-22	2021-22	30-Sep-21
10	2022	2023	31-Jan-23	2022-2023	30-Sep-22

- c. Commencing with the PILOT Payment due relative to the 2017 final assessment rolls and for the remaining term of the Beaver Falls PILOT (i.e., the 2017, 2018, 2019, 2020, 2021, 2022 and 2023 final assessment rolls), the PILOT Payment will be increased annually by two percent (2%).
- d. For Special Districts taxes or assessments, only (it is noted by the Parties that Lakeside does not specifically agree that the value set forth herein constitutes the value of the Beaver Falls Generation Station), the total full value of the Beaver Falls Generation Station (or proportion thereof as otherwise encompassed by a Special District) for any such Special District shall not exceed \$5,000,000 (which total taxable assessed value shall be allocated to each of the three parcels comprising the Beaver Falls Generation Station) as follows:

<b>Tax Identification Number</b>	<b>Full Value</b>
651-05-08-02.260	2,426,500
128.16-03-08.112	2,563,500
128.00-04-15.300	10,000
<b>Totals</b>	<b>5,000,000</b>

Should the assessment exceed an equalized full value of five million dollars as set forth in the table above, Beaver Falls reserves the right to contest that assessment.

- e. For the term of the Beaver Falls PILOT, the tax map parcels set forth above comprising Beaver Falls Generation Station shall always remain the same, and the Town shall not add to or subtract from said parcel numbers.
3. For purposes of this Memorandum of Understanding, “retire, retired and/or retirement” means the Beaver Falls Generation Station is permanently retired and disconnected from the New York transmission grid, and physically incapable of operation. If the Beaver Falls Generation Station is retired:
- a. On or before March 1, there shall be no Beaver Falls PILOT Payment in the year of retirement or for any subsequent year, as the Beaver Falls PILOT shall be automatically terminated; or
  - b. After March 1, for the assessment rolls for the year of retirement, the Beaver Falls Payment shall be made and paid as scheduled (e.g., if the retirement is after March 1, 2016, the Beaver Falls PILOT Payment for the 2016 assessment rolls shall remain as set forth herein). However, there will be no Beaver Falls PILOT Payment for the assessment rolls for the year immediately following the year of the retirement of Beaver Falls Generation Station or for any subsequent year’s assessment rolls, as the Beaver Falls PILOT shall be automatically terminated for those subsequent years.

4. Lakeside may sell, assign, transfer, lease or convey all or any part of its rights and obligations under the Beaver Falls PILOT to any affiliated or non-affiliated party without the consent of any Taxing Jurisdiction. Lakeside may terminate the amended PILOT upon thirty (30) days notice.

5. The respective obligations of the Parties subject to this Memorandum of Understanding to enter into the amended Beaver Falls PILOT shall be subject to the fulfillment of the condition that Lakeside, in its sole discretion, is able to agree with the IDA on the amount and timing of payment of any and all IDA fees associated with the Beaver Falls PILOT.

**LAKESIDE BEAVER FALLS LLC**

**TOWN OF CROGHAN**

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

**BEAVER RIVER CENTRAL  
SCHOOL DISTRICT**

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