

**THE TOWN OF HAVERSTRAW, VILLAGE OF HAVERSTRAW, VILLAGE OF WEST
HAVERSTRAW, HAVERSTRAW-STONY POINT CENTRAL SCHOOL DISTRICT,
COUNTY OF ROCKLAND, AND COUNTY OF ROCKLAND INDUSTRIAL
DEVELOPMENT AGENCY**

AND

MIRANT BOWLINE, LLC

PAYMENT IN-LIEU OF TAXES AGREEMENT

FOR THE

BOWLINE ELECTRIC GENERATING FACILITY

DATED AS OF JUNE 30, 2006

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BOWLINE ELECTRIC GENERATING FACILITY
PAYMENT IN-LIEU OF TAXES AGREEMENT

This **PAYMENT IN-LIEU OF TAXES AGREEMENT**, dated as of the 30th day of June, 2006 (the “**Agreement**”), by and among the **TOWN OF HAVERSTRAW**, a body corporate and politic existing under the laws of the State of New York, with an office at 1 Rosman Road, Garnerville, New York (the “**Town**”), the **VILLAGE OF HAVERSTRAW**, a body corporate and politic existing under the laws of the State of New York, with an office at 40 New Main Street, Haverstraw, New York (“**Haverstraw Village**”), the **VILLAGE OF WEST HAVERSTRAW**, a body corporate and politic existing under the laws of the State of New York, with an office at 130 Samsondale Ave, West Haverstraw, New York (“**West Haverstraw Village**”), the **HAVERSTRAW-STONY POINT CENTRAL SCHOOL DISTRICT**, a central school district of the State of New York, with an office at 65 Chapel Street, Garnerville, New York (the “**School District**”), the **COUNTY OF ROCKLAND**, a body corporate and politic existing under the laws of the State of New York, with an office at 11 New Hempstead Road, New City, New York (the “**County**”, and together with the Town, Haverstraw Village, West Haverstraw Village, and the School District, the “**Tax Jurisdictions**”), the **COUNTY OF ROCKLAND INDUSTRIAL DEVELOPMENT AGENCY**, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, duly organized and validly existing under the laws of the State of New York, with an office at One Blue Hill Plaza, Pearl River, New York (the “**Agency**”), and **MIRANT BOWLINE, LLC**, a limited liability company duly organized and validly existing under the laws of the State of Delaware and authorized to do business in the State of New York, with an office at 140 Samsondale Avenue, West Haverstraw, New York (the “**Company**”) (the Tax Jurisdictions, the Agency, and the Company are referred to herein as the “**Parties**”),

W I T N E S S E T H :

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

WHEREAS, the Enabling Act authorizes and provides for the creation of industrial development agencies for the benefit of the residents of the several counties, cities, villages, and towns in the State of New York and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip, and dispose of land and any buildings or other improvements, and all real and personal properties, including, but not limited to, machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial, or industrial purposes, in order to advance the job opportunities, health, general prosperity, and economic welfare of the people of the State of New York 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 properties, to grant financial assistance as defined in Section 874(14) thereof, and to enter into an agreement which includes provisions such as those contained in this Agreement; and

WHEREAS, the Agency was created pursuant to and in accordance with the provisions of the Enabling Act by Chapter 564 of the New York Laws of 1980 (collectively with the Enabling Act, the “**Act**”) and is empowered under the Act to undertake the Project (as hereinafter defined); and

WHEREAS, the Agency, by resolution adopted on February 13, 2006 (the “**Inducement Resolution**”), agreed at the request of the Tax Jurisdictions and the Company to undertake a certain project (the “**Project**”) consisting of: (a) the acquisition of a leasehold interest in approximately 249± acres of improved real property located in the Town of Haverstraw, County of Rockland, State of New York, more particularly described in Exhibit “A” attached hereto (the “**Land**”), together with a 1,200 megawatt (“**MW**”) electric generating facility located on the Land and commonly referred to as the Bowline Electric Generating Facility (the “**Facility**”) (the Land and the Facility are collectively referred to as the “**Project Facility**”); (b) the sublease of the Project Facility to the Company and HVG (as defined herein) to maintain the operation of the Project Facility in Rockland County, to preserve the competitive position of the Company in the merchant energy industry as that industry faces the financial challenges created by deregulation, to induce continued capital investment by the Company in the Project Facility, and to prevent the closing or distressed sale of the Project Facility so as to preserve the permanent private sector jobs currently existing at the Project Facility; and (c) the grant of “financial assistance” (within the meaning of Section 854(14) of the General Municipal Law) with respect to the foregoing in the form of exemption from real property taxes and this Agreement (the “**Financial Assistance**”); and

WHEREAS, HVG owns a portion of the Project Facility associated with a gas pipeline and the Company owns the balance of the Project Facility; and

WHEREAS, pursuant to a certain lease agreement (the “**Company Lease**”) dated as of June 30, 2006 the Company and HVG leased the Project Facility to the Agency, and pursuant to a certain lease agreement (the “**Lease Agreement**”) dated as of June 30, 2006 the Agency subleased the Project Facility to the Company and HVG; and

WHEREAS, the Parties deem the above described tax settlement to be an important factor for the continued economic viability of the Project Facility and its continued operation with its attendant jobs, all of which are important to the economic health of the County and the State; and

WHEREAS, the Financial Assistance contemplated by this Agreement is an essential means for implementing the tax settlement by and among the Company and the Tax Jurisdictions; and

WHEREAS, under the present provisions of the Act and Section 412-a of the Real Property Tax Law of the State of New York (“**RPTL**”), the Agency is not required to pay real

property taxes upon any of the property acquired by it or under its jurisdiction, supervision or control; and

WHEREAS, beginning in July 2003, Mirant Corporation, along with more than eighty (80) domestic affiliates, including the Company (collectively, the “**Debtors**”), filed bankruptcy petitions pursuant to Chapter 11 of Title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court, Northern District of Texas (the “**Bankruptcy Court**”) (jointly administered under Case Number 03-46590-DML) (the “**Bankruptcy Cases**”); and

WHEREAS, the Company, as of the date of this Agreement, continues to operate its business as a debtor-in-possession pursuant to Chapter 11 of the Bankruptcy Code; and

WHEREAS, over the past year representatives of the Tax Jurisdictions and the Company have been engaged in negotiations regarding resolution of tax certiorari actions dating back to 1995 and related contested matters pending in the Bankruptcy Court, concerning the assessed value of the Project Facility and the tax or in-lieu of tax treatment of the Project Facility; and

WHEREAS, all outstanding certiorari actions relating to the Project Facility have been resolved and the Company and the Tax Jurisdictions have entered into a certain Stipulation of Settlement which was approved by order of the State of New York Supreme Court, Rockland County (the “**Court**”), dated June __, 2006 (the “**Stipulation of Settlement and Order**”); and

WHEREAS, this Agreement was approved by the Bankruptcy Court on June __, 2006, pursuant to Federal Rule of Bankruptcy Procedure 9019; and

WHEREAS, the approval of this Agreement by the Bankruptcy Court resolved all outstanding contested matters pending in the Bankruptcy Court (involving the Tax Jurisdictions) related to the Project Facility and the assessed value, tax and in-lieu of tax treatment thereof; and

WHEREAS, such Stipulation of Settlement and Order is conditioned upon, *inter alia*, exemption of the Project Facility from General *Ad Valorem* Taxes (as defined herein) and entry into this Agreement; and

WHEREAS, pursuant to Section 925-1 of the Act, projects promoted, developed and assisted by the Agency shall be liable for, in-lieu of real property taxes, payment of a sum equal to the full amount thereof, or such lesser amount as agreed to among the Tax Jurisdictions and the Company, which sum shall be paid by the Company to the Tax Jurisdictions pursuant to the terms of this Agreement; and

WHEREAS, by resolution dated June __, 2006 (“**Town Authorizing Resolution**”), a copy of which is attached hereto as part of Exhibit “B”, the Town Board of the Town approved this Agreement, consented to exemption of the Project Facility from General *Ad Valorem* Taxes levied or imposed by the Town for the term of this Agreement, and authorized the execution and delivery of this Agreement by the Supervisor of the Town; and

WHEREAS, by resolution dated June __, 2006 (“**Haverstraw Village Authorizing Resolution**”), a copy of which is attached hereto as part of Exhibit “B”, the Board of Trustees of Haverstraw Village approved this Agreement, consented to exemption of the Project Facility from General *Ad Valorem* Taxes levied or imposed by Haverstraw Village for the term of this Agreement, and authorized the execution and delivery of this Agreement by the Mayor of Haverstraw Village; and

WHEREAS, by resolution dated June __, 2006 (“**West Haverstraw Village Authorizing Resolution**”), a copy of which is attached hereto as part of Exhibit “B”, the Board of Trustees of West Haverstraw Village approved this Agreement, consented to exemption of the Project Facility from General *Ad Valorem* Taxes levied or imposed by West Haverstraw Village for the term of this Agreement, and authorized the execution and delivery of this Agreement by the Mayor of West Haverstraw Village; and

WHEREAS, by resolution dated June __, 2006 (“**School District Authorizing Resolution**”), a copy of which is attached hereto as part of Exhibit “B”, the Board of Education of the School District approved this Agreement, consented to exemption of the Project Facility from General *Ad Valorem* Taxes levied or imposed by the School District for the term of this Agreement, and authorized the execution and delivery of this Agreement by the Superintendent of Schools of the School District; and

