

CAITHNESS LONG ISLAND, LLC
and
TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

Town of Brookhaven Industrial Development Agency
(Caithness Long Island, LLC 2007 Facility)

Dated as of February 1, 2007

Town of Brookhaven, South Country Central School District and Suffolk County

Section:	777	777	777	777	777
Block:	01	01	07	02	02
Lots:	026.000	028.005	001.001	002.000	001.000

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

THIS AGREEMENT, dated as of February 1, 2007, is by and between CAITHNESS LONG ISLAND, LLC, a limited liability corporation duly organized and validly existing under the laws of the State of Delaware and authorized to do business in the State of New York, having its principal office at c/o Caithness Corporation, 565 Fifth Avenue, 29th Floor, New York, New York 10017 (the "Company") and TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY, an industrial development agency and a public benefit corporation of the State of New York, having its principal office at 1 Independence Hill, 3rd Floor, Farmingville New York 11738 (the "Agency).

W I T N E S S E T H:

WHEREAS, the Agency was created by Chapter 358 of the Laws of 1970 of the State of New York, as amended, pursuant to Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended (collectively, the "Act"); and

WHEREAS, the Agency has agreed to acquire a leasehold interest in certain real property located on an approximately 55 acre parcel of land (the "Land") located north of Horseblock Road, south of the Long Island Expressway, west of Patchogue Yaphank Road, East of Old Dock Road, south of the Long Island Rail Road (Main Branch) at the northern terminus of Zorn Boulevard in the Town of Brookhaven, Suffolk County, New York (more specifically known as S.C. tax map numbers Section 777, Block 1, Lots 026.000 and 028.005, Section 777, Block 2, Lots 001.000 and 002.000 and Section 777, Block 7, Lot 001.001), Town of Brookhaven, Suffolk County, New York, together with certain access and operations and use rights over the Easement Areas (as defined in the Lease Agreement, defined below), all as more particularly described in Exhibit A attached hereto (the "Site"), and to acquire, construct, install and equip a certain industrial development facility thereon (the "Facility"), more particularly described in the Lease Agreement, dated as of February 1, 2007 (the "Lease Agreement"), by and between the Agency and the Company; and

WHEREAS, the Agency has agreed to acquire a leasehold interest in the Site pursuant to the terms of a Ground Lease Agreement, dated as of February 1, 2007 (the "Ground Lease Agreement"), between the Company, as lessor, and the Agency, as lessee and will sublease the Site and lease the Equipment and Improvements to the Company pursuant to the Lease Agreement such that a leasehold interest in the Site and title to the Equipment and Improvements will remain in the Agency throughout the Lease Term (as such term is defined in the Lease Agreement); and

WHEREAS, pursuant to Section 874(1) of the Act, the Agency is exempt from the payment of taxes and assessments imposed upon real property owned or controlled by it, other than special ad valorem levies, special assessments and service charges against real property located in the Town of Brookhaven, which are or may be imposed for special improvements or special district improvements; and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into an agreement making provision for payments in lieu of taxes and such assessments by the Company to the Town of Brookhaven, Suffolk County, South Country Central School

District and appropriate special districts (hereinafter the "Taxing Authorities") in which any part of the Facility is or is to be located;

NOW, THEREFORE, in consideration of the foregoing and in consideration of the covenants herein contained, it is mutually agreed as follows:

1. (a) As long as the Lease Agreement is in effect, the Company agrees to make payments in lieu of all real estate taxes and assessments (in addition to paying all special ad valorem levies, special assessments and service charges against real property located in the Town of Brookhaven which are or may be imposed for special improvements or special district improvements) which would be levied upon or with respect to the Facility if the Facility were owned by the Company and not by the Agency (the "Taxes on the Facility"). The amounts of such payments and method for calculation are set forth herein.

