

LAND LEASE AGREEMENT

This Land Lease Agreement ("Agreement"), made this 2nd day of July, 2002, between CHARLOTTE VALLEY CENTRAL SCHOOL DISTRICT with an address of 15611 State Highway 23, Davenport, New York 13750, hereinafter designated LESSOR and TOWN OF DAVENPORT WATER DISTRICT, with an address of P.O. Box 88, Davenport Center, New York 13751, hereinafter designated LESSEE. The LESSOR and LESSEE are at times collectively referred to hereinafter as the "Parties" or individually as the "Party".

1. PREMISES. LESSOR hereby leases to LESSEE a portion of that certain parcel of property (the entirety of LESSOR's property is referred to hereinafter as the "Property"), located at State Route 23, Town of Davenport, County of Delaware, State of New York, and being described as a 100± ft. by 100± ft. parcel containing 10,000± square feet (the "Building Land Space") and a parcel with a radius of 125± (the "Well Land Space"), together with the non-exclusive right (the "Rights of Way") for ingress and egress, seven (7) days a week twenty-four (24) hours a day, on foot or motor vehicle, including trucks over or along a twenty (20±) foot wide right-of-way extending from the nearest public right-of-way, State Route 23, to the Building Land Space and/or the Well Land Space, and a twenty-five (25±) foot easement for the installation and maintenance of utility and water lines under, or along one or more rights of way from the Building Land Space and/or Well Land Space as described herein in Exhibit "A" and a twenty-five (25±) foot easement for the installation and maintenance of utility and water lines under, or along one or more rights of way from the Building Land Space to State Route 23 (the "Utility Easements"), said Building Land Space, Well Land Space, Rights of Way and Utility Easements (hereinafter collectively referred to as the "Premises") being substantially as described herein in Exhibit "B" attached hereto and made a part hereof. The Property is also shown on the Tax Map of the Town of Davenport as Tax Map Parcel No. _____ and is further described in Deed Book ___ at Page ___ as recorded in the Office of the Delaware County Clerk.

In addition to the Well Land Space, LESSOR acknowledges and agrees that in accordance with the applicable laws regarding the location of wells for a public water supply, LESSEE, its successors, assigns and/or designees shall control the activities to be conducted within a 225± ft. radius of the well (the "Restricted Area"). No activity on the Restricted Area shall be conducted by LESSOR, its successors, assigns and/or designees without first obtaining the prior written consent of LESSOR, except, LESSOR, its successors, assigns and/or designees may maintain the Restricted Area by mowing the Restricted Area. LESSOR, its successors, assigns and/or designee shall be precluded from placing any type of chemical upon the Restricted Area.

LESSEE agrees to furnish and install separate electrical service (inclusive of a separate meter) to the site for its intended purpose, provided that such installation is permitted by the local utility company. In the event that the local utility company determines that separate electrical service is not permitted or it is determined by LESSEE that a separate service installation is an impracticable means of service, LESSEE agrees to furnish and install an electrical sub-meter at the Property for the measurement of electrical power used by the LESSEE's installation. LESSOR agrees to allow such installation by LESSEE and upon installation of an electrical sub-meter, LESSOR agrees to be responsible for reading the sub-meter on a quarterly basis and for providing LESSEE with an invoice which includes a copy of the electric invoice from utility and the sub-meter readings. LESSOR shall send its invoice to LESSEE at the address listed below. LESSEE agrees to promptly reimburse LESSOR for such electrical costs which shall not be construed to be rent. The Parties agree that LESSEE shall be relieved of its obligation to reimburse LESSOR for electrical usage which has not been properly invoiced and sent to LESSEE at the above address within one (1) year of the initial invoicing from the utility company to the LESSOR.

2. SURVEY. LESSOR also hereby grants to LESSEE the right to survey the Property and/or Premises, and said survey shall then become Exhibit "B" which shall be attached hereto and made a part hereof, and shall control in the event of boundary and access discrepancies between it and Exhibit "A". Cost for such work shall be borne by the LESSEE.

3. TERM. This Agreement shall be effective as of the date of execution by both Parties, provided, however, the initial term shall be for ninety nine (99) years and shall commence on the Commencement Date (as hereinafter defined) at which time rental payments shall commence and be due at a total annual rental equal to the cost of three (3) Equivalent Dwelling Units ("EDUs") for so long as the water district is supplying water to its residents. The Agreement shall commence on the first day of the month following the date LESSEE commences installation of the equipment on the Premises (the "Commencement Date"). The Parties acknowledge and agree that the length of the Agreement is subject to Education Law Section 403-a which requires the LESSOR to obtain the approval of the New York State Education Department every ten (10) years.