WHEREAS, by resolution dated June __, 2006 (“**County Authorizing Resolution**”), a copy of which is attached hereto as part of Exhibit “B”, the Board of Legislators of the County approved this Agreement, consented to exemption of the Project Facility from General *Ad Valorem* Taxes levied or imposed by the County for the term of this Agreement, and authorized the execution and delivery of this Agreement by the County Executive of the County; and

WHEREAS, on January 19, 2006 the Agency held a duly noticed public hearing at the Town Hall of the Town in relation to the proposed grant of financial assistance in excess of \$100,000 in the form of a PILOT agreement, and at such public hearing representatives of the Tax Jurisdictions spoke in favor of the terms incorporated in this Agreement; and

WHEREAS, by resolution dated May 16, 2006 (“**Agency Authorizing Resolution**”), a copy of which is attached hereto as part of Exhibit “B”, the Agency approved this Agreement, agreed to provide financial assistance in the form of an exemption of the Project Facility from General *Ad Valorem* Taxes levied or imposed by the Tax Jurisdictions, and authorized the execution and delivery of this Agreement by the Chairperson of the Board of Directors of the Agency; and

WHEREAS, pursuant to Chapter 163 of the New York Laws of 2005 (“**Chapter 163**”), a copy of which is attached hereto as Exhibit “C”, upon approval and adoption of a PILOT agreement by the Tax Jurisdictions and approval thereof by the Agency, electric generating facilities located within the Town shall be entitled to an exemption from General *Ad Valorem* Taxes; and

WHEREAS, pursuant to Chapter 163, the respective Approving Resolutions of the Tax Jurisdictions, and the Agency Authorizing Resolution, the Project Facility has been exempted from General *Ad Valorem* Taxes as of June 30, 2006; and

WHEREAS, the Parties desire to enter into this Agreement in satisfaction of a condition to such Stipulation of Settlement and Order and each Tax Jurisdiction consents to and the Company agrees to pay the proposed payments in-lieu of real property taxes (“**PILOT Payments**”) set forth in this Agreement;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

For all purposes of this Agreement, defined terms indicated by the capitalization of the first letter of such term shall have the meanings specified herein or given to such terms in Article I of the Lease Agreement, except as otherwise expressly provided for herein or as the context hereof otherwise requires.

“**Act**” means the Enabling Act and Chapter 564 of the New York Laws of 1980.

“**AG**” means the New York State Attorney General.

“**Agency**” means the County of Rockland Industrial Development Agency.

“**Agency Authorizing Resolution**” means a certain resolution adopted by the Agency on May 16, 2006 through which the Board of Directors of the Agency a) approved this Agreement, b) agreed to provide financial assistance in the form of an exemption of the Project Facility from General *Ad Valorem* Taxes levied or imposed by the Tax Jurisdictions, and c) authorized the execution and delivery of this Agreement by the Chairperson of the Board of Directors of the Agency.

“**Agreement**” means this payment in-lieu of taxes agreement.

“**Annual Aggregate Amount**” means the annual sum of Base Payments and Trustee Payments.

“**Back Taxes**” means all previously levied but unpaid real property taxes based upon the 2003, 2004 and 2005 assessments (2004, 2005 and 2006 assessments for Haverstraw Village) in respect of the Project Facility.

“**Bankruptcy Code**” means Title 11 of the United States Code.

“Bankruptcy Court” means the United States Bankruptcy Court, Northern District of Texas.

“Bankruptcy Cases” means the cases commenced by the Debtors in the Bankruptcy Court and jointly administered under Case Number 03-46590-DML.

“Base Payments” means annual PILOT Payments made by the Company to the Tax Jurisdictions pursuant to Section 3.3 of this Agreement.

“Chapter 163” means Chapter 163 of the New York Laws of 2005.

“Company” means Mirant Bowline, LLC, a limited liability company duly organized and validly existing under the laws of the State of Delaware and authorized to do business in the State of New York.

“Company Back Taxes” means Back Taxes to be paid by the Company to the County.

“Company Lease” means a certain lease agreement dated as of the Effective Date between the Company and the Agency pursuant to which the Company leased the Project Facility to the Agency.

“County” means the County of Rockland.

“County Authorizing Resolution” means Resolution No. ___ adopted by the County on June __, 2006 through which the Board of Legislators of the County a) approved this Agreement, b) consented to exemption of the Project Facility from General *Ad Valorem* Taxes levied or imposed by the County, and c) authorized the execution and delivery of this Agreement by the County Executive of the County.

“County Solid Waste Authority” means the County of Rockland Solid Waste Management Authority.

“Court” means the State of New York Supreme Court, Rockland County.

“Debtors” means Mirant Corporation, along with more than eighty (80) domestic affiliates, including the Company.

“Effective Date” means June 30, 2006.

“Enabling Act” means Title 1 of Article 18-A of the New York General Municipal Law.

“Facility” means a 1,200 MW electric generating facility located on the Land and commonly referred to as the Bowline Electric Generating Facility, consisting of two power generating units commonly referred to as Units 1 and 2, and related improvements.

“Financial Assistance” shall have the meaning provided such term in the recitals.

“**General Ad Valorem Tax**” means a charge imposed upon real property by or on behalf of a taxing authority for municipal or school district (including library) purposes but does not include a Special District Tax.

“**Guarantee Agreement**” means the guarantee agreement by and between Mirant Corporation and the Agency dated as of June 30, 2006.

“**Haverstraw Village**” means the Village of Haverstraw.

“**Haverstraw Village Authorizing Resolution**” means Resolution No. ___ adopted by Haverstraw Village on June __, 2006 through which the Board of Trustees of Haverstraw Village a) approved this Agreement, b) consented to exemption of the Project Facility from General *Ad Valorem* Taxes levied or imposed by Haverstraw Village, and c) authorized the execution and delivery of this Agreement by the Mayor of Haverstraw Village.

“**HVG**” means Hudson Valley Gas Corporation, a New York corporation and affiliate of the Company.

“**Inducement Resolution**” means that certain resolution adopted by the Agency on February 13, 2006 pursuant to which the Board of Directors of the Agency determined that the undertaking of the Project and the provision of financial assistance by the Agency in the form of an exemption from General *Ad Valorem* Taxes is authorized by the Enabling Act and Chapter 163 and will be in furtherance of the policy of the State as set forth therein.

“**Land**” means the real property described in Exhibit “A”.

“**Lease Agreement**” means a certain lease agreement dated as of the Effective Date between the Company and the Agency pursuant to which the Agency subleased the Project Facility to the Company.

“**Lovett PILOT**” means the PILOT agreement dated as of the Effective Date covering the Lovett Electric Generating Facility located in the Town of Stony Point, New York.

“**MW**” means megawatt of electricity.

“**Mirant New York**” means Mirant New York, Inc., a Delaware corporation and managing member of the Company.

“**Mortgaged Premises**” means the Project Facility.

“**NOV**” means a Notice of Violation issued by the NYSDEC.

“**NYISO**” means the New York Independent System Operator.

“**NYSDEC**” means the New York State Department of Environmental Conservation.

“**Parties**” means the Town, Haverstraw Village, West Haverstraw Village, the School District, the County, the Agency, and the Company.

“**Permitted Encumbrances**” means:

(i) any lien or encumbrance required by that certain Credit Agreement dated as of January 3, 2006, among Mirant North America, LLC, the several banks and other financial institutions or entities party thereto from time to time, including Deutsche Bank Securities, Inc. and Goldman Sachs Credit Partners L.P., as co-syndication agents, and JPMorgan Chase Bank, N.A. as administrative agent; and

(ii) any lien or encumbrance required by that certain (A) Debtor-In-Possession Credit Agreement dated as of January 3, 2006, among the Company, Mirant New York, Mirant Lovett, LLC, and HVG and Mirant North America, LLC and Mirant Americas Energy Marketing, LP (succeeded by Mirant Energy Trading, LLC) and (B) Debtor-In-Possession Credit Agreement dated as of January 3, 2006, among the Company, Mirant New York, Mirant Lovett, LLC, and HVG and Mirant Corporation.

“**PILOT**” means payment in-lieu of tax.

“**PILOT Mortgage**” shall mean that certain Mortgage granted by the Company (and the Agency as leasehold Mortgagor) in favor of the Tax Jurisdictions to secure the Company’s obligations under Article III of the PILOT Agreement.

“**PILOT Payments**” means annual payments in-lieu of taxes payable to the Tax Jurisdictions.

“**Project**” means a certain Agency project involving the conferral of exemption benefits on the Project Facility to maintain the operation of the Project Facility in Rockland County, to preserve the competitive position of the Company in the deregulated electric generation industry, to induce continued capital investment by the Company in the Project Facility, and to preserve the permanent private sector jobs currently existing at the Project Facility.

“**Project Documents**” means the Company Lease, the Lease Agreement, the Indemnification Agreement Regarding Hazardous Materials dated as of the Effective Date, and all other documents executed by the Company in connection with this transaction.

“**Project Facility**” means the Land and the Facility.

“**PSC**” means the New York Public Service Commission.

“**RPTL**” means the New York Real Property Tax Law.

“**Recapture Payment**” means the amount due in the event of permanent shutdown of all units comprising the Project Facility.

“**Refunds**” means the amount of overpaid real property taxes to be refunded to the Company by the Tax Jurisdictions and the County Solid Waste Authority.

“**Remaining Refunds**” means the additional amount of overpaid real property taxes to be refunded to the Company by the Town and the School District.

“**Settlement Order**” means the order of the Bankruptcy Court approving the terms of this Agreement pursuant to Federal Rule of Bankruptcy Procedure 9019.

