

**ESSEX COUNTY
INDUSTRIAL DEVELOPMENT AGENCY**

AND

CHAMPLAIN VALLEY MILLING CORP., INC.

INSTALLMENT SALE AGREEMENT

DATED AS OF MAY 1, 2017

CERTAIN RIGHTS OF ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY (THE "ISSUER") UNDER THIS INSTALLMENT SALE AGREEMENT, AND CERTAIN MONEYS DUE AND TO BECOME DUE TO THE ISSUER HEREUNDER, HAVE BEEN ASSIGNED TO ZB, NATIONAL ASSOCIATION, AS TRUSTEE (THE "TRUSTEE"), PURSUANT TO A PLEDGE AND ASSIGNMENT DATED AS OF MAY 1, 2017, FROM THE ISSUER TO THE TRUSTEE.

THIS INSTALLMENT SALE AGREEMENT IS INTENDED TO CONSTITUTE A SECURITY AGREEMENT UNDER THE UNIFORM COMMERCIAL CODE OF THE STATE OF NEW YORK.

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and is for convenience of reference only.)

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INSTALLMENT SALE AGREEMENT

THIS INSTALLMENT SALE AGREEMENT dated as of May 1, 2017 (the “Installment Sale Agreement”) by and between **ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, a public benefit corporation of the State of New York having an office for the transaction of business located at 7566 Court Street, Elizabethtown, New York 12932 (the “Issuer”), and **CHAMPLAIN VALLEY MILLING CORP., INC.**, a corporation organized and existing under the laws of the State of New York having an office for the transaction of business located at 6679 Main Street, PO Box 454, Westport, New York 12993-0454 (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, as amended; 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, civic, 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 to lease or sell any or all of its facilities, 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 so issued and any agreements made in connection therewith, to mortgage and pledge any or all of its facilities, whether then owned or thereafter acquired, and to pledge the revenues and receipts from the lease or sale thereof to secure the payment of such bonds and interest thereon; and

WHEREAS, the Issuer was created, pursuant to and in accordance with the provisions of the Enabling Act, by Chapter 563 of the Laws of 1973 of the State (Section 914-a, Title 2 of Article 18-A of the General Municipal Law of the State), as amended from time to time (including without limitation Chapter 444 of the Laws of 1999 of the State) (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 Issuer, by resolution adopted on April 19, 2016 (the “Inducement Resolution”), determined to issue its tax-exempt revenue bonds for the purpose of assisting in providing financing of a project (the “Project”) consisting of (A)(1) the acquisition, construction,

reconstruction, equipping and installation of buildings and building improvements and equipment, including land and fixtures, to manufacture grain into flour, to be located at 19 Myers Way all within the Town of Willsboro, New York (the "Facility"), which facility will include an approximately 29,000 square foot building, and (2) certain fixtures and other personal property related thereto (the "Equipment") (the Facility and the Equipment being collectively referred to as the "Project Facility"); (B) the financing of all or a portion of the costs of the foregoing by the issuance of tax-exempt revenue bonds of the Issuer in one or more series in an aggregate principal amount not to exceed \$5,000,000; (C) the funding of a debt service reserve fund for the bonds for the Project; (D) the payment of the costs of issuing such bonds; and (E) the granting of certain other "financial assistance" (within the meaning of Section 854(14) of the State General Municipal Law) with respect to the foregoing, including an exemption from certain sales and use taxes, real property taxes, deed transfer taxes, and mortgage recording taxes (together with the Project Facility, the "Project"); and

WHEREAS, the Issuer, by resolution adopted on April 6, 2017 (the "Bond Resolution"), authorized the issuance of its Tax-Exempt Revenue Bonds (Champlain Valley Milling Corp., Inc. Project), Series 2017 in the aggregate principal amount of \$4,245,000 (the "Bonds") for the purpose of financing the costs of undertaking the Project; and

WHEREAS, contemporaneously with the execution of this Installment Sale Agreement, the Issuer and ZB, National Association, as trustee (the "Trustee") have entered into a trust indenture dated as of May 1, 2017 (the "Indenture") specifying the terms and conditions upon which the Bonds are to be issued and secured; and

WHEREAS, the Issuer, by the terms of the Indenture and as security for the Bonds, will grant the Trustee a first lien on and a security interest in the Trust Revenues (as defined in the Indenture); and

WHEREAS, the Issuer proposes to undertake the Project, appoint the Company as agent of the Issuer to undertake the acquisition, construction, reconstruction and equipping of the Project Facility and transfer its interest in the Project Facility to the Company, and the Company desires to act as agent of the Issuer to undertake the acquisition, construction, reconstruction and equipping of the Project Facility and accept the transfer of such interest in the Project Facility from the Issuer, all pursuant to the terms and conditions hereinafter set forth in this Installment Sale Agreement; and

WHEREAS, the providing of the Project Facility by the Issuer and the transfer of its interest in the Project Facility to the Company pursuant to this Installment Sale Agreement is for a proper purpose, to wit, to advance the job opportunities, health, general prosperity and economic welfare of the inhabitants of the State, pursuant to the provisions of the Act; and

WHEREAS, all things necessary to constitute this Installment Sale 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 Installment Sale Agreement have in all respects been duly authorized by the Issuer and the Company;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE PREMISES AND THE MUTUAL COVENANTS HEREINAFTER CONTAINED, THE PARTIES HERETO HEREBY FORMALLY COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS, TO WIT:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions.

Terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture, as amended from time to time.

Section 1.2. Interpretation.

In this Installment Sale Agreement, unless the context otherwise requires:

(A) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms as used in this Installment Sale Agreement, refer to this Installment Sale Agreement, and the term “heretofore” shall mean before, and the term “hereafter” shall mean after, the date of this Installment Sale Agreement;

(B) Words of masculine gender shall mean and include correlative words of the feminine and neuter genders;

(C) Words importing the singular number shall mean and include the plural number, and vice versa; and

(D) Any certificates, letters or opinions required to be given pursuant to this Installment Sale Agreement shall mean a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Installment Sale Agreement.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.1. Representations, Warranties And Covenants Of Issuer.

The Issuer makes the following representations, warranties and covenants as the basis for the undertakings on its part herein contained:

(A) The Issuer is duly established under the provisions of the Act and has the power to enter into this Installment Sale Agreement and to carry out its obligations hereunder. Based upon the representations of the Company as to the utilization of the Project Facility, the Project Facility will constitute a “project,” as such quoted term is defined in the Act. By proper official action, the Issuer has been duly authorized to execute, deliver and perform this

Installment Sale Agreement and the other Financing Documents to which the Issuer is a party (the "Issuer Documents").

(B) Neither the execution and delivery of this Installment Sale Agreement, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of the other Issuer Documents will conflict with or result in a breach or constitute a default by the Issuer of any of the terms, conditions or provisions of the Act, the by-laws of the Issuer or any order, judgment, restriction, agreement or instrument to which the Issuer is a party or by which the Issuer is bound, or will constitute a default by the Issuer under any of the foregoing.

(C) The Issuer will cause the Project Facility to be acquired, constructed, reconstructed and equipped and will sell the Project Facility to the Company pursuant to this Installment Sale Agreement, all for the purpose of advancing the job opportunities, health, general prosperity and economic welfare of the people of the State and improving their standard of living.

(D) The Issuer, to the extent of its interest therein, shall not sell, assign, transfer, encumber or pledge as security the Project Facility or any part thereof and shall maintain the Project Facility free and clear of all Liens or encumbrances, except for Permitted Encumbrances and as allowed by the terms of this Installment Sale Agreement and the other Financing Documents.

(E) To finance certain of the Costs of the Project Facility, the Issuer will issue and sell the Bonds in the aggregate principal amount of \$4,245,000. The Bonds will be issued, mature, bear interest, be redeemable and have other terms and provisions as provided for in the Indenture.

(F) In no event will the Issuer issue and sell additional obligations to pay the Cost of the Project Facility if the issuance and sale of such further obligations would cause interest on the Bonds to be or become included in gross income for federal income tax purposes under the Code. The Issuer shall cooperate with the Company in the filing by the Company, as agent of the Issuer, of such returns and other information with the Internal Revenue Service as the Trustee or the Company requests in writing and which Bond Counsel advises the Issuer in writing is necessary to preserve the tax-exempt status of the interest payable on the Bonds, provided the Company shall bear all costs of preparing, gathering and/or filing such returns and other information. In addition, the Issuer, at the request of the Company, shall cooperate with the Company in the filing by the Company, as agent of the Issuer, of such returns and other information with the State and Essex County, New York.

(G) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service that the Issuer is a bond issuer whose arbitrage certifications may not be relied upon.

(H) The Issuer Documents constitute, or upon their execution and delivery in accordance with the terms thereof will constitute valid and legally binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except as such

enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or similar laws affecting the enforceability of creditors' rights generally and except as such enforceability is subject to the application of the principles of equity (regardless of whether the issue of enforceability is considered in a proceeding in equity or law) including, without limitation (i) the possible unavailability of specific performance, injunctive relief or any other equitable remedy, and (ii) concepts of materiality, reasonableness, good faith and fair dealing.

(I) So long as any Bond shall be Outstanding, the Issuer will not take any action (or omit to take any action required by any of the Financing Documents, or which the Trustee or the Company, together with Bond Counsel, advise the Issuer in writing should be taken) or, to the extent within its control, allow any action to be taken, which action (or omission) would in any way (1) cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided in the Financing Documents, or (2) adversely affect the exclusion of the interest payable on any Bond from gross income for federal income tax purposes. Notwithstanding the foregoing, there shall be no such obligation upon the Issuer with respect to the use or investment of its administrative fee, provided, however, that if the Company is required to rebate any amount with respect to such administrative fee, the Issuer shall provide, upon the reasonable request of the Company, such information concerning the investment of such administrative fee as shall be requested by the Company and as shall be reasonably available to the Issuer.

(J) The Issuer will comply with all of the terms, conditions and provisions of the Tax Compliance Certificate. All of the representations, certifications, statements of reasonable expectation and covenants made by the Issuer in the Tax Compliance Certificate are hereby incorporated by this reference as though set forth in full herein.

Section 2.2. Representations, Warranties and Covenants of Company.

The Company makes the following representations, warranties and covenants as the basis for the undertakings on its part herein contained:

(A) The Company is a corporation organized and existing under the laws of the State, is duly authorized to do business in the State, has the power to enter into this Installment Sale Agreement and the other Financing Documents to which the Company is a party (the "Company Documents") and to carry out its obligations hereunder and thereunder, has been duly authorized to execute this Installment Sale Agreement and the other Company Documents and is qualified to do business in all jurisdictions in which its operations or ownership of Properties so require. This Installment Sale Agreement and the other Company Documents and the transactions contemplated hereby and thereby, have been duly authorized by all necessary action on the part of the Company's board of trustees.

(B) Neither the execution and delivery of this Installment Sale Agreement or any of the other Company Documents, the consummation of the transactions contemplated hereby and thereby nor the fulfillment of or compliance with the provisions hereof or thereof will (1) conflict with or result in a breach of or default under any of the terms, conditions or provisions of the Certificate of Incorporation or bylaws of the Company or any other corporate

restriction, order, judgment, agreement or instrument to which the Company is a party or by which the Company or any of its Property is bound, or constitute a default under any of the foregoing, or result in the creation or imposition of any Lien of any nature upon the Project Facility under the terms of any such instrument or agreement, other than the Mortgage and other Permitted Encumbrances, or (2) require consent under (which has not been heretofore received) any corporate restriction, agreement or instrument to which the Company is a party or by which the Company or any of its Property may be bound or affected, or (3) require consent under (which has not been heretofore received or if not received is not yet required to be obtained), conflict with or violate any existing law, rule, regulation, judgment, order, writ, injunction or decree of any government, governmental instrumentality or court (domestic or foreign) having jurisdiction over the Company or any of the Property of the Company.

(C) The completion of the Project Facility by the Issuer and the transfer of its interest therein by the Issuer to the Company will not result in the removal of a commercial, manufacturing or industrial plant of the Company or any other proposed occupant of the Project Facility from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project Facility located in the State.

(D) The Company Documents constitute, or upon their execution and delivery in accordance with the terms thereof will constitute, valid and legally binding obligations of the Company, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights and by restrictions on the availability of equitable remedies.

(E) The Project Facility is, and so long as any Bond shall be Outstanding, the Project Facility will continue to be a "project", as such quoted term is defined in the Act, and the Company will not take any action (or omit to take any action required by the Financing Documents or which the Trustee or the Issuer, together with Bond Counsel, advise the Company in writing should be taken), or allow any action to be taken, which action (or omission) would in any way (1) cause the Project Facility not to constitute a "project", as such quoted term is defined in the Act, (2) adversely affect the exclusion of the interest paid or payable on any Bond from gross income for federal income tax purposes, or (3) cause the proceeds of the Bonds to be applied in a manner contrary to that provided in the Financing Documents.

(F) The Project Facility and the operation thereof will comply in all material respects with all Applicable Laws, and the Company will defend and save the Issuer and its officers, members, agents and employees harmless from all fines and penalties due to failure to comply therewith. The Company shall cause all notices required by all Applicable Laws to be given, and shall comply or cause compliance with all Applicable Laws, and the Company will defend and save the Issuer and its officers, members, agents, directors and employees harmless from all fines and penalties due to the failure to comply therewith.

(G) The Project will not have a “significant impact on the environment”: (within the meaning of such term as used in the New York State Environmental Quality Review Act (“SEQRA”)), and the Company hereby covenants to comply with all mitigation measures, requirements and conditions, if any, enumerated in the negative declaration issued by the Issuer on April 6, 2017 under SEQRA applicable to the construction, reconstruction, equipping and operation of the Project Facility and in any other approvals issued by any other Governmental Authority with respect to the Project Facility. No material changes with respect to any aspect of the Project Facility have arisen from the date of the issuance of such determination which would cause the determinations contained therein to be untrue.