(b) Commencing on or before January 10, 2008 in connection with the 2007/2008 Tax Year, and continuing thereafter on or before each subsequent January 10th in connection with each subsequent Tax Year, the Company shall pay to the Town of Brookhaven Receiver of Taxes for the account of the Agency, the annual payments as provided for on Exhibit B attached hereto as payments in lieu of taxes and assessments which would be levied upon the Facility by the respective Taxing Authority. The Company shall pay, or cause to be paid, the amounts set forth in this paragraph 1(b), without the need for the receipt by the Company of tax bills from the Agency or the Taxing Authorities, as the case may be. Payments shall be made directly to the Town of Brookhaven Receiver of Taxes for the account of the Agency. Payments made after the due date(s) as set forth in the applicable tax bills shall accrue interest (and penalties) at the rates applicable to late payments of taxes for the respective Taxing Authorities and as further provided in the General Municipal Law, including Section 874(5) thereof, which currently provides for an initial penalty of five percent (5%) of the amount due and an additional penalty of one percent (1%) per month on payments more than one month delinquent

(c) In the event that the Lease Agreement has been terminated by the Agency or the Company prior to the scheduled termination date thereof of November 2029, this PILOT Agreement shall terminate and the Company shall pay all due and unpaid amounts hereunder from and through the Tax Year in which the PILOT Agreement and Lease Agreement have been terminated.

(d) During the term of this Agreement, the Company shall continue to pay all special ad valorem levies, special assessments and service charges levied against the Facility for special improvements or special district improvements.

(e) In the event that any structural addition shall be made to the building or buildings included in the Facility subsequent to the "Completion Date" (as such term is defined in the Lease Agreement), or any additional building or improvement shall be constructed on the real property described on Exhibit A hereto (such structural additions, buildings and improvements being referred to hereinafter as "Additional Facilities"), the Company agrees to make additional payments in lieu of taxes to the Taxing Authorities in amounts equal to the product of the then current ad valorem tax rates which would be levied upon or with respect to the Additional Facilities by the Taxing Authorities if the Additional Facilities were owned by the Company and not the Agency times the assessment or

assessments established for that tax year by the Town of Brookhaven. All other provisions of this Agreement shall apply to this obligation for additional payments.

2. In the event that title to the Facility or any part thereof is transferred from the Agency to the Company at such time in reference to any taxable status date as to make it impossible to place such Facility or part thereof on the tax rolls of Suffolk County, Town of Brookhaven, South Country Central School District, or appropriate special districts, as the case may be, by such taxable status date, the Company, hereby agrees to pay at the first time taxes or assessments are due following the taxable status date on which such Facility or part thereof is placed on the tax rolls, an amount equal to the taxes or assessments which would have been levied on such Facility or part thereof had it been on the tax rolls from the time the Company took title until the date of the tax rolls following the taxable status date as of which such Facility or part thereof is placed on the tax rolls. There shall be deducted from such amount any amounts previously paid pursuant to this Agreement by the Company to the Agency or the Town of Brookhaven Receiver of Taxes for the benefit of the respective Taxing Authorities relating to any period of time after the date of transfer of title to the Company. The provisions of this paragraph 2 shall survive the termination or expiration of the Lease Agreement. Any rights the Company may have against its designees are separate and apart from the terms of this paragraph 2 and shall survive any transfer from the Agency to the Company.

3. In the event the Facility or any part thereof is declared to be subject to taxation for taxes or assessments by an amendment to the Act or other legislative change or by a final judgment of a court of competent jurisdiction, the obligations of the Company hereunder shall, to such extent, be null and void.

4. In the event the Company shall enter into a subsequent payment-in-lieu-of-tax agreement or agreements with respect to the Taxes on the Facility directly with any or all Taxing Authorities in the jurisdiction of which the Facility is located, the obligations of the Company hereunder, which are inconsistent with such future agreement or agreements, shall be superseded and shall, to such extent, be null and void.

5. (a) As long as this Agreement is in effect, the Agency and the Company agree that (i) the Company shall be deemed to be the equitable owner of the Facility and of the Additional Facilities, and commencing with the 2028/2029 Tax Year the Company shall have the right to institute, judicial review of an assessment of the real estate with respect to the Facility pursuant to the provisions of Article 7 of the Real Property Tax Law or any other applicable law, as the same may be amended from time to time, and (ii) the Agency shall request the Assessor of the Town of Brookhaven, or any other assessor having jurisdiction to assess the Facility, to take into consideration the value of surrounding properties of like character when assessing the Facility. Notwithstanding the foregoing, in the event that the assessment of the real estate with respect to the Facility is reduced as a result of any such judicial review, the Company shall not be entitled to receive a refund or refunds of any payments in lieu of taxes already paid under this Agreement or a credit against or a reduction of the payments as provided for in Exhibit B attached hereto to be paid by the Company under this Agreement. In no event shall the Agency be required to remit to the Company, or any Taxing Authority, any moneys otherwise due as a result of a reduction in the assessment of the Facility (or any part thereof) due to a certiorari review. The Company hereby agrees that they will notify the Agency if the Company shall have requested a reassessment of the

Facility or a reduction in the taxes on the Facility or have instituted any tax certiorari proceedings with respect to the Facility. The Company shall deliver copies of all notices, correspondence, claims, actions and/or proceedings brought by or against the Company in connection with any reassessment of the Facility, reduction of taxes with respect to the Facility, or any tax certiorari proceedings with respect to the Facility.

