

150 YEARS OF LOOKING AHEAD
HARRIS BEACH PLC
ATTORNEYS AT LAW
99 GARNSEY ROAD
PITTSFORD, NY 14534
(585) 419-8800

RUSSELL GAENZLE, ESQ.
DIRECT: (585) 419-8718
FAX: (585) 419-8816
RGAENZLE@HARRISBEACH.COM

August 20, 2007

TO ALL ON THE ATTACHED DISTRIBUTION LIST:

Re: Empire State Pipeline/Empire Pipeline, Inc. - Distribution of Form RP-412-a
and PILOT Agreement

Ladies and Gentlemen:

On behalf of the Yates County Industrial Development Agency, I have enclosed for you, the Assessor and Chief Elected Officials of each taxing jurisdiction within which the above-referenced project is located, an Application for Real Property Tax Exemption on Form RP-412-a with attached Payment In Lieu of Tax Agreement ("PILOT Agreement").

If you have questions, please contact me at (585) 419-8718.

Very truly yours,


Russell E. Gaenzle

REG/lap

Enclosures

cc: Steve Griffin
Antoinetta Mucilli, Esq.
Milan K. Tyler, Esq.

DISTRIBUTION LIST

AFFECTED TAX JURISDICTION OFFICIALS

Yates County

Yates County Legislature Attn.: Chairman 417 Liberty Street Penn Yan, New York 14527	Yates County Real Property Tax Dept. Attn.: Director 417 Liberty Street Penn Yan, New York 14527
County Treasurer 417 Liberty Street Penn Yan, New York 14527	County Administrator 417 Liberty Street Penn Yan, New York 14527

TOWN OF BENTON

Town Supervisor Benton Town Hall 1000 Route 14A Penn Yan, New York 14527	Town Assessor Benton Town Hall 1000 Route 14A Penn Yan, New York 14527

TOWN OF TORREY

Town Supervisor Torrey Town Hall 56 Geneva Street Dresden, New York 14441	Town Assessor 1000 Route 14A Penn Yan, New York 14527

TOWN OF MILO

Town Supervisor Milo Town Hall 137 Main Street Penn Yan, New York 14527	Town Assessor Milo Town Hall 137 Main Street Penn Yan, New York 14527

TOWN OF BARRINGTON

Town Supervisor Barrington Town Hall 4424 Old Bath Road Penn Yan, New York 14527	Town Assessor 40 Seneca Street Dundee, New York 14837

TOWN OF STARKEY	
Town Supervisor Starkey Town Hall 40 Seneca Street Dundee, New York 14837	Town Assessor 40 Seneca Street Dundee, New York 14837

SCHOOL DISTRICTS	
Penn Yan Central School District Attention: Superintendent One School Drive Penn Yan, New York 14527	Penn Yan Central School District Attention: Board President One School Drive Penn Yan, New York 14527
Dundee Central School District Attention: Superintendent 55 Water Street Dundee, New York 14837	Dundee Central School District Attention: Board President 55 Water Street Dundee, New York 14837

7003 1680 0000 7491 9416

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>1. Article Addressed to:</p> <p>Yates County Real Property Tax Dept. Attn.: Director 417 Liberty Street Penn Yan, New York 14527</p>		<p>B. Received by (Printed Name) Jane Smith</p> <p>C. Date of Delivery 8/21/07</p>	
<p>2. Article Number (Transfer from service label) 7003 1680 0000 7491 9348</p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>PS Form 3811, February 2004 Domestic Return Receipt Yates / Pipeline 102595-02-M-1540</p>		<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	

OFFICIAL USE	
Postage	\$ 1.48
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.28
<p>Postmark Here AUG 20 2007</p>	

PS Form 3800, June 2002 See Reverse for Instructions

Sent to Chairman, Yates County Legislature
 Street, Apt. No. 417 Liberty Street
 or PO Box No. Penn Yan, New York 14527
 City, State, ZIP+4

OFFICIAL USE	
Postage	\$ 1.48
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.28
<p>Postmark Here AUG 20 2007</p>	

PS Form 3800, June 2002 See Reverse for Instructions

Sent to Yates County Real Property Tax Dept.
 Street, Apt. No. 417 Liberty Street
 or PO Box No. Penn Yan, New York 14527
 City, State, ZIP+4

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>1. Article Addressed to:</p> <p>Yates County Legislature Attn.: Chairman 417 Liberty Street Penn Yan, New York 14527</p>		<p>B. Received by (Printed Name) Connie Hayes</p> <p>C. Date of Delivery 8/21/07</p>	
<p>2. Article Number (Transfer from service label) 7003 1680 0000 7491 9416</p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>PS Form 3811, February 2004 Domestic Return Receipt Yates / Pipeline 102595-02-M-1540</p>		<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

County Treasurer
417 Liberty Street
Penn Yan, New York 14527

2. Article Number
(Transfer from service label) 7003 1680 0000 7491 9409

PS Form 3811, February 2004 Domestic Return Receipt Yates/Pipeline 102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature *Bonnie L. Percy* ☐ Agent ☐ Addressee

B. Received by (Printed Name) *BONNIE L. PERCY* C. Date of Delivery *8/31/07*

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

7007 0710 0002 4432 7019

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only. No Insurance Coverage Provided)

OFFICIAL USE

For delivery information visit our website at www.usps.com

Sent to *County Administrator*
Street, Apt. No. *417 Liberty Street*
or PO Box No. *Penn Yan New York 14527*
City, State, ZIP+4

Postage \$ *14.8*
Certified Fee *2.65*
Return Receipt Fee (Endorsement Required) *2.15*
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$ *6.24*

Postmark Here *AUG 20 2007*

PS Form 3800, August 2005 See Reverse for Instructions

7003 1680 0000 7491 9409

**U.S. Postal Service
CERTIFIED MAIL RECEIPT**
(Domestic Mail Only. No Insurance Coverage Provided)

OFFICIAL USE

For delivery information visit our website at www.usps.com

Sent to *County Treasurer*
Street, Apt. No. *417 Liberty Street*
or PO Box No. *Penn Yan New York 14527*
City, State, ZIP+4

Postage \$ *1.61*
Certified Fee *2.65*
Return Receipt Fee (Endorsement Required) *2.15*
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees \$ *6.71*

Postmark Here *AUG 20 2007*

PS Form 3800, June 2002 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

County Administrator
417 Liberty Street
Penn Yan, New York 14527

2. Article Number
(Transfer from service label) 7007 0710 0002 4432 7019

PS Form 3811, February 2004 Domestic Return Receipt Yates/Pipeline 102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature *Sarah Percy* ☐ Agent ☐ Addressee

B. Received by (Printed Name) *Sarah Percy* C. Date of Delivery *8/21/07*

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

7007 0710 0002 4432 7002

U.S. Postal Service CERTIFIED MAIL™ RECEIPT (Domestic Mail Only: No Insurance Coverage Provided)	
For delivery information, visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 1.65
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.45

Postmark Here
AUG 20 2007

Sent To
Town Assessor, ~~1000 Route 14A~~ Town Hall
Street, Apt. No., or PO Box No. 1000 Route 14A
City, State, ZIP+4 Penn Yan, New York 14527
PS Form 3800, August 2005 See Reverse for Instructions

7003 1680 0000 7491 9393

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only: No Insurance Coverage Provided)	
For delivery information, visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 1.65
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.45

Postmark Here
AUG 20 2007

Sent To
Town Supervisor, Benton Town Hall
Street, Apt. No., or PO Box No. 1000 Route 14A
City, State, ZIP+4 Penn Yan, New York 14527
PS Form 3800, June 2002 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Town Supervisor
Benton Town Hall
1000 Route 14A
Penn Yan, New York 14527

2. Article Number

(Transfer from service label)

7003 1680 0000 7491 9393

PS Form 3811, February 2004

COMPLETE THIS SECTION ON DELIVERY

- A. Signature
X *Terry Shoff* ☒ Agent ☐ Addressee
- B. Received by (Printed Name) *Terry Shoff* C. Date of Delivery *8/20/07*
- D. Is delivery address different from item 1? ☐ Yes ☒ No
If YES, enter delivery address below:

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

Domestic Return Receipt

Yates / Pipeline

102595-02-M-1540

7003 1680 0000 7491 9386

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only: No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 1.65
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.45
Postmark Here AUG 20 2007	
Sent To Town Supervisor, Torrey Town Hall Street Apt. No. or PO Box No. 56 Geneva Street City, State, ZIP+4 Dresden, New York 14441 PS Form 3811, June 2002 See Reverse for Instructions	