(H) The Project Facility and the use, occupancy and operation thereof in the manner presently contemplated by the Financing Documents will comply in all material respects with all Applicable Laws.

(I) The Company will comply with all of the terms, conditions and provisions of the Tax Certificate. All of the representations, certifications, statements of reasonable expectation and covenants made by the Company in the Tax Certificate are hereby declared to be for the benefit of, among others, the Issuer and, by this reference, are incorporated by this reference as though set forth in full herein.

(J) All proceeds of the Bonds shall be used to pay the Cost of the Project, and such total Cost of the Project, including all costs related to the issuance of the Bonds, shall not be less than the total Bond Proceeds advanced by the Trustee under the Indenture. In no event will “costs of issuance” (within the meaning of Section 147(g) of the Code) paid from the proceeds of the Bonds exceed two percent (2%) of the proceeds of the Bonds.

(K) There are no actions, suits or proceedings pending, or to the knowledge of the Company, threatened against or affecting it or the Project Facility or involving the validity or enforceability of this Installment Sale Agreement or any of the other Financing Documents, at law or in equity or before or by any governmental authority, except actions, suits and proceedings fully covered by insurance or which, if adversely determined, would not materially impair the ability of the Company to pay when due any amounts which may become payable in respect of this Installment Sale Agreement; and to the Company’s knowledge it is not in default with respect to any order, writ, injunction, decree or demand of any court or any governmental authority.

(L) No assessments of any nature will remain unpaid after the final construction disbursement, including but not limited to assessments relating to streets, roads, entrances, waterlines, sanitary and storm sewers, gas lines and all other utilities including acreage fees and trunk sewers.

(M) The Company agrees to give promptly notice in writing to the Trustee of the occurrence or existence of any material litigation, labor dispute or governmental proceeding or investigation affecting the Company which could reasonably be expected to interfere substantially with its normal operations or materially and adversely affect its financial conditions.

(N) The Company agrees to pay or to reimburse the Trustee for any Rebate Fee and related expenses incurred in connection with calculations of any required Rebate Amount.

(O) The Project is located within Essex County, New York.

(P) Except for the interim loan from Champlain National Bank (the “Interim Loan”) to pay a portion of the costs of the Project, which will be partially paid with proceeds of the Bonds, the Company has no material liabilities, direct or contingent, except those disclosed to the Issuer and the Trustee or in the Company’s financial statements and there is no fact presently known to the Company which materially adversely affects or in the future may materially adversely affect the business, operations, properties or assets of the Company, which have not been set forth herein or in a document, certificate or other writing delivered to the Issuer and the Trustee prior to the Closing Date.

(Q) No Collateral for the Bonds shall be applied to secure the Interim Loan or any outstanding or future loan secured from any source in which the Company or any Guarantor is an obligor or guarantor.

(R) Except in the normal course of its business, the Company has not made any investments in, advances to, or guarantees of the obligations of any company, individual or other entity outstanding other than those disclosed to the Issuer and the Trustee.

(S) The Company has filed all required federal, State and local tax returns as they have become due and no claims have been assessed by any federal, State or local authorities with respect to such taxes.

(T) The Company will comply with all requirements imposed upon it by any Rating Agency providing a rating on the Bonds in order to maintain a rating on the Bonds.

(U) The statements made in the final Limited Offering Memorandum relating to the Bonds that are descriptive of the Company or the Project Facility have been prepared or reviewed by the Company and did not on the date of the Limited Offering Memorandum, do not on the date of the Indenture and will not on the date of initial delivery of the Bonds contain any untrue statement of a material fact or omit to state any material fact necessary in order to make such statements, in light of the circumstances under which they were made, not misleading.

(V) The Company will prepare or cause to be prepared an annual audit of the Company and of the Project Facility to be provided to the purchaser of the Bonds within 120 days of the end of each fiscal year of the Company during the period which the Bonds are Outstanding.

(W) The Company will prepare or cause to be prepared unaudited financial statements, including (internal) income statement & balance sheets, of the Company to be provided to the purchaser of the Bonds within forty-five (45) days of the end of each quarterly period during the first three years the Bonds are Outstanding.

(X) Not later than thirty days after closing, the Company shall maintain keyman life insurance on the majority shareholders of the Company in the amount of \$500,000 per majority shareholder during the period which the Bonds are Outstanding and shall assign the policy to the Trustee for the benefit of the Bondholders and until such policy has been assigned to the Trustee, will not, after the submission of the initial requisition at closing, submit any requisition for disbursement of proceeds hereunder to the Trustee, provided that no keyman life insurance will be required if after five consecutive years, no Event of Default has occurred or is continuing.

(Y) The Company and the majority shareholders of the Company (together the “Guarantors”) will guaranty to the Issuer and the Trustee the full and timely payment, when due of the principal of, premium, if any, and interest on the Bonds and the payment and performance of the Company’s obligations under this Installment Sale Agreement and the other Financing Documents pursuant to the Guaranty.

Section 2.3. Covenant with Trustee and Bondholders.

The Issuer and the Company agree that this Installment Sale Agreement and the Tax Compliance Certificate are executed in part to induce the Bondholders to purchase the Bonds by the Holders and Beneficial Owners from time to time of the Bonds. Accordingly, all representations, covenants and agreements on the part of the Issuer and the Company set forth in this Installment Sale Agreement and the Tax Compliance Certificate, other than the Unassigned Rights, are hereby declared to be for the benefit of the Issuer, the Trustee and the Holders and Beneficial Owners from time to time of the Bonds.

ARTICLE III

TRANSFER AND USE OF PROJECT FACILITY

Section 3.1. Transfer to Issuer.

(A) The Company has or will transfer, or will cause to be transferred, to the Issuer the Company’s interest in the Project Facility pursuant to the Deed to Issuer and the Bill of Sale to the Issuer. The Company represents and warrants that it has and will convey to the Issuer good and marketable title to the portions of the Project Facility that exist on the Closing Date, free and clear of all Liens except for Permitted Encumbrances, and agrees that it will defend, indemnify and hold the Issuer and the Trustee harmless from any expense or liability due to any defect in title thereto.

Section 3.2. Title Insurance.

The Company has obtained or will obtain title insurance for the benefit of, and in form reasonably satisfactory to, the Issuer in an amount equal to the principal amount of the Bonds insuring title to the Project Facility. To the extent not used to clear title to the Project Facility, the Net Proceeds of such insurance shall be applied to redeem the Bonds pursuant to the Indenture.

Section 3.3. Use of Project Facility.

Subsequent to the Closing Date, (A) unless an Event of Default has occurred and is continuing, the Company shall have sole and exclusive (as between the Company and the Issuer) possession and use of the Project Facility and (B) the Company shall not use the Project Facility, or permit the Project Facility to be used, by any Nonexempt Person or in any “unrelated trade or business”, within the meaning of Section 513(a) of the Code, in such manner or to such extent as would cause the interest paid or payable on the Bonds to be includable in the gross income of the recipients thereof for federal income tax purposes.

Section 3.4. Hazardous Wastes.

(A) The Company represents, warrants and covenants that the Company has not used Hazardous Materials on, from, or affecting the Project Facility in any manner which violates federal, state or local laws, ordinances, rules, regulations, or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, and that, to the best of the Company’s knowledge, no prior owner of the Project Facility or any tenant, subtenant, prior tenant or prior subtenant has used Hazardous Materials on, from or affecting the Project Facility in any manner which violates federal, state or local laws, ordinances, rules, regulations or policies governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials.

(B) The Company shall not cause or permit the Project Facility to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable federal, state and local laws or regulations.

(C) The Company shall comply in all respects with, and ensure compliance by all tenants and subtenants with, all applicable federal, state and local laws, ordinances, rules and regulations regarding Hazardous Materials whenever and by whomever triggered, and shall obtain and comply in all respects with, and ensure that all tenants and subtenants obtain and comply in all respects with, any and all approvals, registrations or permits required thereunder.

(D) The Company shall (1) prior to the Completion Date conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Project Facility (a) in accordance with all applicable federal, state and local laws, ordinances, rules, regulations and policies, (b) to the satisfaction of the Issuer, and (c) in accordance with the orders and directives of all federal, state and local Governmental Authorities and (2) defend, indemnify, and hold harmless the Issuer, its employees, agents, officers and members from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (a) the disposal, release or threatened release of any Hazardous Materials relating to the Project Facility which are on, from, or affecting soil, water, vegetation, buildings, personal property, persons, animals or otherwise; (b) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (c) any

lawsuit brought or threatened, settlement reached, or any government order relating to Hazardous Materials relating to the Project Facility, and/or (d) any violations of laws, orders, regulations, requirements or demands of Government Authorities which are based upon or in any way related to Hazardous Materials relating to the Project Facility, including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses.

ARTICLE IV

ACQUISITION, CONSTRUCTION, RECONSTRUCTION AND EQUIPPING OF PROJECT FACILITY; ISSUANCE OF BONDS; USE OF PROCEEDS

Section 4.1. Acquisition, Construction, Reconstruction and Equipping of Project Facility.

(A) The Company shall, on behalf of the Issuer, promptly acquire, construct, reconstruct and equip the Project Facility, or cause the acquisition, construction, reconstruction and equipping of the Project Facility, all in accordance with the Plans and Specifications.

(B) No material change in the Plans and Specifications shall be made unless the Company shall furnish the Issuer and the Trustee with an unqualified opinion of Bond Counsel that the construction of and reconstruction of the Facility and the acquisition and equipping of the Equipment in accordance with the revised Plans and Specifications will not adversely affect the tax-exempt status of the interest paid or payable on the Bonds.

(C) Title to all materials, equipment, machinery and other items of Property intended to be incorporated or installed in and to become part of the Project Facility shall vest in the Issuer immediately upon the execution of the Bill of Sale to the Issuer. Title to all materials, equipment, machinery and other items of Property acquired by the Company subsequent to the Closing Date and intended to be incorporated or installed in and to become part of the Project Facility shall vest in the Issuer immediately upon incorporation or installation of the Project Facility. The Company shall execute, deliver and record or file all instruments necessary or appropriate to vest title to the above in the Issuer and shall take all action necessary or appropriate to protect such title against claims of any third Persons.

(D) The Issuer shall enter into, and accept the assignment of, such contracts as the Company may request in order to effectuate the purposes of this Section 4.1; provided, however, that the liability of the Issuer thereunder shall be limited to moneys disbursed under the Indenture.

(E) The Issuer hereby appoints the Company as its true and lawful agent to perform the following in compliance with the terms, purposes and intent of the Financing Documents, and the Company hereby accepts such agency to: (1) acquire, construct, reconstruct and install the Project Facility, (2) make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions with any other Persons, and in general to do all things which may be requisite or proper, all for the acquisition, construction, reconstruction and equipping of the Project Facility, with the same powers and with the same validity as the Issuer could do if acting in its own behalf, provided that the liability of the Issuer thereunder shall be limited to moneys advanced under the Indenture, (3) pay all fees, costs and expenses incurred in the

acquisition, construction, reconstruction, equipping and installation of the Project Facility from funds made available therefore in accordance with this Installment Sale Agreement and the other Financing Documents, (4) request on behalf of the Issuer, and receive for the purpose of paying the Cost of the Project, disbursements of the proceeds of the Bonds pursuant to the Financing Documents, and (5) ask, demand, sue for, levy, recover and receive all such sums of money, debts, dues and other demands whatsoever which may be due, owing and payable to the Issuer under the terms of any contract, order, receipt or writing in connection with the acquisition, construction, reconstruction and equipping of the Project Facility and to enforce the provisions of any contract, agreement, obligation, bond or other performance security in connection with the same.

(F) The Company has given or will give or cause to be given all notices and has complied or will comply or cause compliance in all material respects with all Applicable Laws and the Company will defend, indemnify and save the Issuer and the Trustee and their respective officers, members, directors, agents, servants and employees harmless from all fines and penalties due to failure to comply therewith. All permits and licenses necessary for the prosecution of work on the Project Facility shall be procured promptly by the Company.

(G) To the extent required by applicable law, the Company will cause (1) compliance with the requirements of Article 8 of the New York Labor Law, and (2) any contractors, subcontractors and other persons involved in the acquisition, construction, reconstruction and equipping of the Project Facility to comply with Article 8 of the New York Labor Law. The covenant in this subsection is not intended as a representation that Article 8 of the New York Labor Law applies.

(H) In compliance with Section 13 of the New York Lien Law to the extent to which that Section may be found to apply by its terms, the Company covenants that it (1) will hold the right to receive the proceeds of the Bonds, which have been deposited by the Issuer in a trust fund for the purpose of paying the Cost of the Project, as a trust fund to be applied first for the purpose of paying the “cost of improvement” (as said term is defined in Section 2(5) of the New York Lien Law), and (2) will apply the same first to the payment of the “cost of improvement” before using any part of the total of the same for any other purpose. The covenants in this subsection is not intended as a representation that this Installment Sale Agreement or the Indenture is a “building loan contract,” as defined in Section 2(13) of the New York Lien Law.

Section 4.2. Issuance of Bonds.

In order to finance the Costs of the Project, together with other payments and incidental expenses in connection therewith, the Issuer agrees that it will issue, sell and cause to be delivered to the purchaser thereof the Bonds, as provided in the Indenture. THE ISSUER MAKES NO REPRESENTATION, EXPRESS OR IMPLIED, THAT THE NET PROCEEDS OF THE BONDS WILL BE SUFFICIENT TO COMPLETE THE ACQUISITION, CONSTRUCTION, RECONSTRUCTION EQUIPPING AND INSTALLATION OF THE PROJECT FACILITY.

Section 4.3. Application of Proceeds of Bonds.