(b) Commencing with the first assessment of any Additional Facilities, the Company shall have the right to institute, judicial review of an assessment of the real estate with respect to the Additional Facilities pursuant to the provisions of Article 7 of the Real Property Tax Law or any other applicable law, as the same may be amended from time to time, and the Company may request the Assessor of the Town of Brookhaven, or any other assessor having jurisdiction to assess the Additional Facilities, to take into consideration the value of surrounding properties of like character when assessing the Additional Facilities. In the event that the assessment of the real estate with respect to the Additional Facilities is reduced as a result of any such judicial review, and only to the extent that the Agency receives a refund from the taxing jurisdictions in connection with the Additional Facilities, such refund to the extent so received by the Agency shall be paid to the Company from the Agency. In no event shall the Agency be required to remit to the Company, or any Taxing Authority, any moneys otherwise due as a result of a reduction in the assessment of the Additional Facilities (or any part thereof) due to a certiorari review, unless such moneys are actually received by the Agency. The Company hereby agrees that they will notify the Agency if the Company shall have requested a reassessment of the Additional Facilities or a reduction in the taxes on the Additional Facilities or have instituted any tax certiorari proceedings with respect to the Additional Facilities. The Company shall deliver copies of all notices, correspondence, claims, actions and/or proceedings brought by or against the Company in connection with any reassessment of the Additional Facilities, reduction of taxes with respect to the Additional Facilities, or any tax certiorari proceedings with respect to the Additional Facilities.

6. The Company, in recognition of the benefits provided under the terms of this Agreement, and for as long as the Lease Agreement is in effect, expressly waives any rights it may have for any exemption under Section 485 or 485-b of the Real Property Tax Law or any other exemption under any other law or regulation (except, however, for the exemption provided by Title 1 of Article 18-A of the General Municipal Law) with respect to the Facility. The Company, however, reserves any such rights with respect to all special ad valorem levies, special assessments and service charges levied against the Facility as referred to in paragraph 1(d) and the Additional Facilities as referred to in Paragraph 1(e) and with respect to the assessment and/or exemption of the Additional Facilities.

7. Except as otherwise provided herein, any notice required to be given by or under this Agreement shall be deemed to have been duly given when delivered and, if delivered by mail, shall be sent by certified mail, postage prepaid, return receipt requested, addressed to the respective parties hereto at their respective addresses specified below or such other addresses as either party may specify in writing to the other:

To the Agency:

Town of Brookhaven Industrial Development Agency
1 Independence Hill, 3rd Floor
Farmingville, New York 11738
Attention: Chief Executive Officer

To the Company:

Caithness Long Island, LLC
c/o Caithness Corporation
565 Fifth Avenue, 29th Floor
New York, New York 10017
Attention: Ross D. Ain, Senior Vice President

Notice by mail shall be effective when delivered but if not yet delivered shall be deemed effective at 12:00 p.m. on the third business day after mailing.

8. Failure by the Agency in any instance to insist upon the strict performance of any one or more of the obligations of the Company under this Agreement, or to exercise any election herein contained, shall in no manner be or be deemed to be a waiver by the Agency of any of the Company's defaults or breaches hereunder or of any of the rights and remedies of the Agency by reason of such defaults or breaches, or a waiver or relinquishment of any or all of the Company's obligations hereunder. No waiver, amendment, release or modification of this Agreement shall be established by conduct, custom or course of dealing. Further, no payment by the Company or receipt by the Agency of a lesser amount than or different manner from the correct amount or manner of payment due hereunder shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed to effect or evidence an accord and satisfaction, and the Agency may accept any checks or payments as made without prejudice to the right to recover the balance or pursue any other remedy in this Agreement or otherwise provided at law or in equity.