LESSEE agrees that LESSOR may connect to LESSEE's water main running along, under or in front of the Property and water usage shall be limited to the amount of water currently used by LESSOR. Any expansion of LESSOR's use will require the approval of LESSEE and may require the payment of an additional user fee to be determined in LESSEE'S sole discretion. LESSOR agrees that it will install and be responsible for all costs and construction of the distribution system from the point of delivery. LESSEE's sole responsibility is to provide a hub for a connection to the main. LESSOR agrees to obtain all necessary government approvals and comply with the conditions of approval and all regulations that are now applicable to or may become

applicable. The failure to do the above shall entitle LESSEE to immediately discontinue the supply of water hereunder. LESSOR agrees to comply with any water use law that the Town of Davenport.

The Parties acknowledge that residents of LESSOR's district approved the length of this Agreement by referendum on May 14, 2007.

4. USE; GOVERNMENTAL APPROVALS. LESSEE shall use the Premises for the purpose of constructing, maintaining, repairing and operating a well for public water supply and uses incidental thereto. A security fence consisting of chain link construction or similar but comparable construction or a small structure shall be placed around the well heads as set forth in Exhibit A. A security fence consisting of chain link construction or similar but comparable construction may be placed around the perimeter of the Proposed Building as set forth in Exhibit A. In the event that LESSEE is required to install a heating system in the Proposed Building, it shall not use any petroleum products as its source of fuel with the prior written consent of LESSOR. All improvements and equipment shall be at LESSEE's expense and their installation shall be at the discretion and option of LESSEE. LESSEE shall have the right to replace, repair, add or otherwise modify its utilities and/or equipment or any portion thereof, whether the improvements and equipment are specified or not on any exhibit attached hereto, during the Term. It is understood and agreed that LESSEE's ability to use the Premises is contingent upon its obtaining after the execution date of this Agreement all of the certificates, permits and other approvals (collectively the "Governmental Approvals") that may be required by any Federal, State or Local authorities as well as satisfactory soil boring tests which will permit LESSEE use of the Premises as set forth above. LESSOR shall cooperate with LESSEE in its effort to obtain such approvals and shall take no action which would adversely affect the status of the Property with respect to the proposed use thereof by LESSEE. In the event that (i) any of such applications for such Governmental Approvals should be finally rejected; (ii) any Governmental Approval issued to LESSEE is canceled, expires, lapses, or is otherwise withdrawn or terminated by governmental authority; (iii) LESSEE determines that such Governmental Approvals may not be obtained in a timely manner; (iv) LESSEE determines that any soil boring tests are unsatisfactory; (v) LESSEE determines that the Premises is no longer technically compatible for its use; or (vi) LESSEE, in its sole discretion, determines that it will be unable to use the Premises for its intended purposes, LESSEE shall have the right to terminate this Agreement. Notice of LESSEE's exercise of its right to terminate shall be given to LESSOR in writing by certified mail, return receipt requested, and shall be effective upon the mailing of such notice by LESSEE, or upon such later date as designated by LESSEE. All rentals paid to said termination date shall be retained by LESSOR. Upon such termination, this Agreement shall be of no further force or effect except to the extent of the representations, warranties and indemnities made by each Party to the other hereunder. Otherwise, the LESSEE shall have no further obligations for the payment of rent to LESSOR.

5. INDEMNIFICATION. Each Party shall indemnify and hold the other harmless against any claim of liability or loss from personal injury or property damage resulting from or arising out of the negligence or willful misconduct of the indemnifying Party, its employees, contractors or agents, except to the extent such claims or damages may be due to or caused by the negligence or willful misconduct of the other Party, or its employees, contractors or agents.

6. INSURANCE. LESSOR and LESSEE each agree that at its own cost and expense, each will maintain commercial general liability insurance with limits not less than \$1,000,000 for injury to or death of one or more persons in any one occurrence and \$500,000 for damage or destruction to property in any one occurrence. LESSOR and LESSEE each agree that it will include the other Party as an additional insured.

7. REMOVAL AT END OF TERM. LESSEE shall, upon expiration of the Term, or within ninety (90) days after any earlier termination of the Agreement, remove its improvements, equipment and all personal property and restore the Premises to its original condition, reasonable wear and tear and casualty damage excepted. LESSOR agrees and acknowledges that all of the equipment and personal property of LESSEE shall remain the personal property of LESSEE and LESSEE shall have the right to remove the same at any time during the Term, whether or not said items are considered fixtures and attachments to real property under applicable Laws.