7003 1680 0000 7491 9379

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only: No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$ 1.65
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.45
Postmark Here AUG 20 2007	
Sent To Town Assessor Street Apt. No. or PO Box No. 1000 Route 14A City, State, ZIP+4 P.O. Box 14A New York 14527 PS Form 3811, June 2002 See Reverse for Instructions	

SENDER: COMPLETE THIS SECTION

- ☒ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- ☒ Print your name and address on the reverse so that we can return the card to you.
- ☒ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Town Supervisor
Torrey Town Hall
56 Geneva Street
Dresden, New York 14441

2. Article Number
(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

- A. Signature ☒ Agent ☐ Addressee
 X *Betty Duggan*
 B. Received by (Printed Name) *Betty Duggan* C. Date of Delivery
 D. Is delivery address different from item 1? ☒ Yes ☐ No
 If YES, enter delivery address below:

PO Box 280

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.
 4. Restricted Delivery? (Extra Fee) ☐ Yes

7003 1680 0000 7491 9386

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Town Assessor
Milo Town Hall
137 Main Street
Penn Yan, New York 14527

2. Article Number

(Transfer from service label)

7003 1680 0000 7491 9355

PS Form 3811, February 2004

Domestic Return Receipt

YATES / PIPELINE

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Linda L Merrett☐ Agent☐ Addressee

B. Received by (Printed Name)

Linda L Merrett

C. Date of Delivery

8/21/07

D. Is delivery address different from item 1?

☐ Yes☐ No

If YES, enter delivery address below:

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

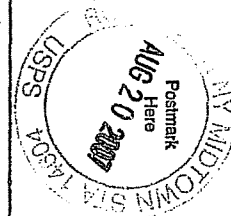
7003 1680 0000 7491 9362

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only. No Insurance Coverage Provided)

OFFICIAL USE

For delivery information visit our website at www.usps.com

Postage	\$ 1.65
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.45



Sent to
Milo Town Supervisor
Street, Apt. No.:
or PO Box No.: 137 Main Street
City, State, ZIP+4: Penn Yan, New York 14527
PS Form 3800, June 2002 See Reverse for Instructions

7003 1680 0000 7491 9355

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Town Supervisor
Milo Town Hall
137 Main Street
Penn Yan, New York 14527

2. Article Number

(Transfer from service label)

7003 1680 0000 7491 9362

PS Form 3811, February 2004

Domestic Return Receipt

Yates / Pipeline

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Linda L Merrett☐ Agent☐ Addressee

B. Received by (Printed Name)

Linda L Merrett

C. Date of Delivery

8/21/07

D. Is delivery address different from item 1?

☐ Yes☐ No

If YES, enter delivery address below:

3. Service Type

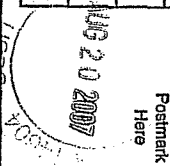
☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

Sent to
Town Assessor
Street, Apt. No.:
or PO Box No.: 137 Main Street
City, State, ZIP+4: Penn Yan, New York 14527
PS Form 3800, June 2002 See Reverse for Instructions

Postage	\$ 1.65
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.45



OFFICIAL USE

For delivery information visit our website at www.usps.com

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only. No Insurance Coverage Provided)

7003 1680 0000 7491 9317

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Town Assessor
40 Seneca Street
Dundee, New York 14837

2. Article Number

(Transfer from service label)

7007 0710 0002 4432 6982

PS Form 3811, February 2004

Domestic Return Receipt

Yates / Pipeline

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Sue A Crans*
☐ Agent
☐ Addressee

B. Received by (Printed Name)

Sue A Crans

C. Date of Delivery

8-21-07

D. Is delivery address different from item 1?

If YES, enter delivery address below:

☐ Yes
☒ No

3. Service Type

☒ Certified Mail
☐ Registered
☐ Insured Mail
☐ Express Mail
☒ Return Receipt for Merchandise
☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

US Postal Service		CERTIFIED MAIL RECEIPT	
(Domestic Mail Only. No Insurance Coverage Provided)			
OFFICIAL USE			
For delivery information visit our website at www.usps.com			
Postage	\$	1.65	
Certified Fee	\$	2.65	
Return Receipt Fee (Endorsement Required)	\$	2.15	
Restricted Delivery Fee (Endorsement Required)	\$		
Total Postage & Fees	\$	6.45	
AUG 20 2007			

Sent to
Supervisor, Town of Barrington
Street Apt. No.:
or PO Box No. 4424 Old Bath Road
City, State, ZIP+4 Penn Yan New York 14527
PS Form 3800, June 2002 See Reverse for Instructions

7007 0710 0002 4432 6982

Sent to
Town Assessor
Street, Apt. No.:
or PO Box No. 40 Seneca Street
City, State, ZIP+4 Dundee, New York 14837
PS Form 3800, August 2003 See Reverse for Instructions

Postage	\$	1.65
Certified Fee	\$	2.65
Return Receipt Fee (Endorsement Required)	\$	2.15
Restricted Delivery Fee (Endorsement Required)	\$	
Total Postage & Fees	\$	6.45

Postmark
AUG 21 2007

US Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only. No Insurance Coverage Provided)
OFFICIAL USE
For delivery information visit our website at www.usps.com

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Town Supervisor
Barrington Town Hall
4424 Old Bath Road
Penn Yan, New York 14527

2. Article Number

(Transfer from service label)

7003 1680 0000 7491 9317

PS Form 3811, February 2004

Domestic Return Receipt

Yates / Pipeline

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *L. Reed*
☒ Agent
☐ Addressee

B. Received by (Printed Name)

L. Reed

C. Date of Delivery

8/21/07

D. Is delivery address different from item 1?

If YES, enter delivery address below:

☐ Yes
☒ No

3. Service Type

☒ Certified Mail
☐ Registered
☐ Insured Mail
☐ Express Mail
☒ Return Receipt for Merchandise
☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Assessor
Town of Starkey
40 Seneca Street
Dundee, New York 14837

2. Article Number

(Transfer from service label)

7003 1680 0000 7491 9423

PS Form 3811, August 2001

Domestic Return Receipt

102595-01-M-2509

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x Sue A Crans

- ☐ Agent
☐ Addressee

B. Received by (Printed Name)

Sue A Crans

C. Date of Delivery

8-21-07

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

- ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

- ☐ Yes

7006 2760 0002 9850 8563

Sent to
Street, Apt. No.:
or PO Box No.
City, State, ZIP+4
Supervisor, Town of Starkey
40 Seneca Street
Dundee, New York 14837

Postage	\$ 1.48
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.28

Postmark
Here
AUG 21 2007

OFFICIAL USE

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

7003 1680 0000 7491 9423

Sent to
Assessor, Town of Starkey
Street, Apt. No.:
or PO Box No. 40 Seneca Street
City, State, ZIP+4
Dundee, New York 14837

Postage	\$ 1.48
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.28

Postmark
Here
AUG 21 2007

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Town Supervisor
Starkey Town Hall
40 Seneca Street
Dundee, New York 14837

2. Article Number

(Transfer from service label)

7006 2760 0002 9850 8563

PS Form 3811, February 2004

Domestic Return Receipt

Yates/Pipeline

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x Sue A Crans

- ☐ Agent
☐ Addressee

B. Received by (Printed Name)

Sue A Crans

C. Date of Delivery

8-21-07

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below:

- ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

- ☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Penn Yan Central School District
Attention: Board President
One School Drive
Penn Yan, New York 14527

2. Article Number

(Transfer from service label)

7006 2760 0002 9850 8556

PS Form 3811, February 2004

Domestic Return Receipt

Yates/Pipeline

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Ronald Lasher

- ☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

8-21-07

D. Is delivery address different from item 1?

If YES, enter delivery address below:

- ☐ Yes
☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

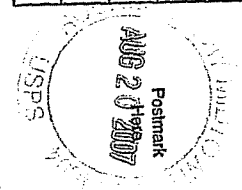
4. Restricted Delivery? (Extra Fee)

- ☐ Yes

7003 1680 0000 7491 9324

Sent to
Superintendent, Penn Yan CSB
Street, Apt. No.,
or PO Box No.
City, State, ZIP+4
Penn Yan, New York 14527

Postage	\$ 1.48
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.28



OFFICIAL USE

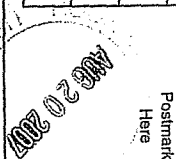
U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only, No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