(A) The Bond Proceeds shall be deposited by the Issuer with the Trustee as provided in the Indenture and, upon submission to the Trustee of a Request for Disbursement certified by an Authorized Representative of the Company complying with the requirements of Section 404 of the Indenture, shall be applied to pay the following items of cost and expense incurred in connection with the Project Facility subsequent to the Inducement Date (except to the extent that the Company receives an opinion of Bond Counsel that payment of amounts incurred prior to such date will not adversely affect the tax-exempt status of the interest paid or payable on the Bonds), and for no other purpose:

(1) the cost of preparing the Plans and Specifications as they relate to the Project Facility (including any preliminary study or planning for the Project Facility or any aspect thereof);

(2) all costs incurred in connection with the acquisition, construction, reconstruction, equipping and installation of the Project Facility (including architectural, engineering and supervisory services with respect thereto);

(3) all fees, taxes, charges and other expenses for recording or filing, as the case may be, the Financing Documents, any other agreement contemplated thereby, any financing or continuation statements and any title curative documents that the Issuer or the Trustee may deem desirable in order to perfect or protect the Issuer's, the Trustee's or the Company's respective interests in the Project Facility, and any security interests contemplated by the Financing Documents;

(4) all fees and expenses in connection with any actions or proceedings in order to perfect or protect the Issuer's, the Trustee's or the Company's respective interests in the Project Facility, except for removing Permitted Encumbrances;

(5) any expenses of the Company in enforcing any remedy against any contractor, subcontractor or materialman in accordance with Section 4.6 hereof;

(6) the cost of all insurance maintained with respect to the Project Facility pursuant to Section 6.3 hereof during the Construction Period and the cost of maintaining any payment and performance bond or letter of credit in substitution therefor, if any, with respect to the Project Facility;

(7) all interest payable on the Bonds during the Construction Period;

(8) all interest payable on any interim financing the Company may have secured with respect to the Project Facility in anticipation of the issuance of the Bonds;

(9) all legal, accounting, financial advisory, investment banking, underwriting, rating agency, blue sky, legal investment and any other fees, discounts, costs and expenses incurred by the Issuer, the Company or the Trustee in connection with the preparation, reproduction, authorization, issuance, execution, delivery and sale of the

Bonds and the other Financing Documents and all other documents in connection therewith, with the acquisition, construction, reconstruction, equipping and installation of the Project Facility, and with any other transaction contemplated by the Bonds, the Indenture and this Installment Agreement;

(10) the administration and acceptance fees, costs and expenses (including, but not limited to, reasonable attorneys' fees) of the Issuer and the Trustee;

(11) all title insurance, appraisal and surveying costs;

(12) payment of taxes and assessments relating to the Project Facility payable during or allocable to the Construction Period; and

(13) reimbursement to the Company for any of the above enumerated costs and expenses paid and incurred by the Company subsequent to the Inducement Date.

Section 4.4. Completion of Project Facility.

The Company will proceed with due diligence to complete the acquisition, construction, reconstruction, equipping and installation of the Project Facility. Completion shall be evidenced by a certificate signed by an Authorized Representative of the Company to the Issuer and Trustee stating (A) the date of such completion, (B) that all labor, services, materials and supplies used for the acquisition, construction, reconstruction, equipping and installation of the Project Facility and all costs and expenses in connection therewith have been paid, (C) that the acquisition, construction, reconstruction, equipping and installation of the Project Facility have been completed, with the exception of ordinary punchlist items and work awaiting seasonal opportunity, (D) that the Company or the Issuer has good and valid title to all Property constituting the Project Facility, free and clear of all Liens and encumbrances except Permitted Encumbrances, and that the Project Facility is subject to this Installment Sale Agreement, (E) the applicable Rebate Amount with respect to the Net Proceeds of the Project Fund and the earnings thereon (with a statement as to the determination of the Rebate Amount and a direction to the Trustee relating to any required transfer to the Rebate Fund), and (F) that the Project Facility is ready for occupancy, use and operation for its intended purposes. Notwithstanding the foregoing, such certificate may state (1) that it is given without prejudice to any rights of the Company against third parties which exist at the date of such certificate or which may subsequently come into being, (2) that it is given only for the purposes of this Section 4.4, and (3) that no Person other than the Issuer and the Trustee may benefit therefrom. Such certificate shall be accompanied by a certificate of occupancy, or a letter from the local Governmental Authority stating no certificate of occupancy is required, and any and all permissions, licenses or consents required of Governmental Authorities for the occupancy, operation and use of the Project Facility for its intended purposes.

Section 4.5. Completion by Company.

(A) In the event that the Bond Proceeds are not sufficient to pay in full all costs of acquiring, constructing, reconstructing and installing the Project Facility, in accordance with the Plans and Specifications, the Company agrees, for the benefit of the Issuer, to complete

such acquisition, construction, reconstruction, equipping and installation and to pay all such sums as may be in excess of the available Bond Proceeds. Title to portions of the Project Facility acquired, constructed, reconstructed and installed at the Company's cost shall immediately upon such acquisition, construction, reconstruction or installing vest in the Issuer. The Company shall execute, deliver and record or file such instruments as the Issuer or the Trustee may request in order to perfect or protect the Issuer's title to such portions of the Project Facility and to all equipment purchased with the Bond Proceeds.

(B) No payment by the Company pursuant to this Section 4.5 shall entitle the Company to any reimbursement for any such expenditure from the Issuer or the Trustee or to any diminution or abatement of any amounts payable by the Company under this Installment Sale Agreement or under any other Financing Document.

Section 4.6. Remedies to Be Pursued Against Contractors, Subcontractors, Materialmen and Their Sureties.

In the event of a default by any contractor, subcontractor, materialman or other Person under any contract made by it in connection with the acquisition, construction, reconstruction, equipping and installation of the Project Facility or in the event of a breach of warranty or other liability with respect to any materials, workmanship or performance guaranty, the Company at its expense, shall proceed, either separately or in conjunction with others, to exhaust the remedies of the Company and the Issuer against the contractor, subcontractor or materialman so in default and against each surety for the performance of such contract. The Company may, in its own name or, with the prior written consent of the Issuer, in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor, materialman or surety which the Company deems reasonably necessary, and in such event the Issuer hereby agrees, at the Company's sole expense, to cooperate fully with the Company and to take all action necessary to effect the substitution of the Company for the Issuer in such action or proceeding. The Company shall advise the Issuer and the Trustee of any actions or proceedings taken hereunder. The Net Proceeds of any recovery secured by the Company as a result of any action pursued against a contractor, subcontractor, materialman or their sureties pursuant to this Section 4.6 shall be deposited with the Trustee and applied as provided in Section 7.1 hereof and the Indenture.

ARTICLE V

**AGREEMENT TO TRANSFER PROJECT FACILITY;
INSTALLMENT PURCHASE PAYMENTS AND OTHER AMOUNTS PAYABLE**

Section 5.1. Installment Sale.

In consideration of the Company's covenant herein to make installment purchase payments, and in consideration of the other covenants of the Company contained herein, including the covenant to make additional and other payments required hereby, the Issuer hereby agrees to transfer the Project Facility, and the Company agrees to purchase and acquire the Project Facility from the Issuer, subject only to Permitted Encumbrances and the terms of the Financing Documents.

Section 5.2. Transfer of Interest; Instrument Survival.

(A) The Issuer's interest in the Project Facility shall be conveyed (subject to Permitted Encumbrances and the terms of the Financing Documents) from the Issuer to the Company on or after the date on which the Bonds are no longer Outstanding.

(B) The transfer of the Issuer's right, title and interest in and to the Facility shall be affected by the delivery of the Deed to Company (in substantially the form attached hereto as Exhibit "C"). The sale and conveyance of the Issuer's right, title and interest in and to the Equipment shall be effected by the delivery to the Company of the Bill of Sale to Company (in substantially the form attached hereto as Exhibit "D" and by this reference made a part hereof).

(C) The Company agrees to prepare the Deed to Company and/or the Bill of Sale to Company and all schedules thereto, together with all the necessary documentation, and to forward same to the Issuer at least thirty (30) days prior to the date that the Issuer's interest in the Project Facility or any portion thereof is to be conveyed to the Company.

(D) The Company hereby agrees to pay all expenses and taxes, if any, applicable to or arising from the transfers contemplated by this Section 5.2.

(E) This Installment Sale Agreement shall survive the transfer of the Issuer's interest in the Project Facility to the Company pursuant to this Section 5.2 and shall remain in full force and effect until all of the Indebtedness shall have been paid in full, and thereafter the obligations of the Company shall survive as set forth in Section 12.8 hereof.

(F) Upon the payment in full of all the Indebtedness, and notwithstanding the survival of certain obligations of the Company as described in Section 12.8 hereof, the Issuer and the Trustee shall upon the request of the Company execute and deliver to the Company such documents as the Company may reasonably request, in recordable form if so requested, to evidence the termination and release of all Liens granted to the Issuer and the Trustee hereunder.

Section 5.3. Installment Purchase Payments and Other Amounts Payable.

(A) The Company shall pay installment purchase payments for the Project Facility as follows.

(1) on or before the Business Day immediately preceding each Bond Payment Date, the Company shall make available moneys to the Trustee for deposit into the Bond Fund, in an amount which, when added to any amounts then held in the Bond Fund, shall equal the amount payable as principal, interest and premium, if any, on the Bonds on such Bond Payment Date; and

The Company shall pay as additional installment purchase payments hereunder any premium due on the Bonds and the following:

(1) within thirty (30) days after receipt of a demand therefor from the Trustee, the Company shall pay to the Trustee the following amounts: (a) the reasonable

fees and expenses of the Trustee in connection with the carrying out of the Trustee's duties and obligations under the Indenture or any of the other Financing Documents, (b) the sum of the expenses of the Trustee reasonably incurred in performing the obligations of (i) the Company under this Installment Sale Agreement, or (ii) the Issuer under the Bonds, this Installment Sale Agreement, and (c) the Trustee's reasonable attorneys' fees incurred in connection with the foregoing and other moneys due to the Trustee pursuant to the provisions of any of the Financing Documents.

(2) within thirty (30) days after receipt of a demand therefor from the Issuer, the Company shall pay the reasonable fees and expenses of the Issuer at the request of the Issuer in writing related to the issuance of the Bonds and the ownership, financing or sale of the Project Facility or in connection with the carrying out of the Issuer's duties and obligations under this Installment Sale Agreement or any of the other Financing Documents, and any other fee or expense of the Issuer with respect to the Project Facility, the sale of the Project Facility to the Company, the Bonds or any of the other Financing Documents, the payment of which is not otherwise provided for under this Installment Sale Agreement.

(3) upon receipt of notice from the Trustee pursuant to Section 408(D) of the Indenture that a withdrawal has been made from the Reserve Fund, the Company will make available to the Trustee for deposit in the Reserve Fund moneys to replenish such withdrawal from the Reserve Fund in monthly payments commencing immediately succeeding the date of receipt by the Company from the Trustee of notice of such withdrawal, each such monthly payment to be in an amount at least equal to one-twelfth of the withdrawal identified in such notice; provided that no further payments shall be required as a result of such notice if and when the amount on deposit in the Reserve Fund is at least equal to the Reserve Fund Requirement.

(4) upon receipt of notice from the Trustee pursuant to 408(D) of the Indenture that the periodic valuation of the Reserve Fund has determined that a deficiency exists in the amount required to be on deposit to the credit of the Reserve Fund, the Company will make available to the Trustee for deposit in the Reserve Fund moneys to replenish such deficiency in the Reserve Fund in monthly payments made prior to the next periodic valuation date, each such monthly payment to be in an amount at least equal to one quarter of the deficiency identified in such notice; provided that no further payments shall be required as a result of such notice if and when the amount on deposit in the Reserve Fund is at least equal to the Reserve Fund Requirement.

(B) The Company, under the provisions of this Section 5.3, agrees to make the above-mentioned payments in immediately available funds and without any further notice in lawful money of the United States of America. In the event the Company shall fail to timely make any payments required in Section 5.2(A) for a period of more than ten (10) days from the date such payment is due, the Company shall pay the same together with interest thereon, at the rates borne by the Bonds. In the event the Company shall fail to timely make any payments required in Section 5.3(B) a period of more than ten (10) days, the Company shall pay the same together with interest on such payments at the Default Rate but in no event at a rate higher than

the maximum lawful prevailing rate, from the date on which such payment was due until the date on which such payment is made.

(C) In the event of an application of moneys in the Project Fund toward prepayment of the principal of the Bonds pursuant to Section 404(E) of the Indenture, there shall be no abatement or reduction in the amounts payable by the Company under this Section 5.3.

(D) The Company shall be entitled to a credit against the installment purchase payments next required to be made under Section 5.3(A) to the extent that the balance of the Bond Fund is then in excess of amounts required (1) for payment of Bonds theretofore matured or theretofore called for redemption, (2) for payment of interest for which checks or drafts have been drawn and mailed by the Trustee, and (3) for deposit in the Bond Fund for use other than for the payment of Debt Service Payments on the Interest Payment Date next following the applicable date such installment purchase payments are due pursuant to Section 5.3(A) hereof. In any event, however, if on any Interest Payment Date, the balance in the Bond Fund is insufficient to make required payments of Debt Service Payments on the Bonds, the Company forthwith will pay to the Trustee, for the account of the Issuer and for deposit in into the Bond Fund.

Section 5.4. Nature of Obligations of Company Hereunder.