8. QUIET ENJOYMENT. LESSOR covenants that LESSEE, on paying the rent and performing the covenants herein, shall peaceably and quietly have, hold and enjoy the Premises.

9. TITLE. LESSOR represents and warrants to LESSEE as of the execution date of this Agreement, and covenants during the Term that LESSOR is seized of good and sufficient title and interest to the Property and has full authority to enter into and execute this Agreement. LESSOR further covenants during the Term that there are no liens, judgments or impediments of title on the Property, or affecting LESSOR's title to the same and that there are no covenants, easements or restrictions which prevent or adversely affect the use or occupancy of the Premises by LESSEE as set forth above.

10. INTEGRATION. It is agreed and understood that this Agreement contains all agreements, promises and understandings between LESSOR and LESSEE and that no verbal or oral agreements, promises or understandings shall be binding upon either LESSOR or LESSEE in any dispute, controversy or proceeding at law, and any addition, variation or modification to this Agreement shall be void and ineffective unless made in writing signed by the Parties. In the event any provision of the Agreement is found to be invalid or unenforceable, such finding shall not affect the validity and enforceability of the remaining provisions of this Agreement. The failure of either Party to insist upon strict performance of any of the terms or conditions of this Agreement or to exercise any

of its rights under the Agreement shall not waive such rights and such Party shall have the right to enforce such rights at any time and take such action as may be lawful and authorized under this Agreement, in law or in equity.

11. GOVERNING LAW. This Agreement and the performance thereof shall be governed, interpreted, construed and regulated by the laws of the State in which the Property is located.

12. NOTICES. All notices hereunder must be in writing and shall be deemed validly given if sent by certified mail, return receipt requested or by commercial courier, provided the courier's regular business is delivery service and provided further that it guarantees delivery to the addressee by the end of the next business day following the courier's receipt from the sender, addressed as follows (or any other address that the Party to be notified may have designated to the sender by like notice):

LESSOR: **CHARLOTTE VALLEY CENTRAL SCHOOL DISTRICT**
 15611 State Highway 23
 Davenport, New York 13750
 Attention: Superintendent

LESSEE: **TOWN OF DAVENPORT WATER DISTRICT**
 P.O. Box 88
 Davenport Center, New York 13751
 Attention: Town Supervisor

Notice shall be effective upon actual receipt or refusal as shown on the receipt obtained pursuant to the foregoing.

13. SUCCESSORS AND ASSIGNMENT. This Agreement shall extend to and bind the heirs, personal representative, successors and assigns of the Parties hereto. This Agreement will run with the Property and bind any future owner and tenant of the property. This Agreement may not be assigned, in whole or in part, except, by written agreement of the parties hereto.

14. RECORDING. LESSOR agrees to execute a Memorandum of this Agreement which LESSEE may record with the appropriate recording officer. The date set forth in the Memorandum of Lease is for recording purposes only and bears no reference to commencement of either the Term or rent payments.

15. DEFAULT.

a. In the event there is a breach by LESSEE with respect to any of the provisions of this Agreement or its obligations under it, including the payment of rent,

LESSOR shall give LESSEE written notice of such breach. After receipt of such written notice, LESSEE shall have fifteen (15) days in which to cure any monetary breach and thirty (30) days in which to cure any non-monetary breach, provided LESSEE shall have such extended period as may be required beyond the thirty (30) days if the nature of the cure is such that it reasonably requires more than thirty (30) days and LESSEE commences the cure within the thirty (30) day period and thereafter continuously and diligently pursues the cure to completion. LESSOR may not maintain any action or effect any remedies for default against LESSEE unless and until LESSEE has failed to cure the breach within the time periods provided in this Paragraph.

b. In the event there is a breach by LESSOR with respect to any of the provisions of this Agreement or its obligations under it, LESSEE shall give LESSOR written notice of such breach. After receipt of such written notice, LESSOR shall have thirty (30) days in which to cure any such breach, provided LESSOR shall have such extended period as may be required beyond the thirty (30) days if the nature of the cure is such that it reasonably requires more than thirty (30) days and LESSOR commences the cure within the thirty (30) day period and thereafter continuously and diligently pursues the cure to completion. LESSEE may not maintain any action or effect any remedies for default against LESSOR unless and until LESSOR has failed to cure the breach within the time periods provided in this Paragraph. Notwithstanding the foregoing to the contrary, it shall be a default under this Agreement if LESSOR fails, within five (5) days after receipt of written notice of such breach, to perform an obligation required to be performed by LESSOR if the failure to perform such an obligation interferes with LESSEE's ability to conduct its business on the Property; provided, however, that if the nature of LESSOR's obligation is such that more than five (5) days after such notice is reasonably required for its performance, then it shall not be a default under this Agreement if performance is commenced within such five (5) day period and thereafter diligently pursued to completion.