9. This Agreement shall become effective as of the first taxable status dates of the Town of Brookhaven, after the date the Agency acquires title to the Facility, i.e., March 1, 2007. All taxes, assessments, special assessments, service charges, special ad valorem levies, or similar tax equivalents due or to become due based upon prior taxable status dates shall be paid by the Company when due. Upon termination of the Lease Agreement and/or reconveyance of title to the Facility to the Company, this Agreement shall terminate.

10. Whenever the Company fails to comply with any provision of this Agreement, the Agency may, but shall not be obligated to, take whatever action at law or in equity may appear necessary or desirable to collect the amount then in default or to enforce the performance and observance of the obligations, agreements and covenants of the Company under this Agreement. The Agency agrees to notify the Company in writing of any failure by the Company to comply with any provision of this Agreement within thirty (30) business days after the Agency becomes aware of such failure and shall provide the Company with the

opportunity to cure such failure within thirty (30) days after receipt by the Company of such notice.

11. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

12. The Company agrees to hold the Agency harmless from and against any liability arising from any default by the Company in performing its obligations hereunder or any expense incurred under this Agreement, including any expenses of the Agency, including without limitation reasonable attorneys' fees.

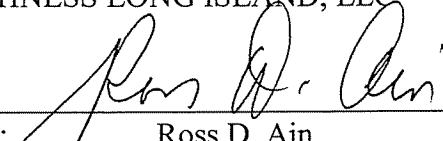
13. This Agreement may be modified only by written instrument duly executed by the parties hereto.

14. This Agreement shall be binding upon and inure to the benefit of the parties, their respective successors, heirs, distributees and assigns.

15. If any provision of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such provision so adjudged invalid, illegal or unenforceable shall be deemed separate, distinct and independent and the remainder of this Agreement shall be and remain in full force and effect and shall not be invalidated or rendered illegal or unenforceable or otherwise affected by such holding or adjudication.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

CAITHNESS LONG ISLAND, LLC

By: 
Name: Ross D. Ain
Title: Senior Vice President

TOWN OF BROOKHAVEN INDUSTRIAL
DEVELOPMENT AGENCY

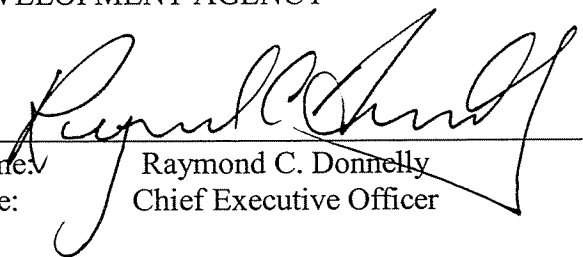
By: 
Name: Raymond C. Donnelly
Title: Chief Executive Officer

EXHIBIT A
LEGAL DESCRIPTION
EXHIBIT A – PART I

UNIT DESCRIPTION:

ALL that certain plot, piece or parcel of land, situate, lying and being in the Town of Brookhaven, County of Suffolk and State of New York, bounded and described as follows:

BEGINNING at a point on the northerly terminus of Zorn Boulevard as shown on the Map of Zorn Industrial Park Section 1 filed July 9, 1999 as Map Number 10306 said point of beginning also being distant 2,334.78 feet northerly as measured along the easterly side of Zorn Boulevard from its intersection with the northerly side of Horseblock Road (CR 16) as widened;

THENCE North 82 degrees 03 minutes 21 seconds West, 377.01 feet to a point on the easterly line of land shown as Map of Sills Industrial Park Section Two, Map No. 8227;

THENCE along the easterly line of said last mentioned map and part of the easterly line of Map of Sills Industrial Park Section One, Map No. 7762, North 07 degrees 56 minutes 39 seconds East, 2,299.17 feet;

THENCE South 82 degrees 03 minutes 21 seconds East, 651.02 feet to a point;

THENCE partially along the westerly side of lands now or formerly of Esposito, now or formerly of Celi Land LLC, south 07 degrees 45 minutes 07 seconds West, 727.06 feet to the southerly side of said land;

THENCE along the southerly side of said last mentioned land south 82 degrees 14 minutes 53 seconds east 660 feet to the westerly side of lands now or formerly of Lake Wildwood Properties;

THENCE along said last mentioned land south 07 degrees 45 minutes 07 seconds west 1320 feet to a point on the northerly side of lands now or formerly of Island Motor Cross of New York Inc.;