(A) The obligations of the Company to make the payments required by this Installment Sale Agreement and to perform and observe any and all of the other covenants and agreements on its part contained herein shall be general obligations of the Company and shall be absolute and unconditional irrespective of any defense or any rights of set-off, recoupment or counterclaim the Company may otherwise have against the Issuer or the Trustee. The Company agrees that it will not suspend, discontinue or abate any payment required by, or fail to observe any of its other covenants or agreements contained in this Installment Sale Agreement, or terminate this Installment Sale Agreement for any cause whatsoever, including, without limiting the generality of the foregoing, failure to complete the acquisition, construction, reconstruction, equipping and installation of the Project Facility, any defect in the title, design, operation, merchantability, fitness or condition of the Project Facility or any part thereof or in the suitability of the Project Facility or any part thereof for the Company's purposes or needs, failure of consideration for, destruction of or damage to, Condemnation of title to or the use of all or any part of the Project Facility, any change in the tax or other laws of the United States of America or of the State or any political subdivision thereof, or any failure of the Issuer to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or in connection with this Installment Sale Agreement.

(B) Nothing contained in this Section 5.4 shall be construed to release the Issuer from the performance of any of the agreements on its part contained in this Installment Sale Agreement, and, in the event the Issuer should fail to perform any such agreement, the Company may institute such action against the Issuer as the Company may deem necessary to compel performance or recover damages for non-performance (subject to the provisions of Section 12.10 hereof); provided, however, that the Company shall look solely to the Issuer's estate and interest in the Project Facility for the satisfaction of any right or remedy of the Company for the collection of a judgment (or other judicial process) requiring the payment of

money by the Issuer in the event of any liability on the part of the Issuer, and no other Property or assets of the Issuer or of the members, officers, agents (other than the Company) or employees of the Issuer shall be subject to levy, execution, attachment or other enforcement procedure for the satisfaction of the Company's remedies under or with respect to this Installment Sale Agreement, the relationship of the Issuer and the Company hereunder or the Company's purchase of and title to the Project Facility, or any other liability of the Issuer to the Company.

Section 5.5. Prepayment of Installment Purchase Payments.

At any time that the Bonds are subject to redemption under Article III of the Indenture, the Company may, at its option, prepay, in whole or in part, the installment purchase payments payable hereunder by: (i) causing there to be moneys in an amount equal to the Redemption Price of the Bonds being redeemed on deposit with the Trustee sixty (60) days prior to the date such moneys are to be applied to the redemption of such Bonds under Section 301 of the Indenture; or (ii) if the notice of redemption given pursuant to Section 303 of the Indenture states that it is conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds to be redeemed, the Company may pay such amount to the Trustee not later than five business days prior to the date fixed for redemption. In no event will prepayment be permitted unless the Company gives to the Trustee the notice required by the Indenture.

Section 5.6. Rights and Obligations of Company Upon Discharge of Lien of Indenture.

(A) Subject to the provisions of Section 5.6(B) hereof, in the event the Bonds and all sums due under the other Financing Documents shall have been paid in full, the Issuer shall request the Trustee to do all acts and execute all documents as may be reasonably necessary to effect the satisfaction and discharge of the Lien of the Indenture.

(B) The conditions that must be satisfied in order to obtain the discharge and satisfaction of the Lien of the Indenture on any interest of the Company or the Issuer in the Project Facility shall be determined in accordance with the provisions of the Indenture. In the event that such conditions are satisfied, the Issuer shall request the Trustee to do all acts and execute all documents as may reasonably be necessary to effect discharge of the Lien of the Indenture on such interest in the Project Facility and at the request of the Company shall do all acts and execute all documents as may reasonably be necessary to discharge the Lien of this Installment Sale Agreement on the Project Facility to the extent the same may be discharged.

Section 5.7. Grant of Security Interest.

The Company hereby grants the Issuer a security interest in all of the right, title and interest of the Company in the Project Facility and in all additions and accessions thereto, all replacements and substitutions therefore and all proceeds thereof, all books, records and accounts of the Company pertaining to the Project Facility and all proceeds thereof as security for payment of the installment purchase payments and all other payments and obligations of the Company hereunder. The Company hereby irrevocably appoints the Issuer as its attorney-in-fact to execute and deliver and file any instruments necessary or convenient to perfect and continue the security interest granted herein.

ARTICLE VI

MAINTENANCE, MODIFICATIONS, TAXES AND INSURANCE

Section 6.1. Maintenance of and Modifications to Project Facility.

(A) **Maintenance.** So long as any of the Bonds are Outstanding and during the term of this Installment Sale Agreement, the Company shall, (1) keep and maintain the Project Facility, including all appurtenances thereto and any personal property therein or thereon, in good repair and good operating condition and preserve the same against waste, loss, damage and depreciation, ordinary wear and tear excepted, (2) make all necessary repairs and replacements to the Project Facility or any part thereof (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen), and (3) operate the Project Facility in a sound and economic manner.

(B) **Additions, Modifications and Improvements to the Project Facility.** The Company shall have the right from time to time may make any additions, modifications or improvements to the Project Facility which it may deem desirable so long as the Project Facility remains a “project” under the Act and the provisions of SEQRA are complied with and any such addition, modification, or improvement does not reduce the fair market value of the Project Facility. All additions, modifications or improvements shall become a part of the Project Facility.

Section 6.2. Taxes, Assessments and Utility Charges; Liens.

(A) The Company shall pay or cause to be paid, as the same respectively become due, (1) all taxes, payments in lieu of taxes, and governmental charges of any kind whatsoever which may at any time be lawfully assessed or levied against or with respect to the Project Facility, (2) all utility and other charges, including “service charges”, incurred or imposed for the operation, maintenance, use, occupancy, upkeep and improvement of the Project Facility, and (3) all assessments, and charges of any kind whatsoever lawfully made by any Governmental Authority for public improvements; provided that, with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Company shall be obligated hereunder to pay only such installments as are required to be paid during all periods that any Bond shall be Outstanding and/or during the term of this Installment Sale Agreement or any other Financing Document.

(B) Notwithstanding the provisions of subsection (A) of this Section 6.2, after prior notice to the Trustee, in the case of any material item, the Company, at its own expense, may contest by appropriate legal proceeding, promptly initiated and conducted in good faith and with due diligence, the amount or validity or the application in whole or in part any such taxes, assessments and other charges, provided that (1) no default shall have occurred and shall be continuing under any of the Financing Documents, (2) the Company is permitted to do so under the provisions of any mortgage or deed of trust superior in lien to the Financing Documents, (3) such proceedings shall suspend the collection of the contested taxes, assessments or charges from the Company and from the Project Facility, (4) such proceeding shall be permitted under and be conducted in accordance with the provisions of any other instrument to which the Company or

the Project Facility is subject and shall not constitute a default thereunder, (5) neither the Project Facility nor any part thereof nor any interest therein (including, without limitation, the Liens of the Financing Documents) will be in danger of being sold, forfeited, terminated, cancelled or lost, and (6) the Company shall have set aside in an interest-bearing account with the Trustee, and otherwise in a manner satisfactory to the Trustee, adequate cash reserves for the payment of the contested taxes, assessments and charges, together with all interest and penalties thereon, and, provided further, that if at any time the Trustee determines, in its sole and absolute discretion, that payment of any tax, assessment or other charge shall become necessary to prevent the delivery of a tax deed conveying the Project Facility or any portion thereof because of non-payment of non-payment of any such sums, then the Company shall pay or cause to be paid the sums in sufficient time to prevent the delivery of such tax deed.

Section 6.3. Insurance Required.

So long as the Bonds are Outstanding and during the term of this Installment Sale Agreement, the Company shall maintain insurance with respect to the Project Facility against such risks and for such amounts as are customarily insured against by businesses of like size and type, paying, as the same become due and payable, all premiums with respect thereto, including but not necessarily limited to:

(A) “All Risk” Property Insurance against loss or damage by fire, lightning and other casualties customarily insured against, such insurance to be in an amount not less than the full replacement value of the completed Improvements, exclusive of footings and foundations, as determined by the Company.

(B) Insurance protecting the Issuer, the Company, the Trustee and against loss or losses from liability imposed by law or assumed in any written contract and arising from personal injury, including bodily injury or death, or damage to the property of others, caused by an accident or occurrence with a limit of liability of not less than \$1,000,000 per occurrence for Bodily Injury, Personal Injury and Property Damage and with Excess Liability Coverage in an amount not less than \$5,000,000 protecting the Issuer, the Company and the Trustee against any loss or liability or damage for personal injury, bodily injury or death, or property damage.

(C) A policy or policies of flood insurance in an amount not less than the aggregate principal amount of the bonds or the maximum amount of flood insurance available with respect to the Project Facility under the Flood Disaster Protection Act of 1973, as amended, whichever is less. This requirement will be waived upon presentation of evidence that no portion of the Land is located within an area identified by the U.S. Department of Housing and Urban Development as having special flood hazards.

THE ISSUER DOES NOT IN ANY WAY REPRESENT THAT THE INSURANCE SPECIFIED THEREIN, WHETHER IN SCOPE OR IN LIMITS OF COVERAGE, IS ADEQUATE OR SUFFICIENT TO PROTECT THE COMPANY’S BUSINESS OR INTERESTS.

Section 6.4. [Reserved].

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1. Damage, Destruction or Condemnation.

If, as a result of fire or other casualty, the Project Facility, or any material part thereof, is damaged or destroyed, or the Project Facility, or any material part thereof, shall be condemned or acquired for public use, the Trustee shall within thirty (30) after receiving actual notice of such damage, destruction or Condemnation, and after written notice to the Issuer, shall take the course of action set forth below:

(A) If the Project Facility can be repaired or restored to substantially the same condition as it existed prior to the event causing such damage or destruction, or the effect of the Condemnation can be relieved so that the status of the Project Facility will be restored to substantially the same status as it existed prior to the event causing such Condemnation, without, in either case, jeopardizing repayment of the principal of and interest on the Bonds, all in accordance with the opinion of an expert or experts selected by the Company as referred to below, then, upon receipt by the Trustee of the written consent of the Company, the Company shall so repair and restore the Project Facility and the Company may and/or the Trustee shall apply the Net Proceeds of any insurance relating to such damage, destruction or Condemnation or any Condemnation award to the payment or the reimbursement of the costs of such repair or restoration. Such reimbursement of the costs of repair or restoration shall be paid to the Company by the Trustee periodically as construction progresses pursuant to Section 4.3 hereof and Section 406 of the Indenture. The Trustee may rely on the advice of architects, engineers, accountants, financial consultants, attorneys and other experts reasonably selected by the Company in the foregoing matters.

(B) Notwithstanding anything to the contrary contained in subsection (A) of this Section 7.1, in the event that the Net Proceeds for insurance covering the damage to the Project Facility or the Net Proceeds received from Condemnation exceeds the sum of all Indebtedness then secured by a Lien on the Project Facility or any part thereof, the Company shall not be obligated to replace, repair, rebuild or restore the Project Facility, and the Net Proceeds of any insurance settlement or Condemnation shall not be applied as provided in subsection (A) of this Section 7.1, if the Company shall notify the Issuer and the Trustee that it elects to cause the Bonds to be redeemed, which notice shall state that the Company is entitled hereunder to make such election. In such event, or if an Event of Default shall have occurred and be continuing (or if an event exists which with the passage of time or notice or both would become an Event of Default), the lesser of (1) the total amount of the Net Proceeds collected under any and all policies of insurance covering the damage to or destruction of the Project Facility or the Total Net Proceeds of Condemnation, or (2) the amount necessary to redeem the Bonds in whole and all interest accrued thereon, together with any other sums payable to the Issuer or the Trustee pursuant to this Installment Sale Agreement, shall be transferred by the Trustee from the Insurance and Condemnation Fund to the Bond Fund to be applied to the redemption of the Bonds and payment of all such amounts to the Issuer and the Trustee. If the Net Proceeds collected under any and all policies of insurance or from Condemnation and deposited by the Company with the Trustee are less than the amount necessary to redeem the

Bonds in full and pay any and all amounts payable to the Issuer and the Trustee, the Company shall pay the difference between such amounts and the Net Proceeds of all insurance settlements so deposited by the Company with the Trustee, so that all of the Bonds then Outstanding shall be redeemed and any and all amounts payable under the Financing Documents to the Issuer and the Trustee shall be paid in full.

Section 7.2. Additions to Project Facility.

All replacements, repairs, rebuilding or restoration made pursuant to Section 7.1, whether or not requiring the expenditure of the Company's own moneys, shall automatically become part of the Project Facility as if the same were specifically described herein.

ARTICLE VIII

SPECIAL COVENANTS

Section 8.1. No Warranty of Condition or Suitability By Issuer; Acceptance "As Is".

THE ISSUER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE PROJECT FACILITY OR ANY PART THEREOF OR AS TO THE SUITABILITY OF THE PROJECT FACILITY OR ANY PART THEREOF FOR THE COMPANY'S PURPOSES OR NEEDS. THE COMPANY SHALL ACCEPT TITLE TO THE PROJECT FACILITY "AS IS", WITHOUT RECOURSE OF ANY NATURE AGAINST THE ISSUER FOR ANY CONDITION NOW OR HEREAFTER EXISTING. NO WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY IS MADE. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE, WHETHER PATENT OR LATENT, THE ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO.

Section 8.2. Hold Harmless Provisions.

