DRINKING WATER STATE REVOLVING FUND

THE CHAFFEE WATER WORKS COMPANY

and

NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION

AMENDMENT NUMBER ONE

TO

PROJECT FINANCE AGREEMENT
Dated as of February 11, 2010

(SHORT-TERM PRIVATE FINANCING PROGRAM)

STATE REVOLVING FUND PROJECT NO.: 17457

Dated as of February 11, 2013
AMENDMENT NUMBER ONE

TO

PROJECT FINANCE AGREEMENT

THIS AMENDMENT NUMBER ONE to the PROJECT FINANCE AGREEMENT ("Amendment Number One"), dated as of the date set forth on the cover page hereof, between the Recipient identified on the cover page hereof and the Corporation.

WITNESSETH:

Recitals

WHEREAS, the parties hereto have entered into a project finance agreement, dated as of February 11, 2010 (the "Project Finance Agreement"), with respect to a Short-Term financing from the Corporation to the Recipient (the "Short-Term Financing") under the New York State Drinking Water Revolving Fund (the "SRF"); and the American Recovery and Reinvestment Act of 2009 ("ARRA") and

WHEREAS, the proceeds of the Short-Term Financing have been used by the Recipient to finance certain of its costs relating to SRF Project No.: 17457 (the "Project"); and

WHEREAS, in connection with the making of the Short-Term Financing, the Recipient issued to the Corporation the E.F.C. Drinking Water Promissory Note - 2010 A, dated February 11, 2010 in the Maximum Principal Sum of $626,157.00 (the "Recipient Note") with a maturity date of February 11