“**Settlement Payments**” means payments made by the Company pursuant to Section 3.4 hereof.

“**School District**” means the Haverstraw-Stony Point Central School District.

“**School District Authorizing Resolution**” means Resolution No. ___ adopted by the School District on June __, 2006 through which the Board of Education of the School District a) approved this Agreement, b) as of the Effective Date consented to exemption of the Project Facility from General *Ad Valorem* Taxes levied or imposed by the School District, and c) authorized the execution and delivery of this Agreement by the Superintendent of the School District.

“**Special District Taxes**” means any special assessments and special *ad valorem* taxes levied or imposed on the Project Facility that are not subject to the exemption provided by RPTL Section 412-a. For the purposes of this Agreement, Special District Taxes are limited to charges (but not usage charges) and taxes issued or levied by the Town Lighting District #1, Town Water District, Town/Thiells Fire District, Town Ambulance District, Town Sewer District #1, Town Sewer District #3, County Solid Waste Authority, and any special district created after the Effective Date which provides a service, level of service or function not currently covered by General *Ad Valorem* Taxes levied on the Project Facility based on the 2005 assessment(s).

“**State**” means the State of New York.

“**Stipulation of Settlement and Order**” means a certain Stipulation of Settlement and Order which settled litigation (Actions bearing Index Nos. 4133-95, 4346-96, 4424-97, 4639-98, 4238-99, 4358-00, 4694-01, 5120-02, 5278-03, 4264-04, 4726-05, 2060-01, 2345-02, 2619-03, 2483-04, 2346-96, 2444-97, 2445-97, 2446-97, 2447-97, 2448-97, 2394-98, 2395-98, 2396-98, 2397-98, 2398-98, 2308-99, 2061-01, 2343-02, brought pursuant to Article 7 of RPTL in the Court seeking review of the assessments placed upon the Project Facility for the assessment years 1995-2005) between the Tax Jurisdictions and the Company concerning the tax treatment of the Project Facility.

“**Tax Jurisdictions**” means the Town, Haverstraw Village, West Haverstraw Village, the School District, and the County.

“**Town**” means the Town of Haverstraw.

“Town Authorizing Resolution” means Resolution No. ___ adopted by the Town on June __, 2006 through which the Town Board of the Town a) approved this Agreement, b) consented to exemption of the Project Facility from General *Ad Valorem* Taxes levied or imposed by the Town, and c) authorized the execution and delivery of this Agreement by the Supervisor of the Town.

“Trust Account” means a trust account established for the benefit of the Town and the School District, administered by the County, as trustee of the account, and funded by the Company.

“Trustee” means the County, as trustee of the Trust Account.

“Trustee Payments” means amounts paid to the Town or the School District, as the case may be, by the County, as trustee of the Trust Account, pursuant to Article V of this Agreement.

“Unit” means a separately operable electric generating system comprising a portion of the Project Facility whose output is independently tracked by the NYISO including, but not limited to, those units commonly known as Units 1 and 2.

“West Haverstraw Village” means the Village of West Haverstraw.

“West Haverstraw Village Authorizing Resolution” means Resolution No. ___ adopted by West Haverstraw Village on June __, 2006 through which the Board of Trustees of West Haverstraw Village a) approved this Agreement, b) consented to exemption of the Project Facility from General *Ad Valorem* Taxes levied or imposed by West Haverstraw Village, and c) authorized the execution and delivery of this Agreement by the Mayor of West Haverstraw Village.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Covenants by the Tax Jurisdictions and Agency.

Each of the Tax Jurisdictions and Agency, each solely for itself, hereby represents and covenants that, as of the date of this Agreement:

a. It is duly organized, validly existing, and in good standing under the laws of the State and has full legal right, power, and authority to execute, deliver, and perform all applicable terms and provisions of this Agreement.

b. It will execute, acknowledge, and deliver all such further leases, deeds, conveyances, mortgages, assignments, estoppel certificates, notices, or assignments, transfers, assurances, and other agreements as any of the Parties may reasonably require from time to time in order to give further effect to this Agreement.

c. All necessary action has been taken to authorize its execution, delivery, and performance of this Agreement, and this Agreement constitutes its legal, valid, and binding obligation enforceable against it in accordance with the terms of this Agreement.

d. No governmental approval by or with any government authority is required for the valid execution, delivery, and performance under this Agreement by it except such as have been or will be duly obtained or made.

e. To the best of its knowledge, none of the execution or delivery of this Agreement, the performance of the obligations in connection with the transaction contemplated hereby, or the fulfillment of the terms and conditions hereof will (i) conflict with or violate any of its resolutions, or any of its formation documents, as amended, or of any restriction or any agreement or instrument to which it is a party and by which it is bound; (ii) conflict with, violate, or result in a breach of any applicable law, rule, regulation, or order of any court or other agency or authority of government or ordinance of the State or any political subdivision thereof; or (iii) conflict with, violate, or result in a breach of or constitute a default under or result in the imposition or creation of any mortgage, pledge, lien, security interest, or other encumbrance under this Agreement or under any term or condition of any bond, indenture, or any other agreement or instrument to which it is a party or by which it or any of its properties or assets is bound.

f. There is no action, suit, or proceeding, at law or in equity, or official investigation before or by any government authority pending or, to its knowledge, threatened against it, wherein an anticipated decision, ruling, or finding would result in a material adverse effect on its ability to perform its obligations under this Agreement or on the validity or enforceability of this Agreement.

g. To the best of its knowledge, the conduct of its business is in compliance with all applicable governmental approvals with respect to which a failure to comply, in any case or in the aggregate, would result in a material adverse effect on its ability to perform its obligations under this Agreement or on the validity or enforceability of this Agreement.

Section 2.2 Representations and Covenants by the Company.

The Company hereby represents and covenants that, as of the date of this Agreement:

a. The Company is duly organized, validly existing, and in good standing under the laws of the state in which it is formed and is qualified to do business in the State as set forth in the first paragraph of this Agreement, has requisite authority to own its property and assets and conduct its business as presently conducted or proposed to be conducted under this Agreement, and has full legal right, power, and authority to execute, deliver, and perform all applicable terms and provisions of this Agreement.

b. The Company will execute, acknowledge and deliver all such further leases, deeds, conveyances, mortgages, assignments, estoppel certificates, notices, or assignments,

transfers, assurances, and other agreements as any of the Parties may reasonably require from time to time in order to give further effect to this Agreement.

c. All necessary action has been taken to authorize the Company's execution, delivery, and performance of this Agreement, and this Agreement constitutes the Company's legal, valid, and binding obligation enforceable against it in accordance with its terms.

d. No governmental approval by or with any government authority is required for the valid execution, delivery, and performance under this Agreement by the Company except such as have been or will be duly obtained or made or such as are required for the operation or maintenance of the Project Facility, and the Company has no reason to believe that any such government approval will not be made or obtained as required for the Company's performance hereunder.

e. None of the execution or delivery of this Agreement, the performance of the obligations in connection with the transaction contemplated hereby, or the fulfillment of the terms and conditions hereof will (i) conflict with or violate any provision of the Company's Operating Agreement or of any restriction or any agreement or instrument to which the Company is a party and by which it is bound; (ii) conflict with, violate, or result in a breach of any applicable law, rule, regulation, or order of any court or other agency or authority of government or ordinance of the State or any political subdivision thereof; or (iii) conflict with, violate, or result in a breach of or constitute a default under or result in the imposition or creation of any mortgage, pledge, lien, security interest, or other encumbrance under this Agreement or under any term or condition of any mortgage, indenture, or any other agreement or instrument to which it is a party or by which it or any of the Company's properties or assets are bound.

f. There is no action, suit, or proceeding, at law or in equity, or official investigation before or by any government authority pending or, to the Company's knowledge, threatened against the Company, wherein an anticipated decision, ruling, or finding would result in a material adverse effect on the Company's ability to perform its obligations under this Agreement or on the validity or enforceability of this Agreement.

g. Except as provided on Schedule 2.2(g), the Company has no disputed, and will use all reasonable efforts to maintain, compliance with applicable governmental approvals and all applicable laws, rules, regulations and published guidance with respect to which a failure to comply, in any case or in the aggregate, would result in a material adverse effect on the Company's ability to perform its obligations under this Agreement or on the validity or enforceability of this Agreement, provided, however, that the Company reserves all of its right to negotiate and settle any alleged violation of Legal Requirements (as defined in Section 4.5 of the Lease Agreement), past, present, or future, with any applicable governmental agency.