THENCE along said last mentioned land north 82 degrees 14 minutes 53 seconds west 660.00 feet to a point;

THENCE along the westerly line of said last mentioned land south 07 degrees 45 minutes 07 seconds west 331.33 feet to a point on the north side of lot 20 on Map of Zorn Industrial Park, Map No. 10306;

THENCE along the said northerly lot line north 82 degrees 05 minutes 00 seconds west 281.99 feet to a point on the easterly side of Zorn Boulevard as shown on said map;

THENCE along the easterly side of Zorn Boulevard north 07 degrees 56 minutes 39 seconds east 79.34 feet to the point or place of BEGINNING

Excepting certain parcels shown as lots 274 through 280 inclusive Block 10 as shown on the Map of the Want A Home Realty and Improvement Co. filed September 22, 1910 as Map Number 485.

Being designated on the Suffolk County Tax Map as Numbers:

District	County Section	Tax Block	Map # Lot
0200	777	1	26
0200	777	1	28.5
0200	777	7	1.1
0200	777	2	1
0200	777	2	2

EXHIBIT B

Formula for In-Lieu-of-Taxes Payment: Town of Brookhaven (including any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is wholly or partially located), Longwood Central and South Country Central School Districts, Suffolk County and Appropriate Special Districts

Commencing on or before January 10, 2008 with respect to the 2007/2008 Tax Year and continuing on or before each January 10th thereafter with each subsequent Tax Year, the Company shall pay as payments in lieu of taxes assessments pursuant to Section 1(b) of this Agreement and the payments set forth in the following table:

<u>Year</u>	<u>Tax Year</u>	<u>Payment</u>
1.	2007/2008	\$1,638,000
2.	2008/2009	4,500,000
3.	2009/2010	5,000,000
4.	2010/2011	6,200,000
5.	2011/2012	6,200,000
6.	2012/2013	6,200,000
7.	2013/2014	9,670,195
8.	2014/2015	9,670,195
9.	2015/2016	9,670,195
10.	2016/2017	9,670,195
11.	2017/2018	9,670,195
12.	2018/2019	9,670,195
13.	2019/2020	9,670,195
14.	2020/2021	9,670,195
15.	2021/2022	9,670,195
16.	2022/2023	9,670,195
17.	2023/2024	9,670,195
18.	2024/2025	9,670,195
19.	2025/2026	9,670,195
20.	2026/2027	9,670,195
21.	2027/2028	9,670,195
22.	2028/2029	9,670,195
23.	2029/2030 and thereafter	100% of full taxes and assessments on the Facility



NIXON PEABODY LLP
ATTORNEYS AT LAW

50 Jericho Quadrangle
Suite 300
Jericho, New York 11753-2728
(516) 832-7500
Fax: (516) 832-7555

March 1, 2007

BY HAND DELIVERY

James Ryan
Sole Assessor
Town of Brookhaven
One Independence Hill
Farmingville, New York 11738

RE: Town of Brookhaven Industrial Development Agency
(Caithness Long Island, LLC 2007 Facility)

Dear Mr. Ryan:

Enclosed please find a completed Form RP 412-a Application for Real Property Tax Exemption that we are submitting on behalf of the Town of Brookhaven Industrial Development Agency (the "Agency") with respect to the above-referenced transaction, which closed on February 26, 2007. Also enclosed are copies of:

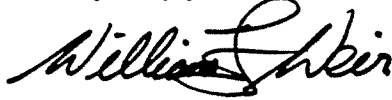
1. Payment-in-Lieu-of-Tax Agreement, dated as of February 1, 2007 (the "PILOT Agreement"), between Caithness Long Island, LLC (the "Company") and the Agency;
2. Ground Lease Agreement, dated as of February 1, 2007 (the "Ground Lease Agreement"), between the Company, as lessor, and the Agency, as lessee, whereby the Company leases the Site (as defined therein) to the Agency;
3. Bargain and Sale Deed, dated February 26, 2007 (the "Deed"), from the Company to the Agency, whereby the Company transfers title to the Improvements and Equipment (as defined in the Lease Agreement); and
4. Lease Agreement, dated as of February 1, 2007 (the "Lease Agreement"), between the Agency, as lessor, and the Company, as lessee, whereby the Agency subleases the Site and leases the Improvements and Equipment (as defined therein) to the Company.

