

SECOND AMENDMENT AND EXTENSION TO AGREEMENT FOR PAYMENTS IN LIEU OF TAXES

THIS SECOND AMENDMENT AND EXTENSION TO AGREEMENT FOR PAYMENTS IN LIEU OF TAXES is effective as of the 31st day of December, 2012 ("Second Amendment") by and between the COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, having its principal place of business located at One Cablevision Center, Ferndale, New York 12734 ("Agency" or "Issuer") and WEST DELAWARE HYDRO ASSOCIATES, L.P., a New York limited partnership, having its principal office located at c/o Brookfield Power, New York Hydro, 399 B Big Bay Road, Queensbury, New York 12804 ("Company") and as set forth herein amends and extends that certain Agreement for Payments in Lieu of Taxes, dated as of February 1, 1986 by and between the Issuer and the Company ("PILOT Agreement"), which was amended by that certain First Amendment to Agreement for Payments in Lieu of Taxes, dated as of December 31, 2007 by and between the Issuer and the Company ("First Amended PILOT" and together with the PILOT Agreement collectively, the "Agreement").

WITNESSTH:

WHEREAS, Title 1 of Article 18-A of the General Municipal Law of the State of New York ("Enabling Act") was duly enacted into law as Chapter 1030 of the Laws of 169 of the State of New York ("State"); and

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

WHEREAS, the Enabling Act further authorizes each such agency to lease any or all of its facilities at such rentals and on such other terms and conditions as it deems advisable; and

WHEREAS, the Issuer was created pursuant to and in connection with the provisions of the Enabling Act, Chapter 560 of the Laws of 1970 of the State (collectively referred to as the "Act") and is empowered under the Act to undertake the providing, financing and leasing of the facility described below; and

WHEREAS, the Issuer and the Company entered into that certain Installment Sale Agreement, dated as of October 1, 1987 by and between the Issuer and the Company ("ISA") pursuant to which the Issuer appointed the Company its agent to (i) acquire, construct, install and equip a hydroelectric generating facility ("Plant") on two (2) parcels of real estate consisting of

approximately 2.465± acres located in the Town of Neversink (“Town”), County of Sullivan, State (“Land”) as more particularly described on Schedule A attached hereto and made a part hereof; (ii) acquire and install thereon and therein certain fixtures, machinery, equipment and tools (“Equipment”), which Equipment is more particularly described in the ISA; (iii) construct improvements to the Plant, the Land and the Equipment (collectively, the Plant, the Land and the Equipment are referred to as the “Facility”); and (iv) finance a portion of the costs of the foregoing; and

WHEREAS, the Issuer took an interest in the Land in the form of an easement pursuant to that certain Indenture, made as of October 1, 1987 from the Company to the Issuer and sold its interest in the Facility to the Company in installments pursuant to the ISA; and

WHEREAS, on or about December 31, 2007, the Company and the Issuer entered into the First Amended Installment Sale Agreement (“First Amended ISA”) and the First Amended PILOT to clarify and extend the termination dates thereof for five (5) years; and

WHEREAS, the Town and the Company have jointly requested the IDA extend the termination date of the ISA and the PILOT Agreement; and

WHEREAS, the Agency, at the Company’s request, contemplates amending the ISA and PILOT Agreement to further extend the termination dates thereof.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual terms, conditions, limitations and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is mutually agreed as follows:

1. Extension of Term of PILOT Agreement. The Company and Issuer hereby extend the term of the PILOT Agreement for an additional ten (10) years commencing January 1, 2014 and ending December 31, 2023. To accomplish the foregoing, Section 6 of the PILOT Agreement is hereby amended to add the following:

“Section 6. DURATION OF AGREEMENT. This Agreement shall expire on the earlier of (i) termination of the Installment Sale Agreement in accordance with Articles X or XI thereof; or (ii) December 31, 2023.”

2. Payments in Lieu of Taxes. Section 2(B) of the PILOT Agreement is hereby amended to add the following:

“AMOUNT OF PAYMENTS IN LIEU OF TAXES. On or after, January 1, 2014, and on or after each January 1 thereafter during the extended term of this PILOT Agreement the Company shall pay the Agency a PILOT Payment as hereinafter specified:

Year	Payment Due Date	School Fiscal Year Beginning	County & Town	PILOT Payment
1	February 1, 2014	July 1, 2013	January 1, 2014	\$160,000
2	February 1, 2015	July 1, 2014	January 1, 2015	\$160,000
3	February 1, 2016	July 1, 2015	January 1, 2016	\$160,000
4	February 1, 2017	July 1, 2016	January 1, 2017	\$160,000
5	February 1, 2018	July 1, 2017	January 1, 2018	\$160,000
6	February 1, 2019	July 1, 2018	January 1, 2019	\$163,200
7	February 1, 2020	July 1, 2019	January 1, 2020	\$163,200
8	February 1, 2021	July 1, 2020	January 1, 2021	\$163,200
9	February 1, 2022	July 1, 2021	January 1, 2022	\$163,200
10	February 1, 2023	July 1, 2022	January 1, 2023	\$163,200

“

3. Integration. Except as herein amended, all other terms and conditions of the PILOT Agreement, as amended by the First Amended PILOT shall remain in full force and effect. If there shall be any conflict or inconsistency between the terms of this Second Amendment, the First Amended PILOT and the PILOT Agreement, the terms of this Second Amendment shall control.

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IN WITNESS WHEREOF, the Issuer and the Company have caused this Second Amendment to be executed in their respective names effective as of the date first above written.

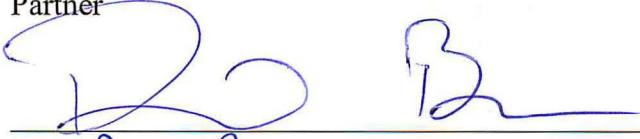
COUNTY OF SULLIVAN INDUSTRIAL
DEVELOPMENT AGENCY



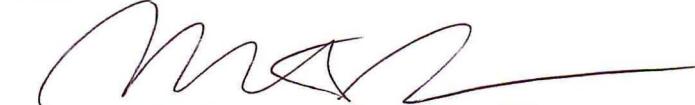
By: Allan C. Scott, Chief Executive Officer

WEST DELAWARE HYDRO ASSOCIATES, L.P.

By: Brookfield Power West Delaware GP LLC, its General
Partner



By: **DAVID BONO**
Title: **VICE PRESIDENT**



By: **MATT BERGER**
Title: **PRESIDENT**