ARTICLE III

PAYMENTS IN-LIEU OF TAXES

Section 3.1 Term, Due Dates, Invoices, Tax Years and Staggered Effective Expiration.

a. Term. This Agreement shall commence on June 30, 2006 (the “**Effective Date**”), and expire on May 31, 2014.

b. Due Dates. PILOT Payments to the Town and the County shall be made on or before January 31 of the applicable tax year. PILOT Payments to the School District shall be made on or before September 30 of the applicable tax year. PILOT Payments to Haverstraw Village and West Haverstraw Village shall be made on or before June 30 of the applicable tax year.

c. Invoices. At least thirty (30) days prior to the due date for an applicable tax year, each of the Tax Jurisdictions shall present an invoice to the Company stating the amount of the respective PILOT Payment and the date when due. PILOT Payments shall be paid by the Company directly to each respective Tax Jurisdiction.

d. Tax Years. This Agreement shall cover taxes that would otherwise be due with respect to the 2006 through 2012 Town assessments (2007 through 2013 Haverstraw Village assessments), as more fully set forth as follows:

<u>PILOT Year</u>	<u>Town Roll Year</u>	<u>Town/County Tax Year</u>	<u>Town/County Payment Due Date</u>	<u>School Tax Year</u>	<u>School Payment Due Date</u>
1	2006	2007	January 31, 2007	2006-2007	September 30, 2006
2	2007	2008	January 31, 2008	2007-2008	September 30, 2007
3	2008	2009	January 31, 2009	2008-2009	September 30, 2008
4	2009	2010	January 31, 2010	2009-2010	September 30, 2009
5	2010	2011	January 31, 2011	2010-2011	September 30, 2010
6	2011	2012	January 31, 2012	2011-2012	September 30, 2011
7	2012	2013	January 31, 2013	2012-2013	September 30, 2012

<u>PILOT Year</u>	<u>Vill. of W. Hav. Roll Year</u>	<u>Vill. of W. Hav. Tax Year</u>	<u>Vill. of W. Hav. Payment Due Date</u>	<u>Vill. of Hav. Roll Year</u>	<u>Vill. of Hav. Tax Year</u>	<u>Vill. of Hav. Payment Due Date</u>
1	2006	2007-2008	June 30, 2007	2007	2007-2008	June 30, 2007
2	2007	2008-2009	June 30, 2008	2008	2008-2009	June 30, 2008
3	2008	2009-2010	June 30, 2009	2009	2009-2010	June 30, 2009
4	2009	2010-2011	June 30, 2010	2010	2010-2011	June 30, 2010
5	2010	2011-2012	June 30, 2011	2011	2011-2012	June 30, 2011
6	2011	2012-2013	June 30, 2012	2012	2012-2013	June 30, 2012
7	2012	2013-2014	June 30, 2013	2013	2013-2014	June 30, 2013

e. Staggered Effective Expiration. For any Tax Jurisdiction tax year in which an exemption on the Project Facility persists but payments are not required pursuant to Section 3.3, the Company shall, pursuant to Section 925-1 of the Act, be liable to such Tax Jurisdiction for

payment in lieu of taxes in an amount equal to the full amount of General *Ad Valorem* Taxes that would have been levied on the Project Facility in the absence of such exemption.

Section 3.2 Tax Exempt Status of Project Facility.

Pursuant to Section 874 of the Act, Section 412-a of the RPTL, and Chapter 163, upon the Agency’s acquisition of the leasehold interest in the Project Facility, and continuing for the period during which the Agency maintains jurisdiction over the Project Facility by maintaining such leasehold interest, the Project Facility shall be assessed as exempt from General *Ad Valorem* Taxes upon the assessment rolls of the Tax Jurisdictions. Such real property tax exemption shall first apply to the 2006 assessment roll of the Town and the 2007 assessment roll of Haverstraw Village. Immediately following execution and delivery of this Agreement, the Agency shall file form RP-412-a with the assessors for the Town and Haverstraw Village and any other assessor charged with preparing the assessment rolls for the Tax Jurisdictions.

Section 3.3 Base Payments.

The Company shall make annual PILOT Payments to the Tax Jurisdictions in the following amounts (“**Base Payments**”):

<u>PILOT Year</u>	<u>Town Share</u> (13.20%)	<u>Haverstraw Village Share</u> (3.08%)	<u>West Haverstraw Village Share</u> (0.47%)	<u>School District Share</u> (79.69%)	<u>County Share</u> (3.56%)	<u>Total Base Payments</u>
1	\$ 1,584,000	\$ 369,600	\$ 56,400	\$ 9,562,800	\$ 427,200	\$ 12,000,000
2	1,584,200	369,600	56,400	9,562,800	427,200	12,000,000
3	1,584,200	369,600	56,400	9,562,800	427,200	12,000,000
4	1,848,000	431,200	65,800	11,156,600	498,400	14,000,000
5	1,848,000	431,200	65,800	11,156,600	498,400	14,000,000
6	2,046,000	477,400	72,850	12,351,950	551,800	15,500,000
7	2,046,000	477,400	72,850	12,351,950	551,800	15,500,000

Section 3.4 Settlement Payments.

In addition to Base Payments made in any given year, if and to the extent the Company receives Remaining Refunds (as such term is defined herein) from the Town and the School District in the amounts set forth in Section 4.4 of this Agreement, the Company shall, immediately upon receipt of such Remaining Refunds, make remaining PILOT Payments into the Trust Account for the benefit of the Town and the School District in amounts set forth below (“**Settlement Payments**”). It is agreed that the Company may treat, in addition to other payments set forth herein or in the Stipulation of Settlement and Order, such Settlement Payments as payments in satisfaction of any and all obligations of the Company to the Town and the School District existing prior to the date of execution of this Agreement, including without limitation unpaid real property taxes (whether as direct payment of unpaid property taxes or as repayment of unpaid property tax amounts for which the County indemnified the Town and the School District) and costs of litigation and settlement, and in consideration of any past impacts,

the Project’s operation, the Bankruptcy Cases, or resolution of the property tax dispute has had on its host community.

<u>PILOT Year</u>	<u>Town Share</u> (17.14%)	<u>School District Share</u> (82.86%)	<u>Total Settlement Payments</u>
1	\$ 16,454,400	\$ 79,545,600	\$ 96,000,000

Section 3.5 Credits for Real Property Tax Payments.

Any General *Ad Valorem* Taxes paid by the Company relative to the Project Facility to any of the Tax Jurisdictions during a tax year to which this Agreement applies will be used as a refundable credit against the payments due under this Agreement for the Base Payments due in that tax year. Should the Company, under any subsequently adopted State or local law, pay in any tax year to the Tax Jurisdictions any amounts in the nature of General *Ad Valorem* Taxes levied and/or assessed upon the Project Facility or the interest therein of the Company or the occupancy thereof by the Company, then the Company’s obligation hereunder to make Base Payments in such tax year (to the involved Tax Jurisdiction(s)) shall be reduced by the amounts which the Company shall have so paid to those Tax Jurisdiction(s) in such year. If the Company desires to claim a credit against or refund of any particular Base Payment due hereunder, the Company shall give the respective Tax Jurisdictions prior written notice of its intention to claim any credit pursuant to the provisions of this Section, such notice to be given by the Company at least ten (10) days prior to the final date on which such Base Payment is due (or within thirty (30) days after payment of tax where a refund is claimed) pursuant to the provisions of Section 3.1 above. This provision shall not apply to payments resulting from improvements covered by Section 3.8(a) hereof.

Section 3.6 Special District Taxes.

The Company shall pay all Special District Taxes lawfully levied and/or assessed against the Project Facility.

Section 3.7 Assessed Value During Term of Agreement.

For each year of the PILOT agreement, a total taxable assessed value for the Project Facility shall be determined in accordance with the methodology set forth below. The total taxable assessed value so determined shall be allocated among the tax parcels constituting the Project Facility, and shall be applicable for Special District Taxes and for purposes of RPTL Article 19.

a. The Base Payment to the School District (including library) and the Trustee Payment (as such term is defined in Article III of this Agreement) to the School District shall be aggregated yearly for each year of this Agreement (the “**Annual Aggregate Amount**”). In consideration of the Annual Aggregate Amount being less than the amount of General *Ad Valorem* Taxes the School District could impose and levy pursuant to the RPTL if the Project

Facility were not exempt, the Settlement Payments shall not be subject to adjustment, recall or refund in the event all Units comprising the Project Facility are permanently shut down or the Project Facility is damaged or destroyed or sold or transferred, except as allowed for by this Agreement.

b. The School District, after determining its total property tax levy amount for each such year (but in no event later than August 20), will run the requisite iterations to determine the non-homestead taxable assessed value equivalent for the Project Facility, using the Annual Aggregate Amount as the basis for determining the taxable assessed value equivalent.

c. The taxable assessed value so derived will be allocated among the tax parcels constituting the Project Facility and then be placed on that year's final assessment roll (in roll section 8) for the Town.

i. Special District Taxes. The assessed value calculated pursuant to this Section shall be used in the calculation of Special District Taxes.

ii. Non-homestead Proportions. In addition, the Town may elect to utilize the assessed value calculated pursuant to this Section in its determination of the homestead/non-homestead proportions for that year. If such election is made, the Town shall deduct the portion of the Project Facility's Base Payment and Trustee Payment attributable to the Town from the non-homestead portion of the Town levies derived consistent with this subsection. The Town shall then compute non-homestead tax rates for all Town levies exclusive of Special District Tax levies and/or usage charges based on the non-homestead taxable assessed value (exclusive of the Project Facility's respective assessed values) for the Town multiplied by the above-referenced adjusted non-homestead Town levy portions (as reduced by the total amount of the Project Facility's Base Payment and Trustee Payment attributable to the Town for such year).

d. The Town, after receipt of the School District's calculated taxable assessed value, shall provide to the Company a Notice of Change in Assessment on or before August 20 of each year. Such Notice of Change in Assessment shall include detail regarding the calculation of such assessment.

e. The Tax Jurisdictions agree that the Company, subject to the provisions of Section 9.9 hereof, shall have the right to challenge such assessment within thirty (30) days from issuance of such Notice of Change in Assessment.

f. The Tax Jurisdictions shall act diligently to meet the time deadlines set forth in this Section but their failure to meet one or more of those deadlines shall not be deemed to invalidate any action or to create, enlarge, diminish or eliminate the rights of any Party in relation thereto.