7006 2760 0002 9850 8556

Sent to
Board President, Penn Yan CSB
Street, Apt. No.,
or PO Box No.
City, State, ZIP+4
Penn Yan, New York 14527

Postage	\$ 1.48
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.28



OFFICIAL USE

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only, No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Penn Yan Central School District
Attention: Superintendent
One School Drive
Penn Yan, New York 14527

2. Article Number

(Transfer from service label)

7003 1680 0000 7491 9324

PS Form 3811, February 2004

Domestic Return Receipt

Yates/Pipeline

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Ronald Lasher

- ☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

8-21-07

D. Is delivery address different from item 1?

If YES, enter delivery address below:

- ☐ Yes
☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

- ☐ Yes

7003 1680 0000 7491 9331

US Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only - No Insurance Coverage Provided)	
OFFICIAL USE	
For delivery information visit our website at www.usps.com	
Sent To Dundee CSA / Superintendent Street Apt. No. or PO Box No. City, State, ZIP+4 Dundee, New York 14837	Postage \$ 1.94 Certified Fee 2.65 Return Receipt Fee (Endorsement Required) 2.15 Restricted Delivery Fee (Endorsement Required) Total Postage & Fees \$ 6.74
Postmark Here AUG 20 2007	

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 		A. Signature x Cathy Marusarz <input type="checkbox"/> Agent <input type="checkbox"/> Addressee B. Received by (Printed Name) Cathy Marusarz C. Date of Delivery 8-21-07 D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:	
1. Article Addressed to: Dundee Central School District Attention: Board President 55 Water Street Dundee, New York 14837		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Transfer from service label) 7007 0710 0002 4432 7026			

PS Form 3811, February 2004 Domestic Return Receipt YATES/Pipeline 102595-02-M-1540

US Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only - No Insurance Coverage Provided)	
OFFICIAL USE	
For delivery information visit our website at www.usps.com	
Sent To Dundee CSA / Superintendent Street Apt. No. or PO Box No. City, State, ZIP+4 Dundee, New York 14837	Postage \$ 1.94 Certified Fee 2.65 Return Receipt Fee (Endorsement Required) 2.15 Restricted Delivery Fee (Endorsement Required) Total Postage & Fees \$ 6.74
Postmark Here AUG 20 2007	

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 		A. Signature x Cathy Marusarz <input type="checkbox"/> Agent <input type="checkbox"/> Addressee B. Received by (Printed Name) Cathy Marusarz C. Date of Delivery 8-21-07 D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:	
1. Article Addressed to: Dundee Central School District Attention: Superintendent 55 Water Street Dundee, New York 14837		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. 4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Transfer from service label) 7003 1680 0000 7491 9331			

PS Form 3811, February 2004 Domestic Return Receipt YATES/Pipeline 102595-02-M-1540



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

1. INDUSTRIAL DEVELOPMENT AGENCY (IDA)

Name: **Yates County Industrial Development Agency**

Street: **One Keuka Business Park**

City: **Penn Yan, New York 14827**

Telephone No. Day: **(315) 536-7328**

Evening: _____

Contact: **Jeffrey Gifford**

Title: **Chairman**

DESCRIPTION OF PARCEL

a. Assessment roll description (tax map no./roll year)

b. Street address: _____

c. City, Town or Village: **Towns of Benton, Torrey, Milo, Barrington and Starkey**

2. OCCUPANT (IF OTHER THAN IDA)

(If more than one occupant attach separate listing)

Name: **Empire State Pipeline/Empire Pipeline, Inc.**

Street: **6363 Main Street**

City: **Williamsville, New York 14221**

Telephone No. Day: **(716) 857-7536**

Evening: _____

Contact: **Ronald C. Kraemer**

Title: **Vice President**

d. School District: **Penn Yan CSD and Dundee CSD**

e. County: **Yates**

f. Current assessment: **approx. \$** _____

g. Deed to IDA (date recorded; liber and page)
Lease and Assignment of Easement Agreement, a memorandum of which was recorded on or about July _____, 2007

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

a. Brief description (include property use): **an approx. 78.3 mile, 24-inch diameter natural gas pipeline to begin in Victor, NY and transverse the Finger Lakes region through the counties of Genesee, Ontario, Yates, Schuyler, Chemung and Steuben, and terminating in Corning, New York**

b. Type of construction:

c. Square footage:

d. Total cost: **approx. \$** _____

e. Date construction commenced: **Summer, 2007**

f. Projected expiration of exemption (i.e. date when property is no longer possessed, controlled, supervised or under the jurisdiction of IDA):
December 31, 2023

5. SUMMARIZE AGREEMENT (IF ANY) AND METHOD TO BE USED FOR PAYMENTS TO BE MADE TO MUNICIPALITY REGARDLESS OF STATUTORY EXEMPTION
 (Attach copy of the agreement or extract of the terms relating to the project).

a. Formula for payment: **See attached PILOT Agreement**

RP-412-a (1/95)

- Assessor's signature

YATES COUNTY INDUSTRIAL DEVELOPMENT AGENCY

AND

EMPIRE STATE PIPELINE/EMPIRE PIPELINE, INC.

PAYMENT IN LIEU OF TAX AGREEMENT

DATED AS OF JULY 1, 2007

RELATING TO THE PREMISES LOCATED IN THE TOWNS OF
BENTON, TORREY, MILO, BARRINGTON AND STARKEY, YATES
COUNTY, NEW YORK.

TABLE OF CONTENTS

(This Table of Contents is not part of the Payment in Lieu of Tax Agreement and is for convenience of reference only.)

PARTIES.....	1
RECITALS	1

ARTICLE I

REPRESENTATIONS AND WARRANTIES

Section 1.01.	Representations of and Warranties by the Agency	4
Section 1.02.	Representations of and Warranties by the Company	4

ARTICLE II

COVENANTS AND AGREEMENTS

Section 2.01.	Tax-Exempt Status of the Project Facility	6
Section 2.02.	Payments in Lieu of Taxes	6
Section 2.03.	Credit for Taxes Paid	10
Section 2.04.	Late Payment.....	10

ARTICLE III

LIMITED OBLIGATION

Section 3.01.	No Recourse; Limited Obligation of the Agency.....	12
---------------	--	----

ARTICLE IV

EVENTS OF DEFAULT

Section 4.01.	Events of Default.....	13
Section 4.02.	Remedies on Default.....	13
Section 4.03.	Payment of Attorney's Fees and Expenses	14
Section 4.04.	Remedies; Waiver and Notice.....	14

ARTICLE V

MISCELLANEOUS

Section 5.01.	Term	15
Section 5.02.	Form of Payments	15
Section 5.03.	Company Acts.....	15
Section 5.04.	Amendments	15
Section 5.05.	Notices.....	15
Section 5.06.	Binding Effect	17
Section 5.07.	Severability	17

Section 5.08.	Counterparts	17
Section 5.09.	Applicable Law	17
TESTIMONIUM		18
SIGNATURES		18
ACKNOWLEDGEMENTS		19
EXHIBIT A	-Description of the Land.....	A-1

PAYMENT IN LIEU OF TAX AGREEMENT

THIS PAYMENT IN LIEU OF TAX AGREEMENT dated as of July 1, 2007 (the "Payment in Lieu of Tax Agreement") by and between YATES COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation organized and existing under the laws of the State of New York, with offices at One Keuka Business Park, Penn Yan, New York (the "Agency"), and EMPIRE STATE PIPELINE, a joint venture formed and existing under the laws of the State of New York, with offices at 6363 Main Street, Williamsville, New York 14221 and EMPIRE PIPELINE, INC., a corporation duly organized and validly existing under the laws of the State of New York, with offices at 6363 Main Street, Williamsville, New York 14221 (collectively, the "Company");

WITNESSETH:

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

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

WHEREAS, the Enabling Act further authorizes each such agency, for the purpose of carrying out any of its corporate purposes, to lease or sell any or all of its facilities, whether then owned or thereafter acquired; and

WHEREAS, the Agency was created, pursuant to and in accordance with the provisions of the Enabling Act, by Chapter 113 of the Laws of 1975 of the State, constituting Section 893-b of the General Municipal Law of the State, as amended from time to time (collectively, with the Enabling Act, the "Act") and is empowered under the Act to undertake the Project (as hereinafter defined) in order to so advance the job opportunities, health, general prosperity and economic welfare of the people of the State and improve their standard of living; and