NIXON PEABODY LLP

James Ryan
March 1, 2007
Page 2

Please note that the Deed, a Memorandum of Ground Lease Agreement and a Memorandum of Lease Agreement have been delivered to the Suffolk County Clerk's Office for recording. Feel free to contact me should you have any questions. Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Weir", with a stylized flourish at the end.

William F. Weir

WFW:dh
Enclosures

cc: Distribution List (w/enclosures)

Distribution List

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Hon. Steve Levy
Suffolk County Executive
County of Suffolk
100 Veterans Memorial Highway
P.O. Box 6100
Hauppauge, New York 11788

Hon. Brian X. Foley
Town Supervisor
Town of Brookhaven
One Independence Hill
Farmingville, New York 11738

Dr. Susan A. Agruso
Superintendent of Schools
South Country Central School District
189 Dunton Avenue
East Patchogue, New York 11772

FIRST CLASS MAIL

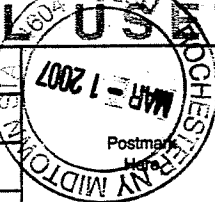
Annette Eaderesto, Esq.
Town Attorney
Town of Brookhaven
One Independence Hill, 3rd Floor
Farmingville, New York 11738

7004 1350 0004 5809 6482

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
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For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$ 4.05	
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)	1.85	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 8.20	

Postman Here: DHNDW JK (070236/603)

Sent To: Hon. Brian X. Foley
 Town Supervisor
 Street, Apt. No. or PO Box No.: 104 Independence Hill
 City, State, ZIP+4: Farmingville, NY 11738

PS Form 3800, June 2002

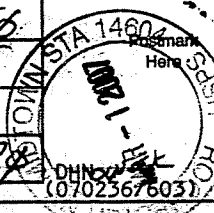
See Reverse for Instructions

7004 1350 0004 5809 6499

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Certified Fee	2.40	
Return Receipt Fee (Endorsement Required)	1.85	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 8.30	

Postman Here: DHNDW JK (070236/603)

Sent To: Suffolk County Executive
 County of Suffolk
 Street, Apt. No. or PO Box No.: 100 Veterans Memorial Highway
 City, State, ZIP+4: Hauppauge, NY 11788

PS Form 3800, June 2002

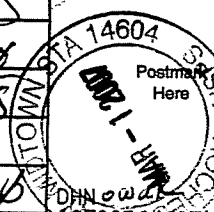
See Reverse for Instructions

7004 1350 0004 5809 6505

U.S. Postal Service™
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OFFICIAL USE

Postage	\$ 4.05	
Certified Fee	2.40	
Return Receipt Fee (Endorsement Required)	1.85	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 8.30	

Postman Here: DHNDW JK (070236/603)

Sent To: Dr. Susan A. Agruso
 Superintendent of Schools
 Street, Apt. No. or PO Box No.: South Country Central School District
 City, State, ZIP+4: 189 Dunton Avenue
 East Patchogue, NY 11772

PS Form 3800, June 2002

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Hon. Brian X. Foley
Town Supervisor
Town of Brookhaven
One Independence Hill
Farmingville, NY 11738

(070236/603)

2. Article Number

(Transfer from service label)

7004 1350 0004 5809 6482

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

MAR - 5 2007

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☒ No

3. Service Type

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

4. Restricted Delivery? (Extra Fee)

☐ Yes**SENDER: COMPLETE THIS SECTION**

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

1. Article Addressed to:

Hon. Steve Levy
Suffolk County Executive
County of Suffolk
H. Lee Dennison Building
100 Veterans Memorial Highway
Hauppauge, NY 11788

(070236/603)

2. Article Number

(Transfer from service label)

7004 1350 0004 5809 6499

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☒ No

3. Service Type

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

4. Restricted Delivery? (Extra Fee)

☐ Yes**SENDER: COMPLETE THIS SECTION**

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

1. Article Addressed to:

Dr. Susan A. Agruso
Superintendent of Schools
South Country Central School District
189 Dunton Avenue
East Patchogue, NY 11772

(070236/603)

2. Article Number

(Transfer from service label)

7004 1350 0004 5809 6505

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540



NYS BOARD OF REAL PROPERTY SERVICES

RP-412-a (1/95)