Section 3.8 Additional Improvements and Repowering.

a. Any new construction, reconstruction, renovation, re-powering (including Unit substitution which increases the rated capacity beyond the Project Facility's current nameplate

rated capacity, to the extent of the increase), maintenance, modernization and/or upgrading of any existing Project Facility Units that adds generating capacity to the existing Units 1 and 2 beyond the Project Facility's current nameplate rated capacity of 1,200 MW, or that adds generating capacity from a source other than the existing Units 1 and 2, shall not be covered by this PILOT agreement.

b. Any new construction (excluding generating capacity from a source other than the existing Units 1 and 2), reconstruction, renovation, re-powering (including Unit substitution which does not increase the rated capacity beyond the Project Facility's current nameplate rated capacity), maintenance, modernization and/or upgrading of any existing Project Facility Units that does not add generating capacity beyond the Project Facility's current nameplate rated capacity of 1,200 MW, shall be covered by this PILOT Agreement and shall not cause any increase in PILOT Payments payable hereunder.

Section 3.9 Unit Retirement and Recapture Payments.

a. Unit Retirement. As of March 1, 2007 (corresponding with the Town's taxable status date), and continuing to the taxable status date for the Town's 2012 assessment roll, in the event any of the Units comprising the Project Facility is permanently retired and disconnected from the New York transmission grid, the total PILOT Payment for each subsequent year shall be reduced by a factor calculated by the ratio of the nameplate rated megawatt generating capacity of such permanently retired Unit (Unit 1 – 600 MW; Unit 2 – 600 MW) divided by the total current nameplate rated generating capacity of the Project Facility (1,200 MW). A Unit shall be deemed "permanently retired" as of: (i) the later to occur of (a) the date for the retirement of such Unit set out in a Notice of Unit Retirement submitted by the Company to the PSC, provided such date is not less than 180 days after the submission of that Notice to the PSC and (b) the date as may be established by the PSC in an order issued in a proceeding reviewing such proposed Unit retirement provided that the Unit is actually retired in accordance with an order of the PSC; or (ii) the date of written verification from a professional engineer (selected by the Town and the Company and at the Company's expense) that such Unit is physically incapable of operation for the term of this Agreement. In no event shall any such reduction, including a permanent shutdown of all Units, affect the yearly Trustee Payments, and the Company shall not be entitled to a refund of the portion of the Trust Account balance relating to such retired Unit or Units.

b. Recapture Payment. In the event of permanent shutdown of all Units comprising the Project Facility, the Company shall:

i. pay any unpaid Base Payments for the PILOT Year in which permanent shutdown occurs, at the time such Base Payments would otherwise be paid;

ii. for the next following PILOT Year, at such time Base Payments would otherwise be due to each respective Tax Jurisdiction, pay to each Tax Jurisdiction its respective share (in the percentages set forth in Section 3.3 above) of an amount equal to the recapture payment ("**Recapture Payment**") scheduled below for such PILOT Year;

<u>PILOT Year</u>	<u>Recapture Payment</u>
1	\$ 19,300,000
2	16,500,000
3	13,800,000
4	11,000,000
5	8,300,000
6	5,500,000
7	2,800,000

At the Company's election, the Recapture Payment obligation may be eliminated prior to Tax Jurisdiction payment to the Company of the Refunds under Article IV of this Agreement upon written notice by the Company to the Tax Jurisdictions and the Agency. Upon receipt of such notice, the refund payable to the Company under Article IV of this Agreement shall be reduced by \$ 8,000,000;

iii. for PILOT Years following the PILOT Year in which permanent shutdown occurs, at such time Base Payments would otherwise be due to each respective Tax Jurisdiction, pay to each Tax Jurisdiction a payment in-lieu of tax equal to the product of each such Tax Jurisdiction's respective tax rate for such PILOT Year and each such Tax Jurisdiction's proportionate share of a base assessment amount for all land owned by the Company associated with operation of the Project Facility. Such base assessment amount shall have a total full value equivalent of \$ 19,500,000 for Town, County, County Solid Waste Authority and School District taxes, of \$ 1,840,000 for Haverstraw Village taxes, and of \$ 570,000 for West Haverstraw Village taxes, and these full value equivalents shall be apportioned among such parcels constituting the Project Facility having land assessed values as are identified by tax identification numbers in each such Tax Jurisdiction for each year during which this provision applies; and

iv. for PILOT Years following the PILOT Year in which permanent shutdown occurs, at such time Base Payments would otherwise be due to each respective Tax Jurisdiction, in addition to the payments made pursuant to subsection iii above, pay to each Tax Jurisdiction a payment in-lieu of tax equal to the product of each such Tax Jurisdiction's respective tax rate for such PILOT Year and each such Tax Jurisdiction's assessment amount for any income-producing real property owned by the Company associated with operation of the Project Facility. Such assessment amount shall be calculated, consistent with applicable appraisal methodologies for income-producing properties, and the Company agrees to furnish to the respective Tax Jurisdictions relevant statements of income and expense relative to such properties.

Section 3.10 Late Payments.

PILOT Payments not made to the respective Tax Jurisdictions prior to the date due shall be subject to interest and penalties as required by Section 874(5) of the Act. The officers collecting real property taxes for the Tax Jurisdictions hereunder shall be entitled to present to the County (with a copy to the Agency) a statement to the effect that PILOT Payments, if any,

remain unpaid. The County shall be entitled, upon receipt of such statement, to levy against the Project Facility for any unpaid PILOT Payments set forth in such statement, together with all applicable interest and penalties, and collect and enforce such levy in the same manner and to the same extent as provided by law for the collection of real property taxes, notwithstanding the fact that the Project Facility is otherwise wholly exempt from taxation.

Section 3.11 Default.

In the event that any PILOT Payment, then due Recapture Payment or any Special District Tax payment is not received by a Tax Jurisdiction within thirty (30) days of the Company's receipt of a written notice of default pursuant to this PILOT Agreement by a Tax Jurisdiction, the PILOT Mortgage, the Lease Agreement, or any documents ancillary thereto, such Tax Jurisdiction may elect to terminate this Agreement and the exemption covering the Project Facility. Any Company default under the PILOT Mortgage, Trust Indenture or Lease Agreement shall be a default hereunder. Other events of default under this Agreement shall include the following to the extent same are not cured within (30) days of the Company's receipt of a written notice of default to this PILOT Agreement by a Tax Jurisdiction:

- a. failure of the Company to perform any of its obligations, monetary or otherwise, under this Agreement, the Lease Agreement or any ancillary agreements thereto, beyond any applicable cure or grace period;
- b. conversion of the Bankruptcy Cases to a case under Chapter 7 of the Bankruptcy Code;
- c. following confirmation of a plan of reorganization in the Bankruptcy Cases, the subsequent entry of an order for relief for the Company commencing a new case under either Chapter 7 or Chapter 11 of the Bankruptcy Code;
- d. the voluntary or involuntary granting of a lien or interest in the Project Facility senior to or *pari passu* with the liens and interests of the Tax Jurisdictions;
- e. the occurrence of an event of default which leads to the commencement or institution of foreclosure proceedings against the Mortgaged Premises under that certain Credit Agreement dated as of January 3, 2006, among Mirant North America, LLC, the several banks and other financial institutions or entities party thereto from time to time, including Deutsche Bank Securities, Inc. and Goldman Sachs Credit Partners, L.P., as co-syndication agents, and JPMorgan Chase Bank, N.A. as administrative agent; or
- f. the occurrence of an event of default which leads to the commencement or institution of foreclosure proceedings against the Mortgaged Premises under that certain (A) Debtor-In-Possession Credit Agreement dated as of January 3, 2006, among the Company, Mirant New York, Mirant Lovett, LLC, and HVG and Mirant North America, LLC and Mirant Americas Energy Marketing, LP (succeeded by Mirant Energy Trading, LLC) and (B) Debtor-in-Possession Credit Agreement dated as of January 3, 2006, among the Company, Mirant New York, Mirant Lovett, LLC, and HVG and Mirant Corporation.

In the event of termination pursuant to this Section 3.11, the Company shall be subject to any action at law or in equity that the respective Tax Jurisdictions deem appropriate to collect amounts due hereunder (including upon the contractual lien created by Section 3.10 for any late payment), the Project Facility will be classified as taxable by the assessors for the Town and Haverstraw Village, and the Company shall thenceforward be responsible for payment of General *Ad Valorem* Taxes to the Tax Jurisdictions pursuant to then current law. In the event the Company fails to pay General *Ad Valorem* Taxes following termination of this Agreement, the Tax Jurisdictions agree, notwithstanding the assessed value(s) placed on the Project Facility, that the County's liability and/or its indemnification obligation to each Tax Jurisdiction for such unpaid General *Ad Valorem* Taxes shall not exceed the Base Payment amounts set forth in Section 3.3 hereof, plus all applicable Special District Taxes, for the remaining PILOT Years of this Agreement.

In the event the Company defaults under any provision of this Agreement, the PILOT Mortgage, the Lease, or other documents ancillary thereto, and the Agency or the Tax Jurisdictions employ attorneys or incur other expenses in connection therewith, including the collection of PILOT Payments, the Company agrees to pay the reasonable fees and disbursements of such attorneys and such other expenses so incurred.

In the event the Project Facility is placed back on the taxable assessment rolls of the Town and Haverstraw Village, the Company shall have no right, and hereby specifically waives any right, to challenge such assessments unless such assessments would generate General *Ad Valorem* Taxes in excess of the Base Payments for the tax year to which such assessments apply.

Section 3.12 Damage or Destruction.

In the event that the Project Facility is damaged or destroyed, there shall be no change in PILOT Payments hereunder, except as allowed for by this Agreement. If the Company elects to repair or replace the Project Facility, the replacement facilities shall continue to be subject to this Agreement consistent with Section 3.9.