WHEREAS, the Agency received an application (the "Application") from the Company, which Application requested that the Agency consider undertaking a project (the "Project") consisting of (i) the acquisition by the Agency of a leasehold or other interest in certain properties located in the Towns of Benton, Torrey, Milo, Barrington and Starkey, Yates County, New York and any existing improvements located thereon (collectively the "Land"), (ii) the construction and equipping on the Land of a portion of the Company's 78.3 mile 24-inch diameter natural gas pipeline beginning in Victor, New York and traversing the Finger Lakes region through the counties of Genesee, Ontario, Yates, Schuyler, Chemung and Steuben, and terminating in Corning, New York including the compressor station and related improvements (hereinafter referred to collectively as the "Improvements"), and (iii) the acquisition in and around the Improvements of certain items of equipment and other tangible personal property including pipes, valves, meters, fittings, and compressors (the "Equipment" and, collectively with the Land and the Improvements, the "Project Facility"); and

WHEREAS, by resolution adopted by the members of the Agency on January 24, 2007 (the "Public Hearing Resolution"), the Agency described the forms of financial assistance contemplated with respect to the Project, directed that a public hearing be held pursuant to Section 859-a of the Act with respect to the Project and a lease agreement, leaseback agreement, payment-in-lieu of tax agreement and related documents be negotiated; and

WHEREAS, pursuant to the authorization contained in the Public Hearing Resolution, the Agency (A) caused notice of a public hearing of the Agency (the "Public Hearing") pursuant to Section 859-a of the Act, to hear all persons interested in the Project and the financial assistance being contemplated by the Agency with respect to the Project, to be mailed on February 14, 2007 to the chief executive officers of the county and of each city, town, village and school district in which the Project Facility is to be located, (B) caused notice of the Public Hearing to be published on February 14, 2007 in The Chronicle Express and The Observer Review & Express, a newspaper of general circulation available to the residents of the Town of Penn Yan, Yates County, New York, and The Observer Review & Express (C) conducted the Public Hearings on March 16, 2007 at (i) 9:00 o'clock a.m., local time at the Benton Town Hall located at 1000 Route 14A, Penn Yan, New York, Yates County, New York; (ii) at 11:00 o'clock a.m., local time at the Torrey Town Hall, 56 Geneva Street, Dresden, New York, Yates County, New York; (iii) 1:00 o'clock p.m., local time at the Milo Town Hall, 137 Main street, Penn Yan, New York, Yates County, New York; (iv) 3:00 o'clock p.m., local time at the Barrington Town Hall, 4424 Old Bath Road, Penn Yan, New York, Yates County, New York; (v) 5:00 o'clock p.m., local time at the Starkey Town Hall, 40 Seneca Street, Dundee, New York, Yates County, New York; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the "SEQR Act") and the regulations (the "Regulations") adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively with the SEQR Act, "SEQRA (A) the Agency received and reviewed (1) a Final Supplemental Environmental Impact Statement dated October, 2006 (the "FSEIS") with respect to the Project prepared by the Federal Energy Regulatory Commission ("FERC") and (2) an order authorizing the construction of the Project subject to certain mitigating requirements identified in the EIS and the FSEIS (the "Order") dated December 21, 2006 issued by FERC and (B) by resolution adopted by the members of the Agency on April 18, 2007 (the "Final SEQR Resolution"), the Agency (1) made a written findings statement relative to the Project, as required by Section 617.11(c) of the Regulations and (2) based on the foregoing determined to proceed with the Project; and

WHEREAS, pursuant to Section 874(4) of the Act, (A) by resolution adopted by the members of the Agency on June 6, 2007 (the "Resolution Authorizing the Pilot Deviation"), the Agency determined to deviate from the Agency's uniform tax exemption policy with respect to the Project; and

WHEREAS, by further resolution adopted by the members of the Agency on April 18, 2007 (the "Approving Resolution"), the Agency determined to grant the Financial Assistance and to enter into a lease agreement dated as of July 1, 2007 (the "Lease Agreement") between the Agency and the Company and certain other documents related thereto and to the Project (collectively with the Lease Agreement, the "Basic Documents"). Pursuant to the terms of the Lease Agreement, (A) the Company will agree (1) to cause the Project to be undertaken and completed, and (2) as agent of the Agency, to undertake and complete the Project and (B) the Agency has leased the Project Facility to the Company for a lease term ending on the earlier to occur of (1) December 31, 2024 or (2) the date on which the Lease Agreement is terminated pursuant to the optional termination provisions thereof. The Lease Agreement grants to the Company certain options to acquire the Project Facility from the Agency; and

WHEREAS, simultaneously with the execution and delivery of the Lease Agreement (the "Closing"), (A) the Company will execute and deliver to the Agency (1) a certain lease to agency dated as of July 1, 2007 (the "Underlying Lease") by and between the Company, as landlord and the Agency, as tenant pursuant to which the Company will lease to the Agency the Land and all improvements now or hereafter located on the land (collectively, the "Premises") for a lease term ending on December 31, 2024, and (2) a bill of sale dated as of July 1, 2007 (the "Bill of Sale to Agency"), which conveys to the Agency all right, title and interest of the Company in the Equipment, (B) the Company and the Agency will execute and deliver a payment in lieu of tax agreement dated as of July 1, 2007 (the "Payment in Lieu of Tax Agreement") by and between the Agency and the Company, pursuant to which the Company will agree to pay certain payments in lieu of taxes with respect to the Project Facility, (C) the Agency will file with the assessor and mail to the chief executive officer of each "affected tax jurisdiction" (within the meaning of such quoted term in Section 854(16) of the Act) a copy of a New York State Board of Real Property Services Form 412-a (the form required to be filed by the Agency in order for the Agency to obtain a real property tax exemption with respect to the Project Facility under Section 412-a of the Real Property Tax Law) (the "Real Property Tax Exemption Form") relating to the Project Facility and the Payment in Lieu of Tax Agreement, (D) the Agency will execute and deliver to the Company a sales tax exemption letter (the "Sales Tax Exemption Letter") to ensure the granting of the sales tax exemption which forms a part of the Financial Assistance and (E) the Agency will file with the New York State Department of Taxation and Finance the form entitled "IDA Appointment of Project Operator or Agent for Sales Tax Purposes" (the form required to be filed pursuant to Section 874(9) of the Act) (the "Thirty-Day Sales Tax Report"); and

WHEREAS, pursuant to the provisions of Section 3.8 of the Lease Agreement, the Company has agreed to make payments in lieu of taxes with respect to the Project Facility in an amount equivalent to normal taxes, provided that, so long as this Payment in Lieu of Tax Agreement shall be in effect, the Company shall during the term of this Payment in Lieu of Tax Agreement make payments in lieu of taxes in the amounts and in the manner provided in this Payment in Lieu of Tax Agreement, and during such period the provisions of Section 3.8 of the Lease Agreement shall not control the amounts due as payment in lieu of taxes with respect to that portion of the Project Facility which is covered by this Payment in Lieu of Tax Agreement; and

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

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

ARTICLE I

REPRESENTATIONS AND WARRANTIES

SECTION 1.01. REPRESENTATIONS OF AND WARRANTIES BY THE AGENCY. The Agency does hereby represent, warrant and covenant as follows:

(A) Power. The Agency is a public benefit corporation of the State, has been duly established under the provisions of the Act, is validly existing under the provisions of the Act and has the power under the laws of the State of New York to enter into the transactions contemplated by this Payment in Lieu of Tax Agreement and to carry out the transactions contemplated hereby and to perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Payment in Lieu of Tax Agreement hereunder.

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

(C) Conflicts. The Agency is not prohibited from entering into this Payment in Lieu of Tax Agreement and discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Payment in Lieu of Tax Agreement by the terms, conditions or provisions of any order, judgment, decree, law, ordinance, rule or regulation of any court or other agency or authority of government, or any agreement or instrument to which the Agency is a party or by which the Agency is bound.

SECTION 1.02. REPRESENTATIONS OF AND WARRANTIES BY THE COMPANY. The Company does hereby represent, warrant and covenant as follows:

(A) Power. Empire State Pipeline (the "JV") is a joint venture between Empire State Pipeline Company, LLC ("Empire LLC") and St. Clair Pipeline Company, LLC ("St. Clair LLC"). Both Empire LLC and St. Clair LLC are limited liability companies formed, existing and in good standing under the laws of the State of New York; and Empire Pipeline, Inc. is a corporation formed, existing and in good standing under the laws of the State of New York (the "Corporation"). The JV and the Corporation (collectively, the "Company" and as defined above) have the authority to enter into this Payment in Lieu of Tax Agreement and each has duly authorized the execution and delivery of this Payment in Lieu of Tax Agreement. The Company is qualified and authorized to do business in the State of New York and all other jurisdictions in which its operations or ownership of Properties so require, and has the power to enter into this Payment in Lieu of Tax Agreement and the other Basic Documents to which the Company is a party and to carry out its obligations hereunder and thereunder.