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

1. **INDUSTRIAL DEVELOPMENT AGENCY (IDA)**

Name Town of Brookhaven Industrial Development Agency
Street 1 Independence Hill, 3rd Floor
City Farmingville
Telephone no. Day (631) 451-6563
Evening () _____
Contact Raymond C. Donnelly
Title Chief Executive Officer

2. **OCCUPANT (IF OTHER THAN IDA)**
(If more than one occupant attach separate listing)

Name Caithness Long Island, LLC
Street c/o Caithness Corporation, 565 Fifth Ave., 29th Floor
City New York, New York 10017
Telephone no. Day (212) 921-9099
Evening () _____
Contact Ross D. Ain
Title Senior Vice President

3. **DESCRIPTION OF PARCEL**

- a. Assessment roll description (tax map no./roll year)
See Attached Schedule of Tax Map Information
- b. Street address Northern Terminus of Zom Blvd., Yaphank
- c. City, Town or Village Town of Brookhaven

- d. School District South Country Central School District
- e. County Suffolk
- f. Current assessment _____
- g. Deed to IDA (date recorded; liber and page)
Deed Dated 02/26/07 Liber & Page unavailable

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

- a. Brief description (include property use)
The acquisition, construction and equipping of four (4) buildings on the described land totaling approximately 22,000 square feet and the acquisition and installation of certain equipment for use as an electric generating facility
- b. Type of construction unavailable
- c. Square footage app 22,000
- d. Total cost app. \$450,000,000
- e. Date construction commenced unavailable
- f. Projected expiration of exemption (i.e. date when property is no longer possessed, controlled, supervised or under the jurisdiction of IDA)
November 30, 2029

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

- a. Formula for payment see attached PILOT Agreement
- b. Projected expiration date of agreement November 30, 2029

c. Municipal corporations to which payments will be made

	Yes	No
County <u>Suffolk</u>	☒	☐
Town/City _____	☐	☐
Village <u>Yaphank</u>	☒	☐
School District <u>South Country Central</u>	☒	☐

d. Person or entity responsible for payment

Name Ross D. Ain
 Title Senior Vice President
 Address c/o Calhoun Corporation, 565 Fifth Ave.
29th Floor, New York, New York 10017

c. Is the IDA the owner of the property? Yes/No (circle one)
 If "No" identify owner and explain IDA rights or interest in an attached statement.

Telephone (212) 921-9099

6. Is the property receiving or has the property ever received any other exemption from real property taxation?
 (check one) Yes ☒ No

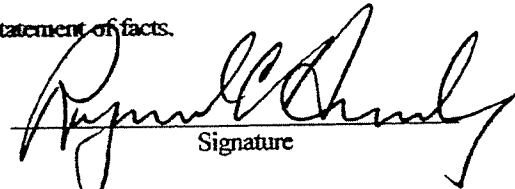
If yes, list the statutory exemption reference and assessment roll year on which granted:
 exemption _____ assessment roll year _____

7. A copy of this application, including all attachments, has been mailed or delivered on 02/26/2007 (date) to the chief executive official of each municipality within which the project is located as indicated in Item 3.

CERTIFICATION

I, Raymond C. Donnelly, Chief Executive Officer of
 Name Title
Town of Brookhaven Industrial Development Agency hereby certify that the information
 Organization
 on this application and accompanying papers constitutes a true statement of facts.

02/26/2007
 Date


 Signature

FOR USE BY ASSESSOR

1. Date application filed _____
2. Applicable taxable status date _____
- 3a. Agreement (or extract) date _____
- 3b. Projected exemption expiration (year) _____
4. Assessed valuation of parcel in first year of exemption \$ _____
5. Special assessments and special as valorem levies for which the parcel is liable:

 Date

 Assessor's signature

**Tax Map Information for parcel known as "Northern Terminus of Zorn
Blvd., Yaphank", Town of Brookhaven, Suffolk County, New York**

1.	0200-777-01-026.000	.0918 acres
2.	0200-777-01-028.005	18.43 acres
3.	0200-777-07-001.001	16.235 acres
4.	0200-777-02-002.000	10 acres
5.	0200-777-02-001.000	10 acres

See Transcript Document Nos. 1, 2 and 3 for copies of the Ground Lease Agreement, Bargain and Sale Deed and Lease Agreement as submitted to James Ryan under cover of the letter dated March 1, 2007