(A) The Company hereby releases the Issuer and its members, officers, agents (other than the Company) and employees from, agrees that the Issuer and its members, officers, agents (other than the Company) and employees shall not be liable for and agrees to indemnify, defend and hold the Issuer and its members, officers, agents (other than the Company) and employees harmless from and against any and all claims, causes of action, judgments, liabilities, damages, losses, costs and expenses arising as a result of the Issuer's undertaking the Project, including, but not limited to, (1) liability for loss or damage to Property or bodily injury to or death of any and all Persons that may be occasioned, directly or indirectly, by any cause whatsoever pertaining to the Project Facility or arising by reason of or in connection with the occupation or the use thereof or the presence of any Person or Property on, in or about the Project Facility, (2) liability arising from or expense incurred by the Issuer's financing, acquiring, constructing, reconstructing, equipping, installing, owning or selling the Project Facility, including, without limiting the generality of the foregoing, any sales or use taxes which may be payable with respect to goods supplied or services rendered with respect to the Project Facility, all liabilities or claims arising as a result of the Issuer's obligations under this

Installment Sale Agreement or any of the other Financing Documents or the enforcement of or defense of validity of any provision of any Financing Documents, and all liabilities or claims arising as a result of or in connection with the offering, issuance, sale or resale of the Bonds, (3) all claims arising from the exercise by the Company of the authority conferred on it pursuant to Section 4.1(E) hereof, and (4) all causes of action and attorneys' fees and other expenses incurred in connection with any suits or actions which may arise as a result of any of the foregoing; provided that any such claims, causes of action, judgments, liabilities, damages, losses, costs or expenses of the Issuer are not incurred or do not result from the intentional wrongdoing of the Issuer or any of its members, officers, agents (other than the Company) or employees. The foregoing indemnities shall apply notwithstanding the fault or negligence on the part of the Issuer or any of its officers, members, agents or employees and notwithstanding the breach of any statutory obligation or any rule of comparative or apportioned liability.

(B) In the event of any claim against the Issuer or its members, officers, agents (other than the Company) or employees by any employee of the Company or any contractor of the Company or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the obligations of the Company hereunder shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for the Company or such contractor under workers' compensation laws, disability benefits laws or other employee benefit laws.

(C) Notwithstanding any other provisions of this Installment Sale Agreement, the obligations of the Company pursuant to this Section 8.2 shall remain in full force and effect after the termination of this Installment Sale Agreement until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action or prosecution relating to the matters herein described may be brought and the payment in full or the satisfaction of such claim, cause of action or prosecution and the payment of all expenses, charges and costs incurred by the Issuer, or its officers, members, agents (other than the Company) or employees, relating thereto.

Section 8.3. Right of Access to Project Facility.

The Company agrees that the Issuer and the Trustee and their duly authorized agents shall have the right at all reasonable times and in such manner as shall not disrupt the activities of the residents of the Company to enter upon and to examine and inspect the Project Facility.

Section 8.4. Company Not To Terminate Existence Or Dispose Of Assets; Conditions Under Which Exceptions Permitted.

The Company agrees that, so long as the Bonds are Outstanding, it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation, or permit one or more corporations to consolidate with or merge into it; provided, however, that, if no Event of Default specified in Article X hereof shall have occurred and be continuing, the Company may consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all of its assets as an entirety and thereafter dissolve, provided:

(A) that either the surviving, resulting or transferee corporation (the “Survivor”) is a public corporation organized under the laws of the State;

(B) (b) that the Survivor assumes in writing all of the obligations of and restrictions on the Company under this Installment Sale Agreement and the other Financing Documents;

(C) (c) that such transaction will not adversely affect the tax exempt status of the interest paid or payable on the Bonds;

(D) (d) that as of the date of such transaction, the Trustee and the Issuer shall be furnished with (i) an opinion of counsel to the Company as to compliance with items (a), (b) and (e) of this Section 8.4, (ii) an opinion of Bond Counsel as to the compliance with item (c) of this Section 8.4, and (iii) a certificate, dated the effective date of such transaction, signed by an Authorized Representative of the Company and of the Survivor to the effect that immediately after the consummation of the transaction and after giving effect thereto, no Event of Default exists under this Installment Sale Agreement and no event exists which, with notice or lapse of time or both, would become such an Event of Default;

(E) (e) the Survivor has met all licensing requirements to which the Company is subject.

Section 8.5. Agreement to Provide Information.

The Company agrees, whenever requested by the Issuer or the Trustee, to provide and certify or cause to be provided and certified such information concerning the Company, its finances and other topics as the Issuer or the Trustee from time to time reasonably considers necessary or appropriate, including, but not limited to, such information as to enable the Issuer or the Trustee to make any reports required by law or governmental regulation. In no event shall the Company be required to disclose any information which it is required by Applicable Law to maintain confidential.

Section 8.6. Books of Record and Account.

The Company agrees to maintain proper accounts, records and books in which full and correct entries shall be made, in accordance with generally accepted accounting principles as applicable to a New York corporation, of all transactions and events relating to the business and affairs of the Company.

Section 8.7. Compliance with Applicable Laws.

(A) The Company agrees that it will, during any period in which any Bond is Outstanding and during the term of this Installment Sale Agreement, comply in all material respects with all Applicable Laws.

(B) Notwithstanding the provisions of Section 8.7(A), the Company may in good faith actively contest the validity or the applicability of any Applicable Laws, provided that the Company (1) first shall have notified the Issuer in writing of such contest, (2) is not in default

under any of the Financing Documents and (3) shall have set aside adequate reserves for any such Applicable Laws. Otherwise, the Company shall promptly take such action with respect thereto as shall be satisfactory to the Issuer.

(C) Notwithstanding the provisions of Section 8.7(B), if the Issuer or any of its members, officers, agents, servants or employees may be liable for prosecution for failure to comply therewith, the Company shall promptly take such action with respect thereto as shall be satisfactory to the Issuer.

Section 8.8. Discharge of Liens and Encumbrances.

(A) The Company, throughout the term of this Installment Sale Agreement, shall not permit or create or suffer to be permitted or created any Lien, except for Permitted Encumbrances, upon the Project Facility or any part thereof by reason of any labor, services or materials rendered or supplied or claimed to be rendered or supplied with respect to the Project Facility or any part thereof. The Company will not enter into a “lockbox” or similar arrangement, whereby the revenues of the Company, or any portion thereof, are required to be deposited into an account which is subject to control or restrictions on the priority of payments therefrom by a lender or other third party.

(B) For the purposes hereof, Permitted Encumbrances shall include the following:

(1) any lien or security interest to secure Long-Term Indebtedness permitted by Section 8.14;

(2) any lien or security interest which is existing on the date hereof, provided that (i) no such lien or security interest may attach or extend to the Company’s accounts receivable and (ii) no lien or security interest so described or the indebtedness secured thereby may be extended or renewed (which terms shall not apply to the filing of any continuation statements under the Uniform Commercial Code) or modified to spread to any Property not subject to such lien or security interest on the date of this Indenture, except to the extent that such lien or security interest, as so extended, renewed or modified could have been granted or created under any provision of this Installment Sale Agreement;

(3) any lien or encumbrance granted to the Issuer or the Trustee to secure the Company’s obligations under this Installment Sale Agreement;

(4) any lease which, in the judgment of the Company whose property is subject thereto, is reasonably necessary or appropriate for or incidental to the proper and economical operation of such property, taking into account the nature and terms of the lease and the nature and purposes of the property subject thereto; provided that prior to granting any lease with respect to any portion of the Project Facility, the Company shall deliver to the Trustee an opinion of Bond Counsel that such lease will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes;

(5) utility, access and other easements, rights-of-way, restrictions and other minor defects, encumbrances, and irregularities in the title to any property which do not materially impair the use of such property for its intended purpose or materially and adversely affect the value thereof;

(6) any judgment lien against the Company so long as (i) the finality of such judgment is being contested in good faith and execution thereon is stayed, or (ii) in the absence of such a contest and stay, no other property of the Company will be materially impaired or subject to material loss or forfeiture;

(7) any liens on any property for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any liens of mechanics, materialmen and laborers for work or services performed for materials furnished in connection with such property (i) which are not due and payable or are not delinquent, (ii) the amount or validity of which are being contested in good faith and on which execution is stayed, or (iii) the existence of which will not subject any property of the Company to loss or forfeiture;

(8) rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any property, to (i) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of such property for its intended purpose or materially and adversely affect the value thereof, or (ii) purchase, condemn, appropriate or recapture, or designate a purchaser of such property;

(9) rights reserved to or vested in any municipality or public authority to control or regulate any property or to use such property in any manner, which rights have not been violated and do not materially impair the use of such property for its intended purposes or materially and adversely affect the value thereof;

(10) liens arising under state or federal laws or regulations governing third-party reimbursement programs, in favor of residents in the Project Facility with respect to moneys deposited with the Company;

(11) any lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license;

(12) any lien arising by reason of deposits with, or the giving of any form of security to enable the Company to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with worker's compensation, unemployment insurance, old age pensions or other social security, or to share in the privileges or benefits required for institutions participating in such arrangements; and

(13) liens arising by reason of good faith deposits by the Company in connection with tenders, leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Company to secure public or statutory obligations, or to secure or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges.

(C) Notwithstanding the provisions of subsection (A) hereof, the Company may in good faith contest any such Lien. In such event, the Company may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, unless the Company certifies to the Issuer and the Trustee that by nonpayment of any such item or items, the Lien on the Project Facility or any part thereof may be subject to loss or forfeiture, in which event the Company shall promptly secure payment of all such unpaid items by filing a bond, in form and substance satisfactory to the Issuer, thereby causing such Lien to be removed or by taking such other actions as may be satisfactory to the Issuer to protect its interests. Notwithstanding the foregoing, mechanics' and public improvement Liens shall be discharged or bonded within thirty (30) days of the filing or perfection thereof.

Section 8.9. Performance by Issuer or Trustee of Company Obligations.

Should the Company fail to make any payment or to do any act as herein provided, the Issuer or the Trustee may, but need not, without notice to or demand on the Company and without releasing the Company from any obligation herein, make or do the same, including, without limitation, appearing in and defending any action purporting to affect the rights or powers of the Company or the Issuer, and paying all expenses, including, without limitation, reasonable attorneys' fees; and the Company shall pay immediately upon demand all sums so incurred or expended by the Issuer or the Trustee under the authority hereof, all fees, costs and expenses, together with interest thereon at the rate of one percent (1%) per month or the maximum rate permitted by law, whichever is less.

Section 8.10. Employment Opportunities; Notice of Jobs.

The Company covenants and agrees that, in consideration of the participation of the Issuer in the transactions contemplated herein, it will, except as otherwise provided by collective bargaining contracts or agreements to which it is a party, cause any new employment opportunities created in connection with the Facility to be listed with the State Department of Labor, Community Services Division and with the administrative entity of the service delivery area created pursuant to the Job Training Partnership Act (PL 97-300) in which the Facility is located (collectively, the "Referral Agencies"). The Company also agrees that except as otherwise provided by collective bargaining contracts or agreements to which it is a party, it will first consider for such new employment opportunities persons eligible to participate in federal job training partnership (PL 97-300) programs that shall be referred by the Referral Agencies.

Section 8.11. Covenant against Arbitrage Bonds.

So long as any Bond shall be Outstanding, neither the Issuer nor the Company shall use, or direct or permit the use of, the proceeds of the Bonds or any other moneys within their respective control (including, without limitation, the proceeds of any insurance settlement or any

Condemnation award with respect to the Project Facility) in any manner that would cause any of the Bonds to be an “arbitrage bond” within the meaning ascribed to such quoted term in Section 148 of the Code. The Company agrees that it will comply with all of its covenants in the Tax Certificate relating to the restrictions contained in Section 148 of the Code. The Issuer authorizes the Company, on the Issuer’s behalf, to calculate and make the rebate payments required by Section 148(f) of the Code. Notwithstanding the foregoing, there shall be no such obligation upon the Issuer with respect to the use or investment of its administrative fee, provided, however, that if the Company is required to rebate any amount with respect to such administrative fee, the Issuer shall provide, upon the reasonable request of the Company, such information concerning the investment of such administrative fee as shall be requested by the Company and as shall be reasonably available to the Issuer.

Section 8.12. Identification of Equipment.

All Equipment which is or may become part of the Project Facility pursuant to the provisions of this Installment Sale Agreement shall be properly identified by the Company by appropriate records, including computerized records.

Section 8.13. Indemnification of Trustee.

(A) The Company hereby releases the Trustee and its directors, officers, agents and employees from, agrees that the Trustee and its directors, officers, agents and employees shall not be liable for and agrees to indemnify, defend and hold the Trustee and its directors, officers, agents and employees harmless from and against any and all claims, causes of action, judgments, liabilities, damages, losses, costs and expenses arising as a result of the Trustee’s involvement in the Project, including, but not limited to, (1) liability for loss or damage to Property or bodily injury to or death of any and all Persons that may be occasioned, directly or indirectly, by any cause whatsoever pertaining to the Project Facility or arising by reason of or in connection with the occupation or the use thereof or the presence of any Person or Property on, in or about the Project Facility, (2) liability arising from or expense incurred by the Trustee’s participation in the financing the Project Facility, including, without limiting the generality of the foregoing, all liabilities or claims arising as a result of the Trustee’s obligations under this Installment Sale Agreement or any of the other Financing Documents or the enforcement of or defense of validity of any provision of any Financing Documents, and all liabilities or claims arising as a result of or in connection with the offering, issuance, sale or resale of the Bond, (3) all causes of action and attorneys’ fees and other expenses incurred in connection with any suits or actions which may arise as a result of any of the foregoing; provided that any such claims, causes of action, judgments, liabilities, damages, losses, costs or expenses of the Trustee are not incurred or do not result from the negligence or intentional wrongdoing of the Trustee or any of its directors, officers, agents or employees.

(B) Notwithstanding any other provisions of this Installment Sale Agreement, the obligations of the Company pursuant to this Section 8.13 shall remain in full force and effect after the termination of this Installment Sale Agreement until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action or prosecution relating to the matters herein described may be brought and the payment in full or the satisfaction of such claim, cause of action or prosecution and the payment of all reasonable fees, expenses

and charges paid or incurred by the Trustee, or its directors, officers, agents or employees, relating thereto.

Section 8.14. Permitted Indebtedness.