(B) Authorization. The Company is authorized and has the power under its organizational documents, operating agreements and the laws of the State to enter into this Payment in Lieu of Tax Agreement and the transactions contemplated hereby and to perform and carry out all covenants and obligations on its part to be performed under and pursuant to this Payment in Lieu of Tax Agreement. By proper action of its Members or board of directors, the Company has duly authorized the execution,

delivery and performance of this Payment in Lieu of Tax Agreement and the consummation of the transactions herein contemplated.

(C) Conflicts. The Company is not prohibited from entering into this Payment in Lieu of Tax Agreement and discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Payment in Lieu of Tax Agreement by (and the execution, delivery and performance of this Payment in Lieu of Tax Agreement, the consummation of the transactions contemplated hereby and the fulfillment of and compliance with the provisions of this Payment in Lieu of Tax Agreement will not conflict with or violate or constitute a breach of or a default under) the terms, conditions or provisions of its organizational documents or operating agreements or any other restriction, law, rule, regulation or order of any court or other agency or authority of government, or any contractual limitation, restriction or outstanding indenture, deed of trust, mortgage, loan agreement, other evidence of indebtedness or any other agreement or instrument to which the Company is a party or by which it or any of its property is bound, and neither the Company's entering into this Payment in Lieu of Tax Agreement nor the Company's discharging and performing all covenants and obligations on its part to be performed under and pursuant to this Payment in Lieu of Tax Agreement will be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any of the foregoing, or result in the creation or imposition of any lien of any nature upon any of the property of the Company under the terms of any of the foregoing, and this Payment in Lieu of Tax Agreement is the legal, valid and binding obligation of the Company enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

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

ARTICLE II

COVENANTS AND AGREEMENTS

SECTION 2.01. TAX-EXEMPT STATUS OF THE PROJECT FACILITY. (A) Assessment of the Project Facility. Pursuant to Section 874 of the Act and Section 412-a of the Real Property Tax Law, the parties hereto understand that, upon acquisition of the Project Facility by the Agency and the filing by the Agency of a New York State Board of Real Property Services Form RP-412-a (a "Real Property Tax Exemption Form") with respect to the Project Facility, and for so long thereafter as the Agency shall own the Project Facility, the Project Facility shall be assessed by the various taxing entities having jurisdiction over the Project Facility, including, without limitation, any county, city, school district, town, village or other political unit or units wherein the Project Facility is located (such taxing entities being sometimes collectively hereinafter referred to as the "Taxing Entities", and each of such Taxing Entities being sometimes individually hereinafter referred to as a "Taxing Entity") as exempt upon the assessment rolls of the respective Taxing Entities prepared subsequent to the acquisition by the Agency of the leasehold interest to the Project Facility created by the Underlying Lease and the filing of the Real Property Tax Exemption Forms. The Company shall, promptly following acquisition by the Agency of the leasehold interest to the Project Facility created by the Underlying Lease, take such action as may be necessary to ensure that the Project Facility shall be assessed as exempt upon the assessment rolls of the respective Taxing Entities prepared subsequent to such acquisition by the Agency, including ensuring that a Real Property Tax Exemption Form shall be filed with the appropriate officer or officers of each respective Taxing Entity responsible for assessing properties on behalf of each such Taxing Entity (each such officer being hereinafter referred to as an "Assessor"). For so long thereafter as the Agency shall own such leasehold interest in the Project Facility, the Company shall take such further action as may be necessary to maintain such exempt assessment with respect to each Taxing Entity. The parties hereto understand that the Project Facility shall not be entitled to such tax-exempt status on the tax rolls of any Taxing Entity until the first tax year of such Taxing Entity following the tax status date of such Taxing Entity occurring subsequent to the date upon which the Agency becomes the owner of record of such leasehold interest in the Project Facility and the Real Property Tax Exemption Forms are filed with the Assessors. Pursuant to the provisions of the Lease Agreement, the Company will be required to pay all taxes and assessments lawfully levied and/or assessed against the Project Facility, including taxes and assessments levied for the current tax year and all subsequent tax years until the Project Facility shall be entitled to exempt status on the tax rolls of the respective Taxing Entities. The Agency will cooperate with the Company to obtain and 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 Act and Section 412-a of the Real Property Tax Law does not entitle the Agency to exemption from special assessments and special ad valorem levies. Pursuant to the Lease 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 2.02. PAYMENTS IN LIEU OF TAXES. (A) Agreement to Make Payments. The Company agrees that it shall make annual payments in lieu of property taxes in the amounts hereinafter provided to the respective Taxing Entities entitled to receive same pursuant to the provisions hereof. The Company also agrees to give the Assessors a copy of this Payment in Lieu of Tax Agreement. The payments due hereunder shall be paid by the Company to the respective appropriate officer or officers of the respective Taxing Entities charged with receiving payments of taxes for such Taxing Entities (such officers being collectively hereinafter referred to as the "Receivers of Taxes") for distribution by the Receivers of Taxes to the appropriate Taxing Entities entitled to receive same pursuant to the provisions hereof.

(B) Valuation of the Project Facility. (1) The value of the Project Facility for purposes of determining payments in lieu of taxes due hereunder (hereinafter referred to as the "Assessed Value") shall be determined by the appropriate Assessors or other applicable state office. The Company agrees to give the Assessors a copy of this Payment in Lieu of Tax Agreement. The parties hereto agree that the Assessors shall (a) appraise the Land in the same manner as other similar properties in the general area of the Land, (b) place an Assessed Value upon the Land, equalized if necessary by using the appropriate equalization rates as apply in the assessment and levy of real property taxes, (c) appraise the Facility and any portion of the Equipment assessable as real property pursuant to the New York Real Property Tax Law (collectively with the Facility, the "Improvements") in the same manner as other similar properties in the general area of the Improvements, and (b) place an Assessed Value upon the Improvements, equalized if necessary by using the appropriate equalization rates as apply in the assessment and levy of real property taxes. The Company shall be entitled to written notice of the initial determination of the Assessed Value of the Improvements and of any change in the Assessed Value of the Land or the Improvements.

(2) If the Company is dissatisfied with the amount of the Assessed Value of the Improvements as initially established or with the amount of the Assessed Value of the Land or the Improvements as changed, and if the Company shall have given written notice of such dissatisfaction to the appropriate Assessor and the Agency within thirty (30) days of receipt by the Company of written notice of the initial establishment of such Assessed Value of the Improvements, or of a change in such Assessed Value of the Land or the Improvements, then the Company shall be entitled to protest before, and to be heard by, the appropriate Assessor and the Agency. If the Agency, the Company and any Assessor shall fail to reach agreement as to the proper Assessed Value of the Project Facility for purposes of determining payments in lieu of taxes due under this Payment in Lieu of Tax Agreement, then such Assessor, the Company and the Agency shall each select one arbitrator in accordance with the rules of the American Arbitration Association, each of whom shall be a qualified real estate appraiser, experienced in valuation for the purposes of tax assessment in the general area of the Project Facility, which arbitrators shall, at the sole cost and expense of the Company, determine whether the Assessed Value has been properly established by the Assessor. It is understood that the arbitrators are empowered to confirm the Assessed Value or to determine a higher or a lower Assessed Value. Any payments in lieu of taxes due upon the Project Facility may not be withheld by the Company pending determination of the Assessed Value by the arbitrators.