Section 3.13 Sale or Transfer of Portion of Project Facility.

If any non-Unit portion of the Project Facility is sold or transferred, such portion shall cease to be exempt from taxation pursuant to Section 874(1) of the Act and Section 412-a of the RPTL, notwithstanding which, there shall be no change in PILOT Payments hereunder, except as allowed for by this Agreement.

Section 3.14 Payments After Expiration of Term.

At the expiration or earlier termination of the term of this Agreement, the assessment, levy, and collection of taxes related to the Project Facility shall be made pursuant to then current law.

Section 3.15 Tax Parcel Consolidation.

The Parties shall endeavor to consolidate tax parcels to provide for as few tax map numbers as possible for the Project Facility, to the extent not inconsistent with State laws.

ARTICLE IV

DISMISSAL OF LITIGATION, BACK TAXES AND REFUNDS

Section 4.1 Dismissal of Litigation.

Upon execution and delivery of this Agreement, the Stipulation of Settlement and Order shall become fully effective and the Parties shall notify the Court that this Agreement has been executed and delivered. The Stipulation of Settlement and Order requires dismissal of all outstanding real property tax certiorari proceedings concerning the Project Facility (with such dismissal to cover claims by the Company against the Tax Jurisdictions with respect to the payment of all taxes other than as created by this Agreement). The Stipulation of Settlement and Order also contains a release and discharge of the Company from back taxes payable to the Tax Jurisdictions, and a release and discharge of the Tax Jurisdictions from all claims pertaining to any and all unpaid real property taxes, other than as set forth in this Agreement.

Section 4.2 Back Taxes.

a. Responsibility for Back Taxes. Responsibility for previously levied but unpaid real property taxes based upon the 2003, 2004 and 2005 assessments (2004, 2005 and 2006 assessments for Haverstraw Village) in respect of the Project Facility (“**Back Taxes**”) shall be allocated among the Parties and payable to the County in the following amounts:

i. Company Back Taxes. Upon its receipt of Refunds, the Company shall pay directly to the County Back Taxes in the amount of \$ 21,600,000 in full satisfaction of its obligation for Back Taxes (“**Company Back Taxes**”). Company Back Taxes shall be allocated to the account of each of the Tax Jurisdictions as follows:

<u>Tax Jurisdiction</u>	<u>Back Tax Amount</u>	<u>2004 / 2005 Tax Years</u>	<u>2006 Tax Year</u>
Town	\$ 3,059,470	\$ 1,475,470	\$ 1,584,000
Haverstraw Village	515,400	145,800	369,600
West Haverstraw Village	78,900	22,500	56,400
School District	17,155,100	7,592,300	9,562,800
County	761,380	334,180	427,200
County Solid Waste Authority	<u>29,750</u>	<u>29,750</u>	<u>0</u>
Total	\$ 21,600,000	\$ 9,600,000	\$ 12,000,000

<u>Special District</u>	<u>Back Tax Amount</u>	<u>2004 / 2005 Tax Years</u>	<u>2006 Tax Year</u>
Town Lighting District	\$ 33,900	\$ 0	\$ 33,900
Town Water District	44,600	0	44,600
Town/Thiells Fire District	280,100	0	280,100
Town Ambulance District	178,700	0	178,700
Town Sewer District #1	77,200	0	77,200
Town Sewer District #3	9,900	0	9,900
County Solid Waste Authority	<u>95,900</u>	<u>0</u>	<u>95,900</u>
Total	\$ 720,300	\$ 0	\$ 720,300

Haverstraw Village and West Haverstraw Village have not been indemnified by the County for villages taxes for the 2006-2007 tax year. Accordingly, the Company shall pay Back Taxes directly to the villages in the amount of \$369,600 for Haverstraw Village and of \$56,400 for West Haverstraw Village for the 2006-2007 tax year. The Company agrees to pay all lawfully levied or assessed usage charges, to the extent such charges have been unpaid by the Company, within thirty (30) days of its receipt of a notice setting forth such usage charges in detail.

ii. Tax Jurisdiction Back Taxes. The Tax Jurisdictions agree to reimburse the County for all amounts advanced by the County on behalf of the Tax Jurisdictions pursuant to the County's duty to indemnify the Tax Jurisdictions for unpaid taxes.

b. Penalties and Interest. The penalties (including tax relevy) and interest accrued on each of the respective tax bills for the parcels listed in Exhibit "A" will be eliminated as to the Company for each of the respective tax parcels and will be treated as a charge-back to all the Tax Jurisdictions, on a proportionate basis, pursuant to RPTL Section 726, limited to the actual costs incurred by the County, to include interest, borrowing costs, and legal fees (such legal fees to be defined as and limited to the legal fees incurred by the County in connection with the Bankruptcy Cases). In addition, the treatment of penalties and interest by the County pursuant to this Agreement shall not be admissible, have any prejudicial effect or value, or be admitted into evidence in any proceeding in any jurisdiction, except to the extent required to enforce this Agreement.

Section 4.3 Refunds.

Upon execution of this Agreement and issuance of bonds by bonding Tax Jurisdictions, the Tax Jurisdictions and the County Solid Waste Authority shall refund to the Company overpaid real property taxes in the following amounts (the "**Refunds**"):

<u>Tax Jurisdiction</u>	<u>Percent of Total Refund</u>	<u>Refund Amount</u>
Town	15.36945%	\$ 2,705,023
Haverstraw Village	1.51875%	267,300
West Haverstraw Village	0.23438%	41,251
School District	79.08648%	13,919,220
County	3.48103%	612,662
County Solid Waste Authority	0.30991%	<u>54,544</u>
Total Refund	100.00000%	\$ 17,600,000

Refunds shall be paid directly to the Company by each responsible Tax Jurisdiction in the amount of its respective share.

Section 4.4 Remaining Refunds.

Upon execution of this Agreement and issuance of bonds by the Town and the School District, the Town and the School District shall pay additional refunds to the Company for overpaid real property taxes in the following amounts (the “**Remaining Refunds**”).

<u>Tax Jurisdiction</u>	<u>Percent of Total Remaining Refund</u>	<u>Remaining Refund Amount</u>
Town	17.14%	\$ 16,454,400
School District	82.86%	79,545,600
Total Remaining Refund	100.00%	\$ 96,000,000

Such Remaining Refunds may be retained in whole by the Company or, at its option, directed to the Trust Account to satisfy its obligation to make Settlement Payments. Remaining Refunds shall be paid directly to the Company by each of the Town and the School District in the amount of its respective share.

Section 4.5 Tax Certification.

Upon receipt of the Refunds and Remaining Refunds in accordance with Sections 4.3 and 4.4, respectively, the Company shall certify to the Tax Jurisdictions that such refunds are received as taxable income to the Company in the year of receipt.

ARTICLE V
TRUST ACCOUNT

Section 5.1 Establishment of Trust Account.

The Town, School District, and County shall establish a trust account (the “**Trust Account**”) for the benefit of the Town and the School District. The County shall deposit any monies paid into the Trust Account in an interest-bearing account, with interest earned (for the account of the Town and the School District in their respective shares) at the County’s rate of investment return to increase the Trust Account balance; provided, however, that the School District share of the Trust Account shall be invested at such other yields as the School District may request, consistent with the County’s investment policy, in order to comply with tax covenants the School District has made or will make with respect to the School District’s tax-exempt bonds.

Section 5.2 Trust Account Funding.

The Company shall fund the Trust Account with Settlement Payments in the aggregate amount of \$ 96,000,000 for the account of the Town and the School District in the following percentages and amounts:

<u>Participating Tax Jurisdictions</u>	<u>Participation Percentage</u>	<u>Trust Contribution Amount</u>
Town	17.14%	\$ 16,454,400
School District	82.86%	79,545,600
Total	100.00%	\$ 96,000,000

Upon such funding, the Company, Mirant New York, and the reorganized Debtors shall have no further interest in the Trust Account.

The Settlement Order provides that all Remaining Refunds paid to the Company will remain free and clear of any liens, claims, or encumbrances, to include debtor-in-possession credit facilities or the creditors of reorganized Mirant Corporation and its subsidiaries, pending payment by the Company of the Remaining Refunds to the Trust Account.

Section 5.3 Trustee Payments.

The County, as Trustee of the Trust Account, shall make annual payments (“**Trustee Payments**”) to the Town and the School District in the following principal amounts:

<u>PILOT Year</u>	<u>Town Share</u> (17.14%)	<u>School District Share</u> (82.86%)	<u>Total Trustee Payments</u>
2005 Assessment Year	\$ 2,965,220	\$ 14,334,780	\$ 17,300,000
1	\$ 2,810,960	\$ 13,589,040	\$ 16,400,000
2	2,553,860	12,346,140	14,900,000
3	2,348,180	11,351,820	13,700,000
4	1,576,880	7,623,120	9,200,000
5	1,508,320	7,291,680	8,800,000
6	1,405,480	6,794,520	8,200,000
7	1,285,500	6,214,500	7,500,000

Payments for the 2005 Assessment Year shall be paid by the Trustee to the Town and the School District at the same time payments for PILOT Year 1 are made; provided, however, that such payments shall not be used for the purposes of Section 3.7. Any excess accrued interest in the Trust Account shall be the property of the Town and the School District and shall be remitted to the Town and the School District, in their respective shares, by the County, as Trustee of the Trust Account, at the time tax payments are due to each tax jurisdiction in the year immediately following expiration of this Agreement. Interest earned on the Trust Account and paid to the School District shall not be used for the purposes of Section 3.7.