16. REMEDIES. Upon a default, the non-defaulting Party may at its option (but without obligation to do so), perform the defaulting Party's duty or obligation on the defaulting Party's behalf, including but not limited to the obtaining of reasonably required insurance policies. The costs and expenses of any such performance by the non-defaulting Party shall be due and payable by the defaulting Party upon invoice therefor. In the event of a default by either Party with respect to a material provision of this Agreement, without limiting the non-defaulting Party in the exercise of any right or remedy which the non-defaulting Party may have by reason of such default, the non-defaulting Party may terminate the Agreement and/or pursue any remedy now or hereafter available to the non-defaulting Party under the laws or judicial decisions of the state in which the Premises are located; provided, however, LESSOR shall use reasonable efforts to mitigate its damages in connection with a default by LESSEE. If LESSEE so performs any of LESSOR's obligations hereunder, the full amount of the reasonable and actual cost and expense incurred by LESSEE shall immediately be owing

by LESSOR to LESSEE, and LESSOR shall pay to LESSEE upon demand the full undisputed amount thereof.

17. ENVIRONMENTAL.

a. LESSOR will be responsible for all obligations of compliance with any and all environmental and industrial hygiene laws, including any regulations, guidelines, standards, or policies of any governmental authorities regulating or imposing standards of liability or standards of conduct with regard to any environmental or industrial hygiene conditions or concerns as may now or at any time hereafter be in effect, that are or were in any way related to activity now conducted in, on, or in any way related to the Property, unless such conditions or concerns are caused by the specific activities of LESSEE in the Premises.

b. LESSOR shall hold LESSEE harmless and indemnify LESSEE from and assume all duties, responsibility and liability at LESSOR's sole cost and expense, for all duties, responsibilities, and liability (for payment of penalties, sanctions, forfeitures, losses, costs, or damages) and for responding to any action, notice, claim, order, summons, citation, directive, litigation, investigation or proceeding which is in any way related to: (i) failure to comply with any environmental or industrial hygiene law, including without limitation any regulations, guidelines, standards, or policies of any governmental authorities regulating or imposing standards of liability or standards of conduct with regard to any environmental or industrial hygiene concerns or conditions as may now or at any time hereafter be in effect, unless such non-compliance results from conditions caused by LESSEE; and (ii) any environmental or industrial hygiene conditions arising out of or in any way related to the condition of the Property or activities conducted thereon, unless such environmental conditions are caused by LESSEE.

18. CASUALTY. In the event of damage by fire or other casualty to the Premises that cannot reasonably be expected to be repaired within forty-five (45) days following same or, if the Property is damaged by fire or other casualty so that such damage may reasonably be expected to disrupt LESSEE's operations at the Premises for more than forty-five (45) days, then LESSEE may, at any time following such fire or other casualty, provided LESSOR has not completed the restoration required to permit LESSEE to resume its operation at the Premises, terminate this Agreement upon fifteen (15) days prior written notice to LESSOR. Any such notice of termination shall cause this Agreement to expire with the same force and effect as though the date set forth in such notice were the date originally set as the expiration date of this Agreement and the Parties shall make an appropriate adjustment, as of such termination date, with respect to payments due to the other under this Agreement. Notwithstanding the foregoing, the rent shall abate during the period of repair following such fire or other casualty in proportion to the degree to which LESSEE's use of the Premises is impaired.

19. CONDEMNATION. In the event of any condemnation of all or any portion of the Property, this Agreement shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever occurs first. If as a result of a partial condemnation of the Premises or Property, LESSEE, in LESSEE's sole discretion, is unable to use the Premises for the purposes intended hereunder, or if such condemnation may reasonably be expected to disrupt LESSEE's operations at the Premises for more than forty-five (45) days, LESSEE may, at LESSEE's option, to be exercised in writing within fifteen (15) days after LESSOR shall have given LESSEE written notice of such taking (or in the absence of such notice, within fifteen (15) days after the condemning authority shall have taken possession) terminate this Agreement as of the date the condemning authority takes such possession. LESSEE may on its own behalf make a claim in any condemnation proceeding involving the Premises for losses related to the equipment, conduits, fixtures, its relocation costs and its damages and losses (but not for the loss of its leasehold interest). Any such notice of termination shall cause this Agreement to expire with the same force and effect as though the date set forth in such notice were the date originally set as the expiration date of this Agreement and the Parties shall make an appropriate adjustment as of such termination date with respect to payments due to the other under this Agreement. If LESSEE does not terminate this Agreement in accordance with the foregoing, this Agreement shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in the same proportion as the rentable area of the Premises taken bears to the total rentable area of the Premises. In the event that this Agreement is not terminated by reason of such condemnation, LESSOR shall promptly repair any damage to the Premises caused by such condemning authority.