(C) Amount of Payments in Lieu of Taxes. As long as the Facility is owned or leased by the Agency or under its jurisdiction, control or supervision, the Company agrees to pay to the Receivers of Taxes on behalf of each Taxing Entity, as a payment in lieu of taxes, on or before January 1 of each calendar year for County and Town taxes and on or before September 1 of each calendar year for School Taxes commencing September 1, 2008 and January 1, 2009, respectively, an amount equal to the lower of the otherwise applicable taxes with respect to the Project Facility the amounts set forth in the table below:

<u>PILOT Year</u>	<u>County and Town Tax Year</u>	<u>School Tax Year</u>	<u>Total PILOT Payment</u>
Year 1	2009	2008/2009	Full Taxes
Year 2	2010	2009/2010	\$236,400
Year 3	2011	2010/2011	\$236,400
Year 4	2012	2011/2012	\$236,400

Year 5	2013	2012/2013	\$236,400
Year 6	2014	2013/2014	\$236,400
Year 7	2015	2014/2015	\$472,800
Year 8	2016	2015/2016	\$472,800
Year 9	2017	2016/2017	\$472,800
Year 10	2018	2017/2018	\$472,800
Year 11	2019	2018/2019	\$472,800
Year 12	2020	2019/2020	\$709,320
Year 13	2021	2020/2021	\$709,320
Year 14	2022	2021/2022	\$709,320
Year 15	2023	2022/2023	\$709,320
Year 16	2024	2023/2024	\$709,320
Year 17	2025	2024/2025	\$688,000
Year 18	2026	2025/2026	\$688,000
Year 19	2027	2026/2027	\$688,000
Year 20	2028	2027/2028	\$688,000
Year 21	2029	2028/2029	\$688,000
Year 22	2030	2029/2030	\$688,000
Year 23	2031	2030/2031	\$688,000
Year 24	2032	2031/2032	\$688,000
Year 25	2033	2032/2033	\$688,000
Year 26	2034	2033/2034	\$688,000

(D) Additional Amounts in Lieu of Taxes. Commencing on the first tax year following the date on which any structural addition shall be made to the Project Facility or any portion thereof or any additional building or other structure shall be constructed on the Land (such structural additions and additional buildings and other structures being hereinafter referred to as "Additional Facilities") the Company agrees to make additional annual payments in lieu of property taxes with respect to such Additional Facilities (such additional payments being hereinafter collectively referred to as "Additional Payments") to the Receivers of Taxes with respect to such Additional Facilities, such Additional Payments to be computed separately for each Taxing Entity as follows:

(1) Determine the amount of general taxes and general assessments (hereinafter referred to as the "Additional Normal Tax") which would be payable to each Taxing Entity with respect to such Additional Facilities if such Additional Facilities were owned by the Company and not the Agency as follows: (a) multiply the Additional Assessed Value (as hereinafter defined) of such Additional Facilities determined pursuant to subsection (E) of this Section 2.02 by (b) the tax rate or rates of such Taxing Entity that would be applicable to such Additional Facilities if such Additional Facilities were owned by the Company and not the Agency, and (c) reduce the amount so determined by the amounts of any tax exemptions that would be afforded to the Company by such Taxing Entity if such Additional Facilities were owned by the Company and not the Agency.

(2) In each fiscal tax year during the term of this Payment in Lieu of Tax Agreement (commencing in the fiscal tax year when such Additional Facilities would first appear on the assessment roll of any Taxing Entity) if such Additional Facilities were owned by the Company and not the Agency, the amount payable by the Company to the Receivers of Taxes on behalf of

each Taxing Entity as a payment in lieu of property tax with respect to such Additional Facilities pursuant to this Payment in Lieu of Tax Agreement shall be an amount equal to one hundred percent (100%) of the Normal Tax due each Taxing Entity with respect to such Additional Facilities for such fiscal tax year (unless the Agency and the Company shall enter into a separate written agreement regarding payments in lieu of property taxes with respect to such Additional Facilities, in which case the provisions of such separate written agreement shall control).

(E) Valuation of Additional Facilities. (1) The value of Additional Facilities for purposes of determining payments in lieu of taxes due under Section 2.02(D) hereof shall be determined by the Assessors of each respective Taxing Entity. The parties hereto agree that the Assessors shall (a) appraise the Additional Facilities in the same manner as other similar properties in the general area of the Project Facility, and (b) place a value for assessment purposes (hereinafter referred to as the "Additional Assessed Value") upon the Additional Facilities, equalized if necessary by using the appropriate equalization rates as apply in the assessment and levy of real property taxes. The Company shall be entitled to written notice of the initial establishment of such Additional Assessed Value and of any change in such Additional Assessed Value.

(2) If the Company is dissatisfied with the amount of the Additional Assessed Value of the Additional Facilities as initially established or as changed, and if the Company shall have given written notice of such dissatisfaction to the appropriate Assessor and the Agency within thirty (30) days of receipt by the Company of written notice of the initial establishment of such Additional Assessed Value, or of a change in such Additional Assessed Value, then the Company shall be entitled to protest before, and to be heard by, the appropriate Assessor and the Agency. If the Agency, the Company and any Assessor shall fail to reach agreement as to the proper Additional Assessed Value of the Additional Facilities for purposes of determining payments in lieu of taxes due under this Payment in Lieu of Tax Agreement, then such Assessor, the Company and the Agency shall each select one arbitrator in accordance with the rules of the American Arbitration Association, each of whom shall be a qualified real estate appraiser, experienced in valuation for the purposes of tax assessment in the general area of the Project Facility, which arbitrators shall, at the sole cost and expense of the Company, determine whether the Additional Assessed Value of the Additional Facilities has been properly established by the Assessor. It is understood that the arbitrators are empowered to confirm the Additional Assessed Value or to determine a higher or lower Additional Assessed Value. Any payments in lieu of taxes due upon such Additional Facilities pursuant to Section 2.02(D) hereof may not be withheld by the Company pending determination of the Additional Assessed Value by the arbitrators.

(F) Statements. Pursuant to Section 858(15) of the Act, the Agency agrees to give each Taxing Entity a copy of this Payment in Lieu of Tax Agreement within fifteen (15) days of the execution and delivery hereof, together with a request that a copy hereof be given to the appropriate officer or officers of the respective Taxing Entities responsible for preparing the tax rolls for said Tax Entities (each, a "Tax Billing Officer") and a request that said Tax Billing Officers submit to the Company and to the appropriate Receiver of Taxes periodic statements specifying the amount and due date or dates of the payments due each Taxing Entity hereunder, such periodic statements to be submitted to the Company at approximately the times that tax bills are mailed by such Taxing Entities.

(G) Time of Payments. The Company agrees to pay the amounts due hereunder to the Receivers of Taxes for the benefit of each particular Taxing Entity in any fiscal tax year to the appropriate Receiver of Taxes within the period that such Taxing Entity allows payment of taxes levied in such fiscal tax year without penalty. The Company shall be entitled to receive receipts for such payments.

(H) Method of Payment. All payments by the Company hereunder shall be paid to the Receivers of Taxes in lawful money of the United States of America. The Receivers of Taxes shall in turn distribute the amounts so paid to the various Taxing Entities entitled to same.

SECTION 2.03 CREDIT FOR TAXES PAID. (A) Amount of Credit. The parties hereto acknowledge and agree that the obligation of the Company to make the payments provided in Section 2.02 of this Payment in Lieu of Tax Agreement 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 Lease Agreement. It is understood and agreed, however, that, should the Company pay in any fiscal tax year to any Taxing Entity any amounts in the nature of general property taxes, general assessments, service charges or other governmental charges of a similar nature levied and/or assessed upon the Project Facility 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, special ad valorem levies or governmental charges in the nature of utility charges, including but not limited to water, solid waste, sewage treatment or sewer or other rents, rates or charges), then the Company's obligation to make payments in lieu of property taxes attributed to such fiscal tax year to such Taxing Entity hereunder shall be reduced by the amounts which the Company shall have so paid to such Taxing Entity in such fiscal tax year, but there shall be no cumulative or retroactive credit as to any payment in lieu of property taxes due to any other Taxing Entity or as to any payment in lieu of property taxes due to such Taxing Entity in any other fiscal tax year.

(B) Method of Claiming Credits. If the Company desires to claim a credit against any particular payment in lieu of tax due hereunder, the Company shall give the governing body of the affected Taxing Entity and the Agency prior written notice of its intention to claim any credit pursuant to the provision of this Section 2.03, said notice to be given by the Company at least thirty (30) days prior to the date on which such payment in lieu of tax is due pursuant to the provisions of Section 2.02(G) hereof. In the event that the governing body of the appropriate Taxing Entity desires to contest the Company's right to claim such credit, then said governing body, the Agency and the Company shall each select an arbitrator in accordance with the rules of the American Arbitration Association, each of whom shall meet the qualifications set forth in Section 2.02(B) hereof, which arbitrators shall, at the sole cost and expense of the Company, determine whether the Company is entitled to claim any credit pursuant to the provisions of this Section 2.03 and, if so, the amount of the credit to which the Company is entitled. It is understood that the arbitrators are empowered to confirm the amount of the credit claimed by the Company or to determine a lower or higher credit. When the Company shall have given notice, as provided herein, that it claims a credit, the amount of any payment in lieu of property taxes due hereunder against which the credit may be claimed may be withheld (to the extent of the credit claimed by the Company, but only to the extent that such credit may be claimed against said payment in lieu of taxes pursuant to the provisions of this Section 2.03) until the decision of the arbitrators is rendered. After the decision of the arbitrators is rendered, the payment in lieu of taxes due with respect to any reduction or disallowance by the arbitrators in the amount of the credit claimed by the Company shall, to the extent withheld as aforesaid, be immediately due and payable and shall be paid by the Company within thirty (30) days of said decision.