ARTICLE VI

LIMITED OBLIGATION OF THE PARTIES

Section 6.1 No Recourse.

All obligations of the Parties contained in this Agreement shall be deemed to be the corporate obligations of the respective Parties and not obligations of any member, officer, official, agent, servant, employee, or affiliate of the Parties. No recourse upon any obligation contained in this Agreement, or otherwise based on or in respect of this Agreement, shall be had against any past, present, or future member, officer, official, agent, servant, employee, or affiliate of the Parties.

Section 6.2 Further Limitation.

Notwithstanding any provision of this Agreement to the contrary, the Tax Jurisdictions and the Agency shall not be obligated to take any action pursuant to any provision hereof unless the Tax Jurisdictions and the Agency shall have been requested to do so in writing by the Company.

Section 6.3 Indemnification.

a. The Company, to the fullest extent permitted by law, shall at all times defend, indemnify and hold the Agency, and any director, member, officer, employee, servant or agent thereof and persons under the control or supervision of the Agency (collectively, the **“Indemnified Parties”** and each an **“Indemnified Party”**) harmless of, from, and against any and all claims (whether in tort, contract, or otherwise), demands, expenses and liabilities for losses, damage, injury and liability of every kind and nature and however caused, and taxes (of any kind and by whomsoever imposed), with respect to each Indemnified Party, (other than, with respect to each Indemnified Party, losses arising from the willful misconduct of such Indemnified Party), resulting from, arising out of, or in connection with this PILOT Agreement, the Project Facility (including but not limited to the ownership, care, custody, control, maintenance, use and operation of the Project Facility), any of the Project Documents, and the related transaction, whether arising out of tort, contract or otherwise. Additionally, the Indemnified Parties shall have no liability whatsoever in the event that this Agreement, the Lease Agreement or any other Project Documents or the related transaction should be determined to be invalid or unenforceable in whole or in part.

b. In the event the Company fails to comply with the provisions of this Agreement, including but not limited to Section 6.3(a) and Mirant Corporation fails to honor its obligations under that certain Guarantee Agreement dated as of June 30, 2006 (the **“Guarantee Agreement”**), the County shall defend, indemnify and hold every director, member, officer, employee, servant or agent of the Agency and persons under the control or supervision of the Agency (collectively, the **“Indemnified Individuals”** and each an **“Indemnified Individual”**) harmless of, from, and against any and all claims (whether in tort, contract, or otherwise), demands, expenses and liabilities for losses, damage, injury and liability of every kind and nature and however caused, and provide for the defense of the Indemnified Individuals in any action or proceeding in any municipal, state or federal court, or in any administrative, arbitration, or any other proceeding, arising out of or in connection with this PILOT Agreement, the Project Facility (including but not limited to the ownership, care, custody, control, maintenance, use and operation of the Project Facility), any of the Project Documents, and the related transaction, whether arising out of tort, contract or otherwise.

c. In the event the Company fails to comply with the provisions of this Agreement, including but not limited to Section 6.3(a), the County shall assert any and all claims on behalf of the Indemnified Individuals resulting from or in connection with this PILOT Agreement, the Project Facility (including but not limited to the ownership, care, custody, control, maintenance, use and operation of the Project Facility), any of the Project Documents, and the related transaction, whether arising out of tort, contract or otherwise.

d. The County’s duty to defend set forth in Section 6.3(b) shall be conditioned upon the delivery to the County of a copy of any summons, complaint, process, notice of claim, written demand or pleading within five (5) business days after the Indemnified Individual’s receipt of same. The Agency shall cooperate with the County in connection with the defense of any such action or proceeding.

ARTICLE VII

NOTICES

All notices, demands, requests, consents, or other communications provided for or permitted to be given pursuant to this Agreement shall be in writing and shall be mailed, telecopied, or delivered to the Parties at the respective address set forth below:

a. If to the Town:

Town of Haverstraw
Town Hall
1 Rosman Road
Garnerville, New York 10923
Attention: Supervisor
Telephone No.: (845) 429-2200
Telecopy No.: (845) 429-4701

with copies to:

Whiteman, Osterman & Hanna, LLP
One Commerce Plaza
Albany, New York 12260
Attention: Jonathan P. Nye Michael Whiteman
Telephone No.: (518) 487-7600 (518) 487-7600
Telecopy No.: (518) 487-7777 (518) 487-7777

Town Attorney
1 Rosman Road
Garnerville, New York 10923
Attention: William Stein
Telephone No.: (845) 429-2200
Telecopy No.: (845) 429-4701

b. If to Haverstraw Village:

Village of Haverstraw
Village Hall
40 New Main Street
Haverstraw, New York 10927
Attention: Mayor
Telephone No.: (845) 429-0300
Telecopy No.: (845) 429-0353

with a copy to:

Village Attorney
40 New Main Street
Haverstraw, New York 10927
Attention: J. Nelson Hood, Sr.
Telephone No.: (845) 429-0300
Telecopy No.: (845) 429-0353

c. If to West Haverstraw Village:

Village of West Haverstraw
130 Samsondale Ave
West Haverstraw, New York 10993
Attention: Mayor
Telephone No.: (845) 947-2800
Telecopy No.: (845) 947-1560

with a copy to:

Village Attorney
130 Samsondale Ave
West Haverstraw, New York 10993
Attention: John S. Edwards
Telephone No.: (845) 947-2800
Telecopy No.: (845) 947-1560

d. If to the School District:

Haverstraw-Stony Point Central School District
65 Chapel Street
Garnerville, New York 10923
Attention: Superintendent
Telephone No.: (845) 942-3000
Telecopy No.: (845) 942-3175

with copies to:

Whiteman, Osterman & Hanna, LLP
One Commerce Plaza
Albany, New York 12260
Attention: Jonathan P. Nye Michael Whiteman
Telephone No.: (518) 487-7600 (518) 487-7600
Telecopy No.: (518) 487-7777 (518) 487-7777

Haverstraw-Stony Point Central School District
65 Chapel Street
Garnerville, New York 10923
Attention: Assistant Superintendent for Business
Telephone No.: (845) 942-3006
Telecopy No.: (845) 942-3026

e. If to the County:

County of Rockland
Allison Parris County Office Building
11 New Hempstead Road
New City, New York 10956
Attention: County Executive
Telephone No.: (845) 638-5122
Telecopy No.: (845) 638-5856

with copies to:

Office of the County Attorney
Allison Parris County Office Building
11 New Hempstead Road
New City, New York 10956
Attention: County Attorney
Telephone No.: (845) 638-5180
Telecopy No.: (845) 638-5676

County Finance Department
Sain Building
18 New Hempstead Road
New City, New York 10956
Attention: Chris Kopf
Telephone No.: (845) 638-5135
Telecopy No.: (845) 638-5644

f. If to the Agency:

County of Rockland Industrial Development Agency
One Blue Hill Plaza
P.O. Box 1575
Pearl River, New York 10965
Attention: Chairperson and Executive Director
Telephone No.: (845) 735-7040
Telecopy No.: (845) 735-5736

with a copy to:

Montalbano, Condon & Frank, P.C.
67 North Main Street, P.O. Box 1070
New City, New York 10956
Attention: Anthony Montalbano Sydell Green
Telephone No.: (845) 634-7010 (845) 634-7010
Telecopy No.: (845) 634-8993 (845) 634-8993

g. If to the Company:

Mirant Bowline, LLC
c/o Mirant New York, Inc.
8711 Westphalia Road
Upper Marlboro, Maryland 20774
Attention: President
Telephone No.: (301) 669-8047
Telecopy No.: (301) 669-8002

with copies to:

Hiscock & Barclay, LLP
One Park Place
300 South State Street, P.O. Box 4878
Syracuse, New York 13221
Attention: Peter H. Swartz Matthew S. Moses
Telephone No.: (315) 425-2792 (315) 425-2765
Telecopy No.: (315) 425-8592 (315) 425-8565

Mirant Corporation
1155 Perimeter Center West
Atlanta, Georgia 30338-5416
Attention: General Counsel
Telephone No.: (678) 579-5000
Telecopy No.: (678) 579-6767

Any such notices, demands, requests, consents, or other communications, if given to one Party, shall be given to all Parties. All such notices, demands, requests, consents, or other communications shall be deemed to have been duly given when transmitted by telecopy or personally delivered or, in the case of a mailed or overnight courier notice, upon receipt, in each case addressed as aforesaid. Each of the Parties may from time to time change its address for notices by written notice of such change to the other Parties given in accordance with this Section.

ARTICLE VIII

ASSIGNMENTS

Except for the right to receive Remaining Refunds, and except with respect to any Remaining Refunds held by the Company pending payment to the Trust Account or affecting the priority of the PILOT Mortgage, the Company may, without the consent of the Tax Jurisdictions or the Agency, transfer, assign, pledge, mortgage, hypothecate, or otherwise dispose of and encumber all or any of its rights, title, and interests in, to, and under this Agreement to any lender as security for the performance of its obligations under any loan agreement with such lender, to any affiliate (as such term is defined in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934), and to any purchaser of the Project Facility provided such affiliate or successor assumes and agrees to be bound by this Agreement and all Project Documents, and all payments under this Agreement are current. In such event, except in the case of Permitted Encumbrances, the Company will provide ninety (90) days' advance written notice to the Tax Jurisdictions and the Agency of such transfer, assignment, pledge, mortgage, hypothecation, disposal or encumbrance of all or any of its rights, title, and interests in, to, and under this Agreement. The Tax Jurisdictions and the Agency (at no cost to the Agency) agree to execute and deliver and to furnish such consents, documents, certificates, opinions of counsel, and other instruments and information which any lender may reasonably request as a condition to the financing or refinancing of the Project Facility.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State without giving effect to the conflict of laws principles thereof. All disputes arising out of or in connection with this Agreement shall be decided in the first instance by the Court, to the exclusion of all other courts, except that the Parties shall have all appeal rights allowed by State law. The entities executing this Agreement hereby submit to the jurisdiction of the Court for purposes of all such suits.

