

Town of Tuxedo
Tuxedo Farms Local Development Corporation

October 26, 2022

Mr. Greg Gushee, Vice President
Tuxedo Reserve Owner, LLC
c/o RELATED COMPANIES
30 Hudson Yards
New York, New York 10001

RE: SEWER SERVICES

Dear Greg,

As discussed, the Town has requested that the Sewerage Facilities (as defined in the Sewer Services Agreement, dated as of June 1, 2015, as the same may be amended or supplemented, the "SSA"), by and among the Town of Tuxedo, New York (the "Town"), the Tuxedo Farms Local Development Corporation (the "Corporation"), Tuxedo Reserve Owner LLC ("TRO") and Tuxedo Sewage-Works Corp. ("SW Corp") begin operations and provide service to The Hamlet of Tuxedo Sewer District ("Hamlet District") before the facilities are needed by the Tuxedo Farms Development. We recognize that, if the Sewerage Facilities provide service to the Hamlet District before service is provided to Tuxedo Farms, the Hamlet District will be the only user of the Sewerage Facilities. To facilitate bringing the Sewerage Facilities online as soon as possible, following completion of the Sewerage Facilities by TRO to the Tuxedo Farms Local Development Corporation in a condition suitable to provide the services to the Hamlet and in compliance with this agreement, the Town agrees that the Hamlet Sewer District will be assessed and pay 100% of the operating, maintenance, non-warranty repair, and non-warranty replacement costs ("O&M Costs") of the Sewerage Facilities until users from Tuxedo Farms are connected to the Sewerage Facilities at which point O&M Costs will thereafter be charged based upon the proportion of flow to the Sewerage Facilities from the Hamlet District and the Tuxedo Farms Sewer District ("Farms District"). For the avoidance of doubt, we both agree that any operation, maintenance, non-warranty repair, or non-warranty replacement costs incurred after the Sewerage Facilities begin operation and arising out of a result of the Sewerage Facilities not becoming operational when first anticipated are not to be borne by the Hamlet District and instead are the obligations of TRO pursuant to the SSA; the Sewer Construction and Funding Agreement, dated as of June 1, 2015 (as the same may be amended or supplemented, the "SFA") by and among the Corporation, TRO, and the SW Corp; and the Memorandum of Understanding for the Construction & Operation of a new Wastewater Collection System and Sewage Treatment Plant, dated as of May 11, 2015 (as the same may be amended or supplemented, the "MOU"); and together with the SSA, SFA, and the other documents and certificates executed in connection therewith (the "Applicable Documents"), by and among the Town, TRO, the Corporation, and the SW Corp.

All construction work of the Sewerage Facilities required to provide a safe site and service to the Hamlet District as well as the decommissioning (in compliance with any New York State Department of Environmental Conservation requirements) and demolition of the pre-existing sewage facility shall be performed diligently following the execution of the delivery of this letter. Attached as Exhibit A is the list of work to be completed following execution of this agreement.

The parties acknowledge that the full scope of the site work around the Sewerage Facilities may not be completed until the Sewerage Facilities are expanded to deliver full capacity pursuant to the Applicable Documents. Notwithstanding the foregoing, the initial work will be sufficient to provide required service to the Hamlet District.

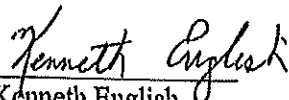
As users within the Farms District are connected to the Sewerage Facilities, the assessments on such users will be determined in accordance with the Rate and Method (as defined in the SSA).

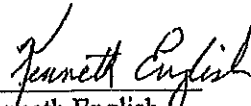
We can confirm that upon startup of the Sewerage Facilities, the SW Corp is to initially take over the operation, maintenance, repair, and replacement of the pump station and sewage collection system currently serving the Hamlet District ("Hamlet Sewer System"). Notwithstanding the foregoing, the Town shall perform the day-to-day operation, maintenance, repair, replacement, and service of the sewage collection system serving the Hamlet District. The costs to operate, maintain, repair, and replace the Hamlet Sewer System shall remain the responsibility of the Hamlet District. Subject to the Applicable Documents, any costs incurred by the SW Corp to operate, maintain, repair, and replace the Hamlet Sewer System shall be at the Hamlet District's expense, and these costs will be included in the costs assessed to and paid by the Hamlet District.

The Town has collected user fees from the Hamlet District needed to pay the Hamlet Service Fee (as defined in the SSA) in the current year and in succeeding years will include the costs to operate, maintain, repair, and replace the Hamlet Sewer System to the extent that such costs are or are to be incurred by SW Corp, and will make such payments in accordance with the Applicable Documents. Other than cost for the day-to-day operations, which remain the Town's responsibility, payment will be made within thirty (30) days after the Town is invoiced by the SW Corp. Subject to the Applicable Documents, including, without limitation, Section 4.2 of the SFA, the Town acknowledges that the SW Corp has no funds or financial resources other than the revenues from the O&M Service Fee and that no non-warranty repair or replacements can or will be made to the Hamlet Sewer System unless the Town or the Hamlet District approves such expenditures, commits to pay such expenditures, and payment is made within thirty (30) days after the date such expenditures are invoiced. Should the Town or Hamlet District fail to approve a recommended repair or replacement and the Sewer Corp incurs costs or fines as a result of such failure, these costs will be added to the costs to be collected from the Hamlet District. If a repair or replacement requires immediate response, the SW Corp will provide notice by email to the Town Supervisor, the head of the Highway Department, and the Town's contracted maintenance service, if such a contract is in effect, before making the repair and the Town or the Hamlet District will have one day after notice to reject the repair. If a repair or replacement that requires immediate attention is rejected by the Town or the Hamlet District, the

Town and the Hamlet District will indemnify the SW Corp for any fines, damages, or legal action brought as result of the failure to make the repair. If the repair is not rejected and then made by the SW Corp, the SW Corp will be paid the cost incurred within thirty (30) days after the date such expenditures are invoiced. TRO and the SW Corp remain obligated under its warranties, if any.

The Town has the authority and has authorized the Town Supervisor to deliver this letter to TRO.


Kenneth English
Town Supervisor



Kenneth English
President/CEO
Tuxedo Farms Local
Development Corporation

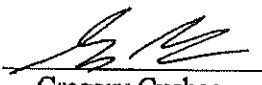

Approved by Resolution of the Town Board

Resolution # 2 - 11.9.2022

Dated: 11/09/2022

Acknowledged:


Gregory Gushee
Tuxedo Reserve Owner LLC


Gregory Gushee
Tuxedo Sewage-Works Corp