SECTION 2.04. LATE PAYMENTS. (A) First Month. Pursuant to Section 874(5) of the Act, if the Company shall fail to make any payment required by this Payment in Lieu of Tax Agreement when due, the Company shall pay the same, together with a late payment penalty equal to five percent (5%) of the amount due.

(B) Thereafter. If the Company shall fail to make any payment required by this Payment in Lieu of Tax Agreement when due and such delinquency shall continue beyond the first month, the Company's obligation to make the payment so in default shall continue as an obligation of the Company to the affected Taxing Entity until such payment in default shall have been made in full, and the Company

shall pay the same to the affected Taxing Entity together with (1) a late payment penalty of one percent (1%) per month for each month, or part thereof, that the payment due hereunder is delinquent beyond the first month, plus (2) interest thereon, to the extent permitted by law, at the greater of (a) one percent (1%) per month, or (b) the rate per annum which would be payable if such amount were delinquent taxes, until so paid in full.

ARTICLE III

LIMITED OBLIGATION

SECTION 3.01. NO RECOURSE; LIMITED OBLIGATION OF THE AGENCY. (A) No Recourse. All obligations, covenants, and agreements of the Agency contained in this Payment in Lieu of Tax Agreement shall be deemed to be the obligations, covenants, and agreements of the Agency and not of any member, officer, agent, servant or employee of the Agency in his individual capacity, and no recourse under or upon any obligation, covenant or agreement contained in this Payment in Lieu of Tax Agreement, or otherwise based upon or in respect of this Payment in Lieu of Tax Agreement, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future member, officer, agent (other than the Company), servant or employee, as such, of the Agency or any successor public benefit corporation or political subdivision or any person executing this Payment in Lieu of Tax Agreement on behalf of the Agency, either directly or through the Agency or any successor public benefit corporation or political subdivision or any person so executing this Payment in Lieu of Tax Agreement, it being expressly understood that this Payment in Lieu of Tax Agreement is a corporate obligation, and that no such personal liability whatever shall attach to, or is or shall be incurred by, any such member, officer, agent (other than the Company), servant or employee of the Agency or of any successor public benefit corporation or political subdivision or any person so executing this Payment in Lieu of Tax Agreement under or by reason of the obligations, covenants or agreements contained in this Payment in Lieu of Tax Agreement or implied therefrom; and that any and all such personal liability of, and any and all such rights and claims against, every such member, officer, agent (other than the Company), servant or employee under or by reason of the obligations, covenants or agreements contained in this Payment in Lieu of Tax Agreement or implied therefrom are, to the extent permitted by law, expressly waived and released as a condition of, and as a consideration for, the execution of this Payment in Lieu of Tax Agreement by the Agency.

(B) Limited Obligation. The obligations, covenants and agreements of the Agency contained herein shall not constitute or give rise to an obligation of the State of New York or Yates County, New York, and neither the State of New York nor Yates County, New York shall be liable thereon, and further such obligations, covenants and agreements shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute limited obligations of the Agency payable solely from the revenues of the Agency derived and to be derived from the lease, sale or other disposition of the Project Facility (except for revenues derived by the Agency with respect to the Unassigned Rights, as defined in the Lease Agreement).

(C) Further Limitation. Notwithstanding any provision of this Payment in Lieu of Tax Agreement to the contrary, the Agency shall not be obligated to take any action pursuant to any provision hereof unless (1) the Agency shall have been requested to do so in writing by the Company, and (2) if compliance with such request is reasonably expected to result in the incurrence by the Agency (or any of its members, officers, agents, servants or employees) of any liability, fees, expenses or other costs, the Agency shall have received from the Company security or indemnity and an agreement from the Company to defend and hold harmless the Agency satisfactory to the Agency for protection against all such liability, however remote, and for the reimbursement of all such fees, expenses and other costs.

ARTICLE IV

EVENTS OF DEFAULT

SECTION 4.01. EVENTS OF DEFAULT. Any one or more of the following events shall constitute an event of default under this Payment in Lieu of Tax Agreement, and the terms "Event of Default" or "default" shall mean, whenever they are used in this Payment in Lieu of Tax Agreement, any one or more of the following events:

(A) Failure of the Company to pay when due any amount due and payable by the Company pursuant to this Payment in Lieu of Tax Agreement and continuance of said failure for a period of fifteen (15) days after written notice to the Company stating that such payment is due and payable;

(B) Failure of the Company to observe and perform any other covenant, condition or agreement on its part to be observed and performed hereunder (other than as referred to in paragraph (A) above) and continuance of such failure for a period of thirty (30) days after written notice to the Company specifying the nature of such failure and requesting that it be remedied; provided that if such default cannot reasonably be cured within such thirty (30) day period and if the Company shall have commenced action to cure the breach of covenant, condition or agreement within said thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as the Company shall require in the exercise of due diligence to cure such default, it being agreed that no such extension shall be for a period in excess of ninety (90) days in the aggregate from the date of default; or

(C) Any warranty, representation or other statement by or on behalf of the Company contained in this Payment in Lieu of Tax Agreement shall prove to have been false or incorrect in any material respect on the date when made or on the effective date of this Payment in Lieu of Tax Agreement and (1) shall be materially adverse to the Agency at the time when the notice referred to below shall have been given to the Company and (2) if curable, shall not have been cured within thirty (30) days after written notice of such incorrectness shall have been given to a responsible officer of the Company, provided that if such incorrectness cannot reasonably be cured within said thirty-day period and the Company shall have commenced action to cure the incorrectness within said thirty-day period and, thereafter, diligently and expeditiously proceeds to cure the same, such thirty-day period shall be extended for so long as the Company shall require, in the exercise of due diligence, to cure such default.

SECTION 4.02. REMEDIES ON DEFAULT. (A) General. Whenever any Event of Default shall have occurred with respect to this Payment in Lieu of Tax Agreement, the Agency (or if such Event of Default concerns a payment required to be made hereunder to any Taxing Entity, then with respect to such Event of Default such Taxing Entity) may take whatever action at law or in equity as may appear necessary or desirable to collect the amount then in default or to enforce the performance and observance of the obligations, agreements and covenants of the Company under this Payment in Lieu of Tax Agreement.

(B) Cross-Default. In addition, an Event of Default hereunder shall constitute an event of default under Article X of the Lease Agreement. Upon the occurrence of an Event of Default hereunder resulting from a failure of the Company to make any payment required hereunder, the Agency shall have, as a remedy therefor under the Lease Agreement, among other remedies, the right to terminate the Lease Agreement and convey the Project Facility to the Company, thus subjecting the Project Facility to immediate full taxation pursuant to Section 520 of the Real Property Tax Law of the State.

(C) Separate Suits. Each such Event of Default shall give rise to a separate cause of action hereunder and separate suits may be brought hereunder as each cause of action arises. Each such Event of

Default shall give rise to a separate cause of action hereunder and separate suits may be brought hereunder as each cause of action arises.

(D) Venue. The Company irrevocably agrees that any suit, action or other legal proceeding arising out of this Payment in Lieu of Tax Agreement may be brought in the courts of record of the State, consents to the jurisdiction of each such court in any such suit, action or proceeding, and waives any objection which it may have to the laying of the venue of any such suit, action or proceeding in any of such courts.

SECTION 4.03. PAYMENT OF ATTORNEY'S FEES AND EXPENSES. Pursuant to Section 874(6) of the Act, if the Company should default in performing any of its obligations, covenants or agreements under this Payment in Lieu of Tax Agreement and the Agency or any Taxing Entity should employ attorneys or incur other expenses for the collection of any amounts payable hereunder or for the enforcement of performance or observance of any obligation, covenant or agreement on the part of the Company herein contained, the Company agrees that it will, on demand therefor, pay to the Agency or such Taxing Entity, as the case may be, not only the amounts adjudicated due hereunder, together with the late payment penalty and interest due thereon, but also the reasonable fees and disbursements of such attorneys and all other expenses, costs and disbursements so incurred, whether or not an action is commenced.