The Company represents, covenants and agrees that it has not and will not hereafter incur or assume (the terms “incur” and “assume”, for the purposes hereof, to mean and include the guaranteeing of, or the direct or indirect assumption of liability for, the debts of others) other than (i) a working capital credit line in the amount of up to \$300,000 and (ii) the existing unsecured bank loan in the amount of \$299,000, any Long Term Indebtedness or Parity Indebtedness after the date of closing whether secured or unsecured, unless and until the Company shall have obtained the written consent of the Controlling Bondholder.

ARTICLE IX

ASSIGNMENTS AND PLEDGE OF INTERESTS

Section 9.1. Restriction on Sale of Project Facility.

(A) Except as otherwise specifically provided in this Article IX and in Article X hereof, the Issuer shall not sell, convey, transfer, encumber or otherwise dispose of the Project Facility or any part thereof or any of its rights under this Installment Sale Agreement, without the prior written consent of the Company.

(B) No conveyance of any part of, or interest in, the Project Facility or the Land affected under the provisions of this Section 9.1 shall entitle the Company to any abatement or diminution of the amounts payable by it under this Installment Sale Agreement.

(C) Except as otherwise permitted by this Installment Sale Agreement, the Company may not remove, sell, lease, loan, assign, grant or otherwise dispose of its property, including without limitation, cash, marketable securities, accounts receivable, or any property, structures, improvements, fixtures or equipment, provided that the foregoing shall not be construed to limit or prevent (i) payments for goods and services in arm’s length transactions or (ii) investments in marketable securities.

(D) So long as no Event of Default has occurred and is continuing, the Company may from time to time sell or otherwise dispose of any real property, tangible personal property, fixtures or equipment (other than the Project Facility) for fair market value in an arm’s length transaction;

(E) So long as no Event of Default has occurred and is continuing, the Company may from time to time sell or otherwise dispose of any tangible personal property, fixtures or equipment provided, however, that the book value of the same shall not exceed three percent (3%) of Net Property, Plant and Equipment in any fiscal year; and provided, further, that the book value of property subject to such transfers for any three consecutive fiscal years shall not exceed seven and one-half percent (7.5%) of Net Property, Plant and Equipment.

(F) The Company shall not sell, lease, donate, tend, exchange or otherwise dispose of any of its intangible assets, including cash and investments to any entity, unless an Accountant certifies to the Trustee that, immediately following such transfer, the Company will have at least 60 Days' cash on hand.

Section 9.2. Removal of Equipment.

(A) The Issuer shall not be under any obligation to remove, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary item of Equipment. In any instance where the Company determines that any item of Equipment has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Company may remove such items from the Project Facility and may sell, trade-in, exchange or otherwise dispose of the same, as a whole or in part, provided that such removal will not materially impair the operation of the Project Facility for the purpose for which it is intended or change the nature of the Project Facility so that it does not constitute a "project" under the Act.

(B) The Issuer shall execute and deliver to the Company all instruments necessary or appropriate to enable the Company to sell or otherwise dispose of any such item of Equipment. The Company shall pay any costs (including reasonable counsel fees) incurred in transferring title to any item of Equipment removed pursuant to this Section 9.2.

(C) The removal of any item of Equipment pursuant to this Section shall not entitle the Company to any abatement or diminution of the amounts payable by it under this Installment Sale Agreement.

Section 9.3. Assignment, Sale and Leasing.

(A) This Installment Sale Agreement may not be assigned, in whole or in part, and the Project Facility may not be sold or leased, in whole or in part, without the prior written consent of the Issuer in each instance. Any assignment, sale or lease shall be on the following conditions:

- (i) no assignment, sale or lease shall relieve the Company from primary liability for any of its obligations hereunder and the Company shall remain as fully bound as though no sale or lease has been made;
- (ii) the assignee, buyer or lessee shall assume the obligations of the Company hereunder to the extent of the interest assigned, sold or leased and performance by any buyer or lessee shall be considered as performance by the Company;
- (iii) the Company shall, within thirty (30) days prior to the delivery thereof, furnish or cause to be furnished to the Issuer and to the Trustee a true and complete copy of such sale or lease. The Net Proceeds resulting from the sale of the Project Facility shall be used to redeem the Bonds as provided in the Indenture as soon as practicable unless the Company delivers an opinion of Bond Counsel to the Issuer and the Trustee authorizing a different disposition of such proceeds and stating that such alternate

disposition of the proceeds will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes;

- (iv) neither the validity nor the enforceability of the Bond or any Bond Document shall be adversely affected thereby;
- (v) the tax-exempt status of the interest on the Bond will not be adversely affected; and
- (vi) the Project Facility shall continue to constitute a “project” as such quoted term is defined in the Act.

(B) Fifteen (15) days prior to the effective date of any assignment, sale or lease pursuant to subsection (a) of this Section 9.3, the Company at its cost shall furnish the Trustee and the Issuer, with an opinion, in form and substance satisfactory to the Trustee and the Issuer (i) of Bond Counsel as to items (v) and (vi) above and (ii) of Independent Counsel as to items (i), (ii) and (iv) above.

Section 9.4. Pledge of Issuer’s Interests to Trustee.

The Issuer shall pledge and assign its rights to and interest in this Installment Sale Agreement and in all amounts payable by the Company pursuant to Section 5.2 hereof and all other provisions of this Installment Sale Agreement (other than Unassigned Rights), to the Trustee as security for the payment of the principal of, and premium, if any, and interest on the Bond. The Company hereby acknowledges and consents to such pledge and assignment by the Issuer. Notwithstanding the foregoing, all indemnities herein contained shall, subsequent to such pledge and assignment, continue to run to the Issuer for its benefit as well as for the benefit of the Trustee.

Section 9.5. Merger of Issuer.

(A) Nothing contained in this Installment Sale Agreement shall prevent the consolidation of the Issuer with, or merger of the Issuer into, or transfer of title to the entire Project Facility to any other public benefit corporation or political subdivision which has the legal authority to own and lease the Project Facility, provided that:

(1) upon any such consolidation, merger or transfer, the due and punctual performance and observance of all the agreements and conditions of this Installment Sale Agreement to be kept and performed by the Issuer shall be expressly assumed in writing by the public benefit corporation or political subdivision resulting from such consolidation or surviving such merger or to which the Project Facility shall be transferred; and

(2) the exclusion of the interest on the Bond from gross income for Federal income tax purposes shall not be adversely affected thereby.

(B) Within thirty (30) days after the consummation of any such consolidation, merger or transfer of title, the Issuer shall give notice thereof in reasonable detail to the

Company and the Trustee and shall furnish to the Company and the Trustee (i) a favorable opinion of Independent Counsel as to compliance with the provisions of Section 9.5(a)(i) hereof, and (ii) a favorable opinion of Bond Counsel opining as to compliance with the provisions of Section 9.5(a)(ii) hereof. The Issuer promptly shall furnish such additional information with respect to any such transaction as the Company or the Trustee may reasonably request.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.1. Events of Default Defined.

(A) The following shall be “Events of Default” under this Installment Sale Agreement, and the terms “Event of Default” or “Default” shall mean, whenever they are used in this Installment Sale Agreement, any one or more of the following events:

(i) the failure by the Company to pay or cause to be paid on the date due, the amounts (i) due under the Indenture, (ii) owed to the Trustee or (iii) owed to the Issuer, all as specified to be paid pursuant to Section 5.3 hereof;

(ii) the failure by the Company to observe and perform any covenant contained in Sections 8.4 and 9.3 hereof;

(iii) any representation or warranty of the Company herein shall prove to have been false or misleading in any material respect;

(iv) the failure by the Company to observe and perform any covenant, condition or agreement hereunder on its part to be observed or performed (except obligations referred to in 10.1(a)(i), (ii) and (iii)) for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, given to the Company by the Issuer or the Trustee; except, if the covenant, condition or agreement which the Company has failed to observe or perform is of such a nature that it cannot reasonably be fully cured within such thirty (30) days, the Company shall not be in default if the Company commences a cure within such thirty (30) days and thereafter diligently proceeds with all action required to complete the cure, and, in any event, completes such cure within sixty (60) days of such written notice from the Issuer or the Trustee, unless the Trustee, at the written direction of the holders of at least fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding, or the Issuer shall give its written consent to a longer period;

(v) the dissolution or liquidation of the Company; or the failure by the Company to release, stay, discharge, lift or bond within thirty (30) days any execution, garnishment, judgment or attachment of such consequence as may impair its ability to carry on its operations; or the failure by the Company generally to pay its debts as they become due; or an assignment by the Company for the benefit of creditors; the commencement by the Company (as the debtor) of a case in bankruptcy or any proceeding under any other insolvency law; or the

commencement of a case in bankruptcy or any proceeding under any other insolvency law against the Company (as the debtor) and a court having jurisdiction in the premises enters a decree or order for relief against the Company as the debtor in such case or proceeding, or such case or proceeding is consented to by the Company or remains undismissed for sixty (60) days, or the Company consents to or admits the material allegations against it in any such case or proceeding; or a trustee, receiver or agent (however named) is appointed or authorized to take charge of substantially all of the Property of the Company for the purpose of enforcing a lien against such Property or for the purpose of general administration of such Property for the benefit of creditors (the term “dissolution or liquidation of the Company” as used in this subsection shall not be construed to include any transaction permitted by Section 8.4 hereof);

(vi) an Event of Default under the Indenture shall have occurred and be continuing;

(vii) the invalidity, illegality or unenforceability of any of the other Financing Documents.

(B) Notwithstanding the provisions of Section 10.1(A), if by reason of *force majeure* any party hereto shall be unable in whole or in part to carry out its obligations under this Installment Sale Agreement and if such party shall give notice and full particulars of such *force majeure* in writing to the other party and to the Trustee, within a reasonable time after the occurrence of the event or cause relied upon, such obligations under this Installment Sale Agreement of the party giving such notice (and only such obligations), so far as they are affected by such *force majeure*, shall be suspended during continuance of the inability, which shall include a reasonable time for the removal of the effect thereof. The term “*force majeure*” as used herein shall include, without limitation, acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, acts, failures to act, priorities or orders of any kind of the government of the United States of America or of the State or any of their departments, agencies, governmental subdivisions, or officials, any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fire, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accident to machinery, transmission pipes or canals, shortages of labor or materials or delays of carriers, partial or entire failure of utilities, shortage of energy or any other cause or event not reasonably within the control of the party claiming such inability and not due to its fault. The party claiming such inability shall remove the cause for the same with all reasonable promptness. It is agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the party having difficulty, and the party having difficulty shall not be required to settle any strike, lockout and other industrial disturbances by acceding to the demands of the opposing party or parties.

Section 10.2. Remedies on Default.

(A) Whenever any Event of Default shall have occurred, the Issuer and/or the Trustee may, to the extent permitted by law, take any one or more of the following remedial steps:

(1) if an Event of Default has occurred under the Indenture, declare, by written notice to the Company, to be immediately due and payable, whereupon the same shall become immediately due and payable, (a) all unpaid installment purchase payments payable pursuant to Section 5.3(A) hereof, and (b) all other payments due under the Installment Sale Agreement or any of the Financing Documents;

(2) in the event any of the Bonds shall at the time be Outstanding and unpaid, have access to and inspect, examine and make copies of books and records and any and all accounts, data and income tax and other tax returns of the Company only, however, insofar as they relate to the Project Facility;

(3) take any other action at law or in equity which may appear necessary or desirable to collect any amounts then due or hereafter to become due hereunder and to enforce the obligations, agreements or covenants of the Company under this Installment Sale Agreement;

(4) if an Event of Default has occurred under the Indenture, terminate disbursement of the Bond Proceeds; or

(5) exercise any remedies available pursuant to any of the other Financing Documents.

(6) Upon the occurrence of an Event of Default, the interest rate on the Outstanding Bonds shall be the Default Rate.

(B) Whenever any Event of Default shall have occurred and only in the event acceleration of the principal amount of the Bonds has been declared pursuant to Section 802 of the Indenture, the Issuer or the Trustee may take, to the extent permitted by law, any one or more of the following remedial steps:

(1) take possession of the Project Facility, on ten (10) days written notice to the Company, without terminating this Installment Sale Agreement and without being liable for any prosecution or damages therefor, and lease, sell or otherwise dispose of the Project Facility for the account of the Company, holding the Company liable for the amount, if any, by which the aggregate of the amounts payable by the Company under this Installment Sale Agreement or any of the Financing Documents exceeds the aggregate of the other amounts received from the lessee or buyer;

(2) enter upon the Project Facility and complete the construction, reconstruction, equipping, installation and sale of the Project Facility in accordance with the Plans and Specifications (with such changes as the Trustee may deem appropriate) and in connection therewith (a) engage architects, contractors, materialmen, laborers and suppliers and others, (b) employ watchmen to protect and preserve the Project Facility, (c) assume any contract relating to the Project Facility and take over and use all labor, materials, supplies and equipment, whether or not previously incorporated into the Project Facility, (d) pay, settle or compromise all bills or claims, (e) discontinue any work or change any course of action already undertaken with respect to the Project Facility, (f) take or refrain from taking such action hereunder as the Trustee may from

time to time determine; (g) apply any undisbursed money to the payment of the costs and expenses incurred in connection with the foregoing; and (h) apply any undisbursed moneys to the payment of the outstanding principal on the Bond; and

(C) Any sums paid to the Issuer as a consequence of any action taken pursuant to this Section 10.2 (excepting sums payable to the Issuer as a consequence of action taken to enforce the Unassigned Rights) shall be paid to the Trustee and applied in accordance with the provisions of Section 609 of the Indenture.

(D) No action taken pursuant to this Section 10.2 shall relieve the Company from its obligations to make all payments required by this Installment Sale Agreement and the other Financing Documents.

(E) The Company shall have the right upon notice to the Issuer and the Trustee to enter the Project Facility with agents or representatives of the Issuer and the Trustee to remove any equipment or other personalty owned by the Company if such equipment or personalty is not part of the Project Facility.

(F) In accordance with the terms of this Installment Sale Agreement, the Issuer shall have all the rights, powers and remedies of a secured party under the Uniform Commercial Code of New York, including without limitation, the right to sell, lease or otherwise dispose of any or all of the Property subject to the security interests granted by the Company to the Issuer pursuant to Section 5.7 of this Installment Sale Agreement (the "Collateral"), and to take possession of the Collateral, and for that purpose the Issuer or the Trustee may enter peaceably any premises on which the Collateral or any part thereof may be situated and remove the same therefrom, and the Company will not resist or interfere with such action. The Issuer or the Trustee may require the Company to assemble the Collateral and make it available to the Issuer or the Trustee at a place to be designated by the Issuer or the Trustee which is reasonably convenient to both parties. The Company hereby agrees that its above-mentioned address and the place or places of location of the Collateral are places reasonably convenient to it to assemble the Collateral. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Issuer or the Trustee will send the Company reasonable notice of the time and place of any public sale or reasonable notice of the time after which any private sale or any other disposition thereof is to be made. The requirement of sending reasonable notice shall be met if such notice is mailed, postage prepaid, to the Company at least ten (10) days before the time of the sale or disposition.

Section 10.3. Remedies Cumulative.

No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Installment Sale Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article X, it

shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 10.4. Agreement to Pay Attorneys' Fees and Expenses.

In the event the Company should default under any of the provisions of this Installment Sale Agreement, and the Issuer and the Trustee should employ attorneys or incur other expenses for the collection of amounts payable hereunder or the enforcement of performance or observance of any obligations or agreements on the part of the Company herein contained, the Company shall, on demand therefor, pay to the Issuer or the Trustee, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred, whether an action is commenced or not.

Section 10.5. No Additional Waiver Implied By One Waiver.

In the event any agreement contained herein should be breached by either party and thereafter such breach be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE XI

OPTION IN FAVOR OF COMPANY; REDEMPTION OF BONDS

Section 11.1. Redemption of Bonds.

At the request of the Company (provided the Bonds are then callable for redemption), and if (1) the Company is not in default in the payments to be made under Section 5.3 hereof, and (2) the Company provides reasonable assurance that it shall make sufficient funds available, the Issuer shall take all steps necessary under the provisions of Article III of the Indenture to redeem all or any part of the Bonds. Such steps shall be taken to permit the redemption to be made on the earliest redemption date on which such redemption can occur under such applicable provisions subject to, and in accordance with, the terms and provisions of the Indenture. Following the giving of any notice of optional or mandatory redemption of the Bonds, the Company shall cause to be furnished to the Issuer on or prior to the redemption date sufficient funds to enable the Issuer to redeem and make all payments with regard to the Bonds as provided in Article III of the Indenture.

ARTICLE XII

MISCELLANEOUS

Section 12.1. Notices.

(A) All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when (1) sent to the applicable address stated below by registered or certified mail, return receipt requested, or by such other means as shall provide the sender with documentary evidence of such delivery, or (2) delivery is refused by the addressee, as evidenced by the affidavit of the Person who attempted to effect

such delivery. The addresses to which notices, certificates and other communications hereunder shall be delivered are as follows:

If to the Company:

Champlain Valley Milling Corp., Inc.
6679 Main Street
P.O. Box 454
Westport, New York 12993

With a copy to:

William Kissel, Esq.
P.O. Box 1598
Lake Placid, New York 12946

If to the Issuer:

Essex County Industrial Development Agency
7566 Court Street
P.O. Box 217
Elizabethtown, New York 12932
Attention: Executive Director

With a copy to:

Jenifer R. Briggs, Esq.
Briggs Norfolk LLP
2296 Saranac Avenue
Lake Placid, New York 12946

If to the Trustee:

ZB National Association
401 Liberty Avenue, Suite 1729
Pittsburgh, PA 15222
Attn: Eric Mitzel

(B) A duplicate copy of each notice, certificate, and other communication given hereunder by the Issuer or the Company shall be given to the Trustee. The Issuer, the Company and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates and other communications shall be sent.

Section 12.2. Binding Effect.

This Installment Sale Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Company, the Trustee and the holders of the Bonds and, as permitted by this Installment Sale Agreement, their respective successors and assigns.

Section 12.3. Severability.

If any one or more of the covenants or agreements provided herein on the part of the Issuer or the Company to be performed shall, for any reason, be held or shall, in fact, be inoperative, unenforceable or contrary to law in any particular case, such circumstance shall not render the provision in question inoperative or unenforceable in any other case or circumstance. Further, if any one or more of the phrases, sentences, clauses, paragraphs or sections herein shall be contrary to law, then such phrase, sentence, clause, paragraph or sentence shall be deemed separable from the remaining provisions hereof and shall in no way affect the validity of the other provisions of this Installment Sale Agreement.

Section 12.4. Amendments, Changes and Modifications.

This Installment Sale Agreement may not be amended, changed, modified, altered or terminated, except by an instrument in writing signed by the parties hereto and as permitted by the Indenture.

Section 12.5. Execution of Counterparts.

This Installment Sale Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.6. Applicable Law.

This Installment Sale Agreement shall be governed exclusively by the applicable laws of the State.

Section 12.7. Recording and Filing.

(A) This Installment Sale Agreement (or memorandum thereof), the Pledge and Assignment, and financing statements relating to the security interests created and/or assigned thereby, shall be filed by the Issuer in the office of the County Clerk of Essex County, New York, or in such other office as may at the time be provided by law as the proper place for the recordation or filing thereof.

(B) The Issuer and the Company shall execute and deliver all instruments and shall furnish all information which the Trustee may deem necessary or appropriate to protect any Lien created or contemplated by this Installment Sale Agreement or the Indenture.

Section 12.8. Survival of Obligations.

(A) The obligations of the Company to make the payments required by Section 5.3(B)(2) hereof and to provide the indemnity required by Sections 3.3, 8.2 and 8.13 hereof shall survive the termination of this Installment Sale Agreement and the full payment of the Bonds, and all such payments after such termination shall be made upon demand of the party to whom such payment is due.

(B) The obligations of the Company with respect to the Unassigned Rights shall survive the termination of this Installment Sale Agreement until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action or prosecution relating to the Unassigned Rights may be brought and the payment in full or the satisfaction of such claim, cause of action or prosecution and the payment of all expenses and charges incurred by the Issuer, or its officers, members, agents or employees, relating thereto.

Section 12.9. Table of Contents and Section Headings not Controlling.

The Table of Contents and the headings of the several Sections in this Installment Sale Agreement have been prepared for convenience of reference only and shall not control, affect the meaning of or be taken as an interpretation of any provision of this Installment Sale Agreement.

Section 12.10. No Recourse; Special Obligation.

(A) The obligations and agreements of the Issuer contained herein and in the other Financing Documents and any other instrument or document executed in connection therewith or herewith, and any other instrument or document supplemental thereto or hereto, shall be deemed the obligations and agreements of the Issuer, and not of any member, officer, agent (other than the Company) or employee of the Issuer in his individual capacity, and the members, officers, agents (other than the Company) and employees of the Issuer 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.

(B) The obligations and agreements of the Issuer contained herein and therein shall not constitute or give rise to an obligation of the State or Essex County, New York, and neither the State nor Essex County, New York shall be liable hereon or thereon, and, further, such obligations and agreements shall not constitute or give rise to a general obligation of the Issuer, but rather shall constitute limited obligations of the Issuer payable solely from the revenues (of the Issuer derived and to be derived from the sale or other disposition of the Project Facility (except for revenues derived by the Issuer with respect to the Unassigned Rights).

(C) No order or decree of specific performance with respect to any of the obligations of the Issuer hereunder shall be sought or enforced against the Issuer unless (1) the party seeking such order or decree shall first have requested the Issuer in writing to take the action sought in such order or decree of specific performance, and ten (10) days shall have elapsed from the date of receipt of such request, and the Issuer shall have refused to comply with such request (or, if compliance therewith would reasonably be expected to take longer than ten (10) days, shall have failed to institute and diligently pursue action to cause compliance with such request) or failed to respond within such notice period, (2) if the Issuer refuses to comply with such request and the Issuer's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree shall have placed in an account with the Issuer an amount or undertaking sufficient to cover such reasonable fees and expenses, and (3) if the Issuer refuses to comply with such request and the Issuer's refusal to comply is based on its reasonable expectation that it or any of its members, officers, agents (other than the Company) or employees shall be subject to potential liability, the party seeking such order or decree shall (a) agree to indemnify and hold harmless the Issuer and its members,

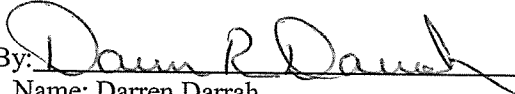
officers, agents (other than the Company) and employees against any liability incurred as a result of its compliance with such demand, and (b) if requested by the Issuer, furnish to the Issuer satisfactory security to protect the Issuer and its members, officers, agents (other than the Company) and employees against all liability expected to be incurred as a result of compliance with such request.

Section 12.11. Subordination to Indenture.

This Installment Sale Agreement and all rights of the Company and the Issuer hereunder are and shall be subordinate to the Lien of the Indenture on the Trust Revenues. The subordination of this Installment Sale Agreement to the Indenture shall be automatic, without the execution of any further subordination agreement by the Company or the Issuer. Nonetheless, if the Trustee requires a further written subordination agreement, the Company and the Issuer agree to execute, acknowledge and deliver the same.

IN WITNESS WHEREOF, the Issuer and the Company have caused this Installment Sale Agreement to be executed in their respective names by their respective Authorized Representatives and sealed, where appropriate, all as of the day and year first above written.

**ESSEX COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: 
Name: Darren Darrah
Title: Chairman

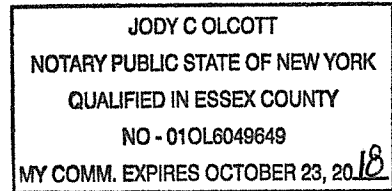
**CHAMPLAIN VALLEY MILLING CORP.,
INC.**

By: _____
Name: Samuel Sherman
Title: President

STATE OF NEW YORK)
) SS:
COUNTY OF ESSEX)

On the 9 day of May, in the year 2017, before me, the undersigned, a notary public in and for said state, personally appeared Darren Darrah, the Chairman of the **ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, 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.

Jody C. Olcott
Notary Public



STATE OF NEW YORK)
) SS:
COUNTY OF ESSEX)

On the ____ day of May of the year 2017, before me, the undersigned, a notary public in and for said state, personally appeared Samuel Sherman, the President of **CHAMPLAIN VALLEY MILLING, INC.** 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

IN WITNESS WHEREOF, the Issuer and the Company have caused this Installment Sale Agreement to be executed in their respective names by their respective Authorized Representatives and sealed, where appropriate, all as of the day and year first above written.

**ESSEX COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Name: Darren Darrah
Title: Chairman

**CHAMPLAIN VALLEY MILLING CORP.,
INC.**

By:  _____
Name: Samuel Sherman
Title: President

STATE OF NEW YORK)
) SS:
COUNTY OF ESSEX)

On the ____ day of May, in the year 2017, before me, the undersigned, a notary public in and for said state, personally appeared Darren Darrah, the Chairman of the **ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, 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

STATE OF NEW YORK)
) SS:
COUNTY OF ESSEX)

On the 10th day of May of the year 2017, before me, the undersigned, a notary public in and for said state, personally appeared Samuel Sherman, the President of **CHAMPLAIN VALLEY MILLING CORP., INC.** 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.

Barbara A Breyette

Notary Public

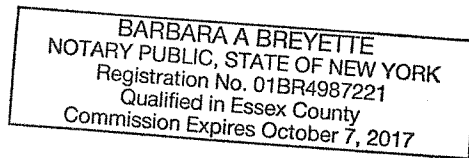


EXHIBIT A
LEGAL DESCRIPTION OF THE LAND

SCHEDULE "A"

LEGAL DESCRIPTION

All that certain parcel of land being located in the northwesterly part of the Hamlet of Willsboro and in the Town of Willsboro, County of Essex and State of New York, said parcel being located on the westerly bounds of the New York State Highway known as Route 22, and being part of the property described in a deed from Tambrands, Inc., to Old Adirondack, Inc. dated May 25, 1994 recorded May 26, 1994 in the Essex County Clerk's Office in deed book 1062 at page 166 and being shown as Lot 1 on a Map of Survey prepared for Willsboro Development Corporation, dated June 27, 1994, revised July 11, 1994, by Kevin A. Hall, Land Surveyor and filed in the Essex County Clerk's Office as Map Number 4554, formerly being part of "Parcel No. 10" as described in a deed dated June 8, 1962, from the New York & Pennsylvania Co. Inc. to the Champlain Mills Properties, Inc. and recorded in the Essex County Clerk's Office in deed book 400 at page 240, being bounded and described as follows:

Beginning at a 3 foot long 1/2" iron pipe set to grade located at the northeast corner of the herein described parcel and the southeast corner of Anjou Development Corp. as described in deed book 1066 at page 40, being Lot 2 as shown on said map, said iron pipe being in the assumed westerly road bounds of said Route 22, a distance of 25 feet from the centerline thereof and running the following two courses along said road bounds;

1. Southerly on a curve concave to the east an arc distance of 161.85 feet to a found 3/4" iron pipe 0.1' below grade at the point of tangency, said curve having a radius of 434.26 feet and a delta angle of 21°-21'-16";
2. S 04°-32'-20" E as referenced to north by deed book 1062 at page 166 a distance of 26.19 feet to a 4 foot long 3/4" iron pipe set to 0.1' below grade located at the northeast corner of Samuel J. and Ann E. Marcotte as described in a deed from Tampax, Inc., dated November 8, 1974, recorded in deed book 598 at page 180 and running the following course along said Marcotte as described in said deed book 598 at page 180 and in a deed from Tambrands, Inc. dated August 27, 1986, recorded in deed book 876 at page 281;
3. N 82°-52'-20" W 214.11 feet to a found 3/4" iron pipe at grade at the northwest corner of said Marcotte and running the following course along said Marcotte as described in said deed book 876 at page 281 and Glen and Elizabeth Flora as described in a deed from Tambrands, Inc. dated August 27, 1986 recorded in deed book 876 at page 68;
4. S 03°-57'-00" E 193.26 feet to a found 1' high 1/2" iron pipe;
5. S 83°-45'-12" E 100.00 feet to a found 3/4" iron pipe 0.5' below grade, set in June 1994, located at the northwest corner of Stafford as described in deed book 596 at page 122;
6. S 17°-51'-00" W 109.00 feet to a found 0.3' high 1/2" iron pipe, set in June 1994, said iron pipe being located at the southwest corner of said Stafford;
7. N 55°-32'-40" W 120.41 feet along land of an unknown owner to a 0.5' high 5/8" iron rod with cap set in September 1999, and continuing on the same course of N 55°-32'-40" W an additional distance of 1,113.37 feet along the north bounds of Essex County Industrial Development Agency as described in deed book 1299 at page 20, for a total distance of 1,233.78 feet to a found 1/2" iron pipe plug in a drill hole in a 2' X 2' X 1' high rock, said iron pipe plug set in June of 1994 and running the following two courses along Lot 2;
8. N 25°-31'-29" E 293.75 feet to a found 0.2' high 1/2" iron pipe set in June of 1994;
9. S 64°-28'-31" E 1,151.42 feet to the point and place of beginning, containing 10.00 acres, within the above described bounds and shown on the herein above referenced map.

Subject to all rights, title and interest of the public in and to that portion of land lying westerly of the first two courses and the true legal road bounds of New York State Rt. 22.

Together with all rights, title and interest of the grantor in and to that portion of land lying easterly of the first two courses and the true legal centerline of New York State Rt. 22.

LEGAL DESCRIPTION - CONTINUED

Together with an easement labeled with the letter "A" as shown on the herein above referenced map.

Subject to an easement to Willsboro Sewer District #1 as described in a deed dated and recorded June 29, 1994 in the Essex County Clerk's Office in deed book 1064 at page 280.

Subject to all easements and restrictions of record.

The lands conveyed are subject to Adirondack Park Agency Permit 2001-182 issued October 12, 2001, the terms and conditions of which are binding upon the heirs, successors and assigns of the grantors and all subsequent grantees, filed in the Essex County Clerk's Office in APA Book 54 at page 126.

Further granting and conveying an easement and right of way for ingress and egress at a width of 50 feet commencing at Route 22 and running in a westerly direction along the northerly boundary of the parcel herein described then turning and running the entire length of the westerly boundary of the parcel herein described. This easement is to be used in common with others more specifically being Anjou Development Corporation being the fee title owner and also Willsboro Development Corporation which reserves said easement rights in order to gain access to its other lands located to the south of the subject property.

Subject to a certain easement reserved by Willsboro Development Corporation in a deed from Willsboro Development Corporation dated March 12, 2002 and recorded in the Essex County Clerk's Office at Book 1314 of Deeds at page 266 thereof.

19 Myers Way, Willsboro, Essex County, New York 12996, Tax Map #31.9-1-42.100

EXHIBIT B
DESCRIPTION OF THE EQUIPMENT

Equipment	Amount	Model Number	Serial Number
Present in Willisboro			
Yale Forklift	1		
JEM Sewing Head	1		
Pallet Racks			
27' by 11 ring Grain Bin	2		
Temper Bin	1		
Ford Tractor	1	5640	P.O./004576
48' Van Trailer	1		
Fortress Metal Detector	1	Phantom	21340
Moving to Willisboro from Westport			
15' by 8 ring hopper bottom grain bin	4		
12' by 8 ring hopper bottom grain bin	2		
9' by 5 ring hopper bottom grain bin	5		
Codema Air Lock	11		
Flour Tanks	4		
13' flour bin	1		
Walinga Agri Vac	1	4510	MT4510WLX-40E-050810183
All Fill system	1	14-9000	20010101373
Perten Laboratory Mill	1	3100	050210
Perten Falling Number Machine	1	FN1500	057107
Perten Inframatic Flour Analyzer	1	IM 9140	4111
Brabender Farinograph	1	S300	184502
Fischbein Sewing Machine	5		
Helms Whole Mill	1	25-S	340
Fortress Metal Detector	1	Phantom	F5247
Flour Bagger Tank with Airlock	1		
Chantland bagger with scales	1	4198 Weighmaster II	39402
Stone Mill			
Airlock bench	1		
Airlocks	10		

Equipment	Amount	Model Number	Serial Number
Present in Willisboro			
Yale Forklift	1		
JEM Sewing Head	1		
Pallet Racks			
27' by 11 ring Grain Bin	2		
Temper Bin	1		
Ford Tractor	1	5640	P.O./004576
48' Van Trailer	1		
Fortress Metal Detector	1	Phantom	21340
Moving to Willisboro from Westport			
15' by 8 ring hopper bottom grain bin	4		
12' by 8 ring hopper bottom grain bin	2		
9' by 5 ring hopper bottom grain bin	5		
Codema Air Lock	11		
Flour Tanks	4		
13' flour bin	1		
Walinga Agri Vac	1	4510	MT4510WLX-40E-050810183
All Fill system	1	14-9000	20010101373
Perten Laboratory Mill	1	3100	050210
Perten Falling Number Machine	1	FN1500	057107
Perten Inframatic Flour Analyzer	1	IM 9140	4111
Brabender Farinograph	1	5300	184502
Fischbein Sewing Machine	5		
Helms Whole Mill	1	25-S	340
Fortress Metal Detector	1	Phantom	F5247
Flour Bagger Tank with Airlock	1		
Chantland bagger with scales	1	4198 Weighmaster II	39402
Stone Mill			
Airlock bench	1		
Airlocks	10		

Cyclones	10		
Allis Chalmers Sifter	1		1155
Sieves	68		
Codema Filter Tank with Airlock	1		
Roll Stand	4		
IR Piston type air compressor	1	7100	8056694
Whole Mill Filter Tank	1	16005.6	16005.0202
Whole Mill Vacuum Pump	1	GAELDPA	5159590
Kaesar Blower 1	1	MDB 130	1495 135 2005
Kaesar Blower 2	1	MDB 130	1414 135 2005
Kaesar Blower 3	1	MDB 130	1493 135 2005
Kaesar Blower 4	1	MDB 130	1496 135 2005
JEM Bagger	1	GWD-21-GG	061451
JEM Conveyor	1	Con 508 w/PED	31422
Portable Air Lock	1		
Mixing Tank	1		
Blue Master Bucket Elevator	1	5005	688112536
Triner Scale	1	TS-700 MS	AE120319080
Alapala Scour/Aspirator	1	KKSI 3010	796
Temper Augur	1		
Toyota Electric Pallet Jack	1	8HBW23	8HBW23-28589
Toyota Electric Pallet Jack	1	7HBW23	7HBW23-28589
Toyota Forklift	1	42-6FGCU15	60961
Incoming Equipment			
IR Rotary screw compressor	1	IRN30H Nirvana	
Ocrim Separator Sifter	1		
Codema Destoner	1		
Clean Grain Bin	1		
Magnet	1		
Scales	1		
Bliss Whole Mill	1		

Witt Rollstand	1		
Whole Mill Filter Tank	1		
White Flour Filter Tank	1		
Satake Color Sorter	1		

EXHIBIT C

FORM OF DEED FROM ISSUER TO COMPANY

QUITCLAIM DEED

THIS INDENTURE made this ____ day of _____, Thousand _____

BETWEEN

Essex County Industrial Development Agency, a governmental body and instrumentality constituting a body corporate and politic and public benefit corporation of the State of New York with an address of P.O. Box 217, Elizabethtown, Essex County, New York 12932,

Grantor, as party of the first part

And

Champlain Valley Milling Corp., Inc. a New York corporation with an office at 6679 Main Street, Westport, New York 12993-0454, Essex County, New York 12994,

Grantee, as party of the second part

WITNESSETH that the party of the first part, in consideration of ONE AND NO/100 DOLLARS (\$1.00), lawful money of the United States, and other valuable consideration, paid by the party of the second part, does hereby remise, release and quitclaim unto the party of the second part, its successors and the assigns of the party of the second part forever,

ALL THAT TRACT, PIECE OR PARCEL OF LAND, with improvements now thereon, situate in the Town of Willsboro, County of Essex and State of New York and being more particularly described on **Schedule "A"** attached hereto and made a part hereof.

BEING the same premises conveyed to the Essex County Industrial Development Agency by deed recorded in the Essex County Clerk's office on May 16, 2017 in Book ____ of Deeds at Page ____, as Instrument Number _____.

TOGETHER WITH all right, title, and interest, if any, of the party of the first part in and to any streets and roads abutting the above described premises to the center lines thereof;

TOGETHER WITH the appurtenances and all the estate and rights of the party of the first part in and to said premises,

TO HAVE AND TO HOLD the premises herein granted unto the party of the second part, its successors and the assigns of the party of the second part forever.

AND the party of the first part, in Compliance with Section 13 of the Lien Law, covenants that the party of the first part will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

The word "party" shall be construed as if to read "parties" whenever the sense of the indenture so requires.

IN WITNESS WHEREOF, the party of the first part has duly executed this deed the day and year first above written.

Essex County Industrial Development
Agency

By: _____
Chairman

STATE OF NEW YORK)
COUNTY OF ESSEX) SS:

On the ____ day of ____, 20__ before me, the undersigned, a Notary Public in and for said state, personally appeared _____ 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 to the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

Notary Public

Record & Return to:
William H. Kissel, Esq.
P.O. Box 1598
Lake Placid, NY 12946

EXHIBIT D

FORM OF BILL OF SALE FROM ISSUER TO COMPANY

**BILL OF SALE CONVEYING THE PROJECT TO THE
CHAMPLAIN VALLEY MILLING CORP., INC. FROM ESSEX COUNTY
INDUSTRIAL DEVELOPMENT AGENCY**

KNOW ALL MEN BY THESE PRESENTS:

ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY (the "Agency"), a governmental agency and instrumentality constituting a body corporate and politic and a public benefit corporation of the State duly organized and existing under the law of the State in consideration of ten dollars paid by **CHAMPLAIN VALLEY MILLING CORP., INC.** (the "Company"), a corporation duly organized and existing under the laws of the State of New York (the "State"), the receipt of which is hereby acknowledged, does hereby grant, sell, transfer, and deliver unto the Company the building, equipment, and personal property set forth on Exhibit B attached hereto, located on the land described in Exhibit A hereto.

TO HAVE AND TO HOLD all and singular the said land, equipment, and personal property to the Company and its successors and assigns to its and their own use and behalf forever.

THE AGENCY HEREBY COVENANTS with the Company that the Agency has or will have full right and good and marketable title to convey the said land, equipment, and personal property.

IN WITNESS WHEREOF, the Agency has hereunto executed this Bill of Sale by and on behalf of its Chairman and the seal of the Agency has hereunto been affixed by an officer duly authorized to so act this _____, 20__.

**ESSEX COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Title: Chairman

EXHIBIT E

FORM OF REQUISITION

Re: ESSEX COUNTY INDUSTRIAL DEVELOPMENT AGENCY TAX EXEMPT REVENUE BONDS (CHAMPLAIN VALLEY MILLING CORP., INC. PROJECT) SERIES 2017

To: ZB, National Association, as Trustee
401 Liberty Avenue, Suite 1729
Pittsburgh, PA 15222

Essex County Industrial Development Agency
7566 Court Street
P.O. Box 217
Elizabethtown, New York 12932

All terms used in this Requisition (the "Requisition") have the meanings given to them in the Installment Sale Agreement (the "Installment Sale Agreement") dated as of May 1, 2017, between the Essex County Industrial Development Authority (the "Issuer") and Champlain Valley Milling Corp., Inc. (the "Company"):

1. Amount due and to be distributed from Bond Proceeds: \$_____.
2. The requested date of disbursement is _____, ___ (or the following Business Day if such day is not a Business Day).
3. The amounts previously disbursed under the Installment Sale Agreement aggregate \$_____.
4. The Company hereby represents that:
 - (a) each obligation to which the amount specified above relates has been properly incurred in connection with the Project being financed with the proceeds of the Installment Sale Agreement, is a reimbursable Project Cost and has not been the basis of any previous disbursement, and is not the basis of any pending Requisition;
 - (b) the expenditure of the amount specified above, when added to all previous disbursements from the Project Fund, will result in all such disbursements having been used to pay or reimburse the Company for Costs of the Project;
 - (c) the Installment Sale Agreement is in full force and effect and no default has occurred thereunder; and
 - (d) this Requisition is submitted for payment of the Costs of the Project as set forth on Schedule A hereto and not for Costs of Issuance.

5. Funds shall be disbursed as described in Schedule A for the following purposes: (a) to the Company only in reimbursement of expenditures made subsequent to sixty days before [_____] or (b) to the third parties identified in Schedule A for costs incurred by the Company but not yet paid.

Attached to this Requisition is a summary of the invoices itemizing the expenditures for which the Company is submitting this Requisition. Funds deposited with the Company for further disbursement to third parties shall be paid to such third parties by check dated the date of such deposit, and the Company reasonably expects such funds will be disbursed from its account within five Business Days of such deposit.

A copy of this Requisition has been delivered to each of the above named addressees.

The undersigned is duly authorized to execute and deliver this Requisition and to provide the representations and certifications set forth herein.

DATE: _____ Company's Authorized Representative _____