Section 9.2 Severability.

In the event that any of the provisions of this Agreement are held to be unenforceable or invalid by any court or regulatory authority of competent jurisdiction, the validity and enforceability of the remaining provisions shall not be affected. The Parties agree to renegotiate in good faith the unenforceable or invalid provision(s) in order to accomplish the goal and intent of this Agreement.

Section 9.3 Amendment.

This Agreement may not be amended except by an instrument in writing signed by the Parties hereto.

Section 9.4 Binding Effect.

This Agreement shall inure to the benefit of, and shall be binding upon, successive owners of the Project Facility, each of the Parties, and, as permitted by this Agreement, their respective successors and assigns.

Section 9.5 Execution in Counterpart.

This Agreement may be executed by the Parties hereto in several counterparts, and each such counterpart shall be deemed to be an original and all of which constitute together but one and the same agreement.

Section 9.6 Table of Contents and Section Headings Not Controlling.

The Table of Contents and the section headings in this 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 Agreement.

Section 9.7 Effective Date.

This Agreement shall be effective as of the Effective Date.

Section 9.8 Form of Payments.

The amounts payable under this Agreement shall be payable in such coin and currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

Section 9.9 Right to Contest Assessments.

In the event that, during the term hereof, assessments shall be placed on the Project Facility by the Town in amounts or in a manner inconsistent with Section 3.7 or Section 3.8 hereof, the Company will have the rights of an owner of taxable property to challenge any such assessments, including seeking judicial review of an assessment pursuant to Article 7 of the RPTL. In addition, the Company shall have the right to challenge assessments placed on the Project Facility for an assessment roll year not specifically covered by Section 3.1(d) hereof. No such challenge will modify the Company's obligations to make PILOT Payments under this Agreement, other than as may apply in the context of substantial damage to or destruction of the Project Facility. This provision shall not apply to assessments placed on any real property sold or transferred by the Company to a third party during the term of this Agreement.

Section 9.10 Change in Identification Numbers.

The change, amendment, increase, or decrease of the tax identification or parcel numbers currently used by the Town to identify or classify all or any part of the Project Facility shall not cause this Agreement to change.

Section 9.11 Revaluation.

The Town shall make diligent efforts to complete a town-wide revaluation of all properties no later than the 2006 assessment roll.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the day and year first above written.

TOWN OF HAVERSTRAW

By: _____
Howard T. Phillips, Jr.
Supervisor

VILLAGE OF HAVERSTRAW

By: _____
Francis J. Wassmer, Jr.
Mayor

VILLAGE OF WEST HAVERSTRAW

By: _____
Edward P. Zugibe
Mayor

**HAVERSTRAW-STONY POINT CENTRAL
SCHOOL DISTRICT**

By: _____
Dr. Dodge Watkins
Superintendent

COUNTY OF ROCKLAND

By: _____
C. Scott Vanderhoef
County Executive

**COUNTY OF ROCKLAND INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Eric Dranoff
Chairperson of the Board of Directors

MIRANT BOWLINE, LLC, a Delaware limited
liability company

By: Its Managing Member, Mirant New York,
Inc., a Delaware corporation

By: _____
Jeffrey R. Perry
President

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

On the _____ day of _____ in the year 2006, before me, the undersigned, personally appeared **HOWARD T. PHILLIPS, JR., Supervisor of the Town**, 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 he acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

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

On the _____ day of _____ in the year 2006, before me, the undersigned, personally appeared **FRANCIS J. WASSMER, JR., Mayor of Haverstraw Village**, 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 he acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

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

On the _____ day of _____ in the year 2006, before me, the undersigned, personally appeared **EDWARD P. ZUGIBE, Mayor of West Haverstraw Village**, 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 he acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

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

On the _____ day of _____ in the year 2006, before me, the undersigned, personally appeared **DR. DODGE WATKINS, Superintendent of the School District**, 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 he acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

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

On the _____ day of _____ in the year 2006, before me, the undersigned, personally appeared **C. SCOTT VANDERHOEF, County Executive of the County**, 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 he acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

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

On the _____ day of _____ in the year 2006, before me, the undersigned, personally appeared **ERIC DRANOFF, Chairperson of the Board of Directors of the 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 he acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

STATE OF NEW YORK)
) **SS.:**
COUNTY OF _____)

On the _____ day of _____ in the year 2006, before me, the undersigned, personally appeared **JEFFREY R. PERRY, President of the Company**, 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 he acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

EXHIBIT “A”

DESCRIPTION OF REAL PROPERTY

LEGAL DESCRIPTION ATTACHED HERETO.

Together with:

All articles of personal property, all machinery, apparatus, equipment, appliances, floor coverings, furniture, furnishings, supplies, materials, fittings and fixtures of every kind and nature whatsoever and all appurtenances acquired by the Company now or hereafter attached to, contained in or used or acquired in connection with the Project Facility or placed on any part thereof, though not attached thereto, including, but not limited to, pipes, screens, fixtures, heating, lighting, plumbing, ventilation, air conditioning, compacting and elevator plants, call systems, stoves, ranges, refrigerators and other lunch room facilities, rugs, movable partitions, cleaning equipment, maintenance equipment, shelving, flagpoles, signs, waste containers, outdoor benches, drapes, blinds and accessories, sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors, machinery; and together with any and all products of any of the above, all substitutions, replacements, additions or accessions therefor, and any and all cash proceeds or non-cash proceeds realized from the sale, transfer or conversion of any of the above.

And which is also known as the following tax parcels, as such tax parcels may be modified from time to time:

Tax Parcels Located in the Town of Haverstraw (outside of Haverstraw Village and West Haverstraw Village):

- 622.089-9999-134.200/1001 (formerly 600.00-277-1)
- 622.089-9999-134.200/1011 (formerly 600.00-277-2)
- 622.089-9999-134.200/1021 (formerly 600.00-277-3)
- 622.089-9999-134.200/1031 (formerly 600.00-277-4)
- 622.089-9999-134.200/1041 (formerly 600.00-277-5)
- 622.089-9999-134.200/1051 (formerly 600.00-277-6)
- 622.089-9999-134.200/1061 (formerly 600.00-277-7)
- 622.089-9999-134.200/2001 (formerly 600.00-333)
- 622.089-9999-134.200/2011 (formerly 600.00-334)
- 20.16-2-4
- 21.17-1-2
- 21.17-1-3
- 21.17-1-4
- 21.17-1-5
- 27.05-1-1
- 27.05-1-2

27.05-1-3
27.05-1-4
27.05-1-5

Tax Parcels Located in West Haverstraw Village

26.07-4-4
26.07-4-5
26.07-4-6
26.07-5-71
26.07-5-72
26.08-2-39
26.08-3-32
26.08-3-33
622.003-9999-134.200/1001 (formerly 600.00-324)
622.003-9999-134.200/2001 (formerly 600.00-325)
622.003-9999-134.200/2011 (formerly 600.00-330)

Tax Parcels Located in Haverstraw Village:

27.05-2-2
27.05-2-3
27.05-2-4
27.05-2-6
27.09-1-2
27.09-1-1

on the official tax maps of the Town, Haverstraw Village and West Haverstraw Village, as the case may be.

EXHIBIT “B”

RESOLUTIONS

The following resolutions are attached hereto:

- Town Authorizing Resolution, dated June __, 2006
- Haverstraw Village Authorizing Resolution, dated June __, 2006
- West Haverstraw Village Authorizing Resolution, dated June __, 2006
- School District Authorizing Resolution, dated June __, 2006
- County Authorizing Resolution, dated June __, 2006
- Agency Authorizing Resolution, dated May 16, 2006

EXHIBIT “C”

CHAPTER 163 OF THE NEW YORK LAWS OF 2005

SCHEDULE 2.2(g)

<u>Alleged Violation(s)</u>	<u>Status</u>
<p>NYSDEC issued an NOV asserting various violations of regulations relating to a major oil storage facility, secondary containment, compliance report, underground storage tanks and a small oil storage facility at the Project Facility. The NOV identified issues with labeling, maintenance and monitoring procedures and leak detection.</p>	<p>Company negotiating Consent Order with NYSDEC and/or AG.</p>
<p>Opacity.</p>	<p>Company negotiating Consent Order with NYSDEC and/or AG.</p>
<p>SPDES.</p>	<p>Company negotiating Consent Order with NYSDEC and/or AG.</p>
<p>In November 2001, the Company removed two underground oil storage tanks that had been used to collect oil recovered from the oil/water separators that are used for pretreatment of wastewater from the Project Facility. Contaminated soil was found during the removal of one of the tanks and was removed from the site. The Company is unable to confirm from documents at the Project Facility whether the spill was reported to the NYSDEC and County authorities. Consequently, the Company reported a potential non-reported spill to the NYSDEC on February 23, 2006.</p>	<p>Fully remediated. Company negotiating Consent Order with NYSDEC and/or AG.</p>
<p>Onshore Major Oil Storage Facility License expired March 31, 2006</p>	<p>Company has negotiated a Consent Order with NYSDEC which permits ongoing operations for 60 days pending license renewal.</p>