SECTION 4.04. REMEDIES; WAIVER AND NOTICE. (A) No Remedy Exclusive. No remedy herein conferred upon or reserved to the Agency or any Taxing Entity is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Payment in Lieu of Tax Agreement or now or hereafter existing at law or in equity or by statute.

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

(C) Notice Not Required. In order to entitle the Agency or any Taxing Entity to exercise any remedy reserved to it in this Payment in Lieu of Tax Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required in this Payment in Lieu of Tax Agreement.

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

ARTICLE V

MISCELLANEOUS

SECTION 5.01. TERM. (A) General. This Payment in Lieu of Tax Agreement shall become effective and the obligations of the Company shall arise absolutely and unconditionally upon the approval of this Payment in Lieu of Tax Agreement by resolution of the Agency and the execution and delivery of this Payment in Lieu of Tax Agreement by the Company and the Agency. Unless otherwise provided by amendment hereof, this Payment in Lieu of Tax Agreement shall continue to remain in effect until the earlier to occur of (1) December 31, 2024 or (2) the date on which the Project Facility is reconveyed by the Agency to the Company pursuant to Article VII of the Lease Agreement.

(B) Extended Term. In the event that (1) the Project Facility shall be reconveyed to the Company, (2) on the date on which the Company obtains the Agency's interest in the Project Facility, the Project Facility shall be assessed as exempt upon the assessment roll of any one or more of the Taxing Entities, and (3) the fact of obtaining title to the Agency's interest in the Project Facility shall not immediately obligate the Company to make pro-rata tax payments pursuant to legislation similar to Chapter 635 of the 1978 Laws of the State (codified as subsection 3 of Section 302 of the Real Property Tax Law and Section 520 of the Real Property Tax Law), this Payment in Lieu of Tax Agreement shall remain in full force and effect and the Company shall be obligated to make payments to the Receiver of Taxes in amounts equal to those amounts which would be due from the Company to the respective Taxing Entities if the Project Facility were owned by the Company and not the Agency until the first tax year in which the Company shall appear on the tax rolls of the various Taxing Entities having jurisdiction over the Project Facility as the legal owner of record of the Project Facility.

SECTION 5.02. FORM OF PAYMENTS. The amounts payable under this Payment in Lieu of Tax Agreement shall be payable in such coin and currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

SECTION 5.03. COMPANY ACTS. Where the Company is required to do or accomplish any act or thing hereunder, the Company may cause the same to be done or accomplished with the same force and effect as if done or accomplished by the Company.

SECTION 5.04. AMENDMENTS. This Payment in Lieu of Tax Agreement may not be effectively amended, changed, modified, altered or terminated except by an instrument in writing executed by the parties hereto.

SECTION 5.05. NOTICES. (A) General. All notices, certificates or other communications hereunder shall be in writing and may be personally served, telecopied or sent by courier service or United States mail and shall be sufficiently given and shall be deemed given when (1) delivered in person or by courier to the applicable address stated below, (2) when received by telecopy or (3) three business days after deposit in the United States, by United States mail (registered or certified mail, postage prepaid, return receipt requested, property addressed), or (4) when delivered by such other means as shall provide the sender with documentary evidence of such delivery, or when delivery is refused by the addressee, as evidenced by the affidavit of the Person who attempted to effect such delivery.

(B) Notices Given by Taxing Entities. Notwithstanding the foregoing, notices of assessment or reassessment of the Project Facility and other notices given by a Taxing Entity under Article II hereof shall be sufficiently given and shall be deemed given when given by the Taxing Entity in the same manner in which similar notices are given to owners of taxable properties by such Taxing Entity.

(C) Addresses. The addresses to which notices, certificates and other communications hereunder shall be delivered are as follows:

IF TO THE COMPANY:

Empire State Pipeline/Empire Pipeline, Inc.
6363 Main Street
Williamsville, New York 14221
Attn: Ronald C. Kraemer, Vice President

WITH A COPY TO:

Keyser, Maloney & Winner LLP
HSBC Bank Building, 2nd Fl.
150 Lake Street
Elmira, New York 14901
Attn: George H. Winner, Jr., Esq.

AND

Phillips Lytle LLP
Milan K. Tyler, Esq.
437 Madison Avenue
New York, New York 10022

IF TO THE AGENCY:

Yates County Industrial Development Agency
One Keuka Business Park
Penn Yan, New York 14527
Attention: Chairman

WITH A COPY TO:

Thomas F. O'Mara, Esq.
Davidson & O'Mara P.C.
243 Lake Street
Elmira, New York 14901

AND

Harris Beach PLLC
99 Garnsey Road
Pittsford, New York 14534
Attn: Russell E. Gaenzle, Esq.

(D) Copies. A copy of any notice given hereunder by the Company which affects in any way a Taxing Entity shall also be given to the chief executive officer of such Taxing Entity.

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

SECTION 5.06. BINDING EFFECT. This 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 Payment in Lieu of Tax Agreement are intended to be for the benefit of the Agency and the respective Taxing Entities.

SECTION 5.07. SEVERABILITY. If any article, section, subdivision, paragraph, sentence, clause, phrase, provision or portion of this 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 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 5.08. COUNTERPARTS. This 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.

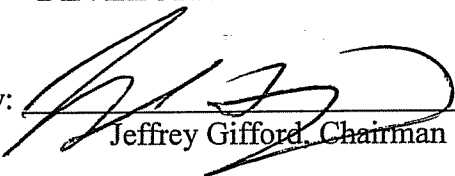
SECTION 5.09. APPLICABLE LAW. This Payment in Lieu of Tax Agreement shall be governed by and construed in accordance with the laws of the State of New York.

[Signature Page to PILOT Agreement]

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

**YATES COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____


Jeffrey Gifford, Chairman

**EMPIRE STATE PIPELINE, A JOINT VENTURE
By: EMPIRE STATE PIPELINE COMPANY, LLC**

By: _____

Ronald C. Kraemer, Vice President

EMPIRE PIPELINE, INC.

By: _____

Ronald C. Kraemer, Vice President

[Signature Page to PILOT Agreement]

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

**YATES COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Jeffrey Gifford, Chairman

EMPIRE STATE PIPELINE, A JOINT VENTURE

By: _____
Ronald C. Kraemer, Vice President *Adm*

EMPIRE PIPELINE, INC.

By: _____
Ronald C. Kraemer, Vice President *Adm*

EXHIBIT A

Description of Land (Easements)

The following rights in property located in the Towns of Benton, Milo and Barrington, Yates County, New York:

<u>Tax ID No.</u>	<u>Town</u>	<u>Recording Liber/Page</u>	<u>Interest</u>
8.03-1-5	Benton	558/194	ROW
18.03-1-12	Benton	560/279	ROW
28.01-1-15	Benton	560/284	ROW
38.01-1-5	Benton	560/289	ROW
50.04-1-11	Milo	558/220	ROW
50.04-1-7.1	Milo	561/170	ROW
62.02-1-7	Milo	558/225	ROW
62.06-1-6	Milo	558/199	ROW
62.04-1-1	Milo	560/294	ROW
62.03-1-3.1	Milo	560/300	ROW
62.03-1-16.2	Milo	558/215	ROW
74.01-1-3	Milo	558/204	ROW
74.04-1-6	Milo	560/305	ROW
86.02-1-1.2	Milo	560/310	ROW
86.04-1-13	Milo	561/175	ROW
98.02-1-12	Milo	560/315	ROW
105.02-1-6.3	Barrington	561/185	ROW
105.03-1-20	Barrington	558/210	ROW
105.03-1-16	Barrington	560/320	ROW
112.01-1-9	Barrington	561/191	ROW
112.01-1-10	Barrington	561/196	ROW
112.02-1-16	Barrington	561/201	ROW
112.02-1-15	Barrington	561/216	ROW
112.04-1-21.1	Barrington	561/206	ROW
119.02-1-12	Barrington	561/221	ROW
119.04-1-6	Barrington	561/226	ROW
120.03-1-2	Barrington	561/211	ROW
126.02-1-8	Barrington	560/325	ROW
127.01-1-1	Barrington	560/330	ROW