20. PARTIAL INVALIDITY/AUTHORITY. If any provision herein is invalid, it shall be considered deleted from this Agreement and shall not invalidate the remaining provisions of this Agreement. Each of the Parties hereto warrants to the other that the person or persons executing this Agreement on behalf of such Party has the full right, power and authority to enter into and execute this Agreement on such Party's behalf and that no consent from any other person or entity is necessary as a condition precedent to the legal effect of this Agreement.

21. APPLICABLE LAWS. During the Term, LESSOR shall maintain the Property in compliance with all applicable laws, rules, regulations, ordinances, directives, covenants, easements, zoning and land use regulations, and restrictions of record, permits, building codes, and the requirements of any applicable fire insurance underwriter or rating bureau, now in effect or which may hereafter come into effect (including, without limitation, the Americans with Disabilities Act and laws regulating hazardous substances) (collectively "Laws"). LESSEE shall, in respect to the condition of the Premises and at LESSEE's sole cost and expense, comply with (a) all Laws relating solely to LESSEE's specific and unique nature of use of the Premises (other than

general office use); and (b) all building codes requiring modifications to the Premises due to the improvements being made by LESSEE in the Premises.

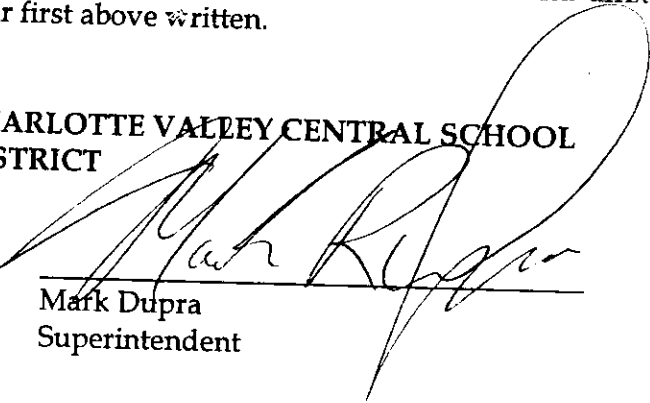
22. SURVIVAL. The provisions of the Agreement relating to indemnification from one Party to the other Party shall survive any termination or expiration of this Agreement. Additionally, any provisions of this Agreement which require performance subsequent to the termination or expiration of this Agreement shall also survive such termination or expiration.

23. CAPTIONS. The captions contained in this Agreement are inserted for convenience only and are not intended to be part of the Agreement. They shall not affect or be utilized in the construction or interpretation of the Agreement.

IN WITNESS WHEREOF, the Parties hereto have set their hands and affixed their respective seals the day and year first above written.

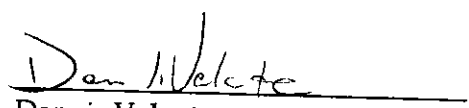
LESSOR: CHARLOTTE VALLEY CENTRAL SCHOOL DISTRICT

By:


Mark Dupra
Superintendent

LESSEE: TOWN OF DAVENPORT WATER DISTRICT

BY:


Dennis Valente
Supervisor, Town of Davenport

ACKNOWLEDGEMENTS

STATE OF NEW YORK)
)ss.:
COUNTY OF Delaware)

On the 2nd day of July, 2008 before me, the undersigned, personally appeared **Mark Dupra**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument, and that such individual made such appearance before the undersigned in the Town of Davenport, County of Delaware, State of New York.

Barbara Jean Govern
Notary Public

BARBARA JEAN GOVERN
Notary Public, State of New York
Qualified in Delaware County
No. 4663436
Commission Expires March 30, 2011

STATE OF NEW YORK)
)ss.:
COUNTY OF Delaware)

On the 2nd day of July, 2008, before me, the undersigned, personally appeared **Dennis Valente** personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument, and that such individual made such appearance before the undersigned in the Town of Davenport, County of Delaware, State of New York.

Barbara Jean Govern
Notary Public

BARBARA JEAN GOVERN
Notary Public, State of New York
Qualified in Delaware County
No. 4663436
Commission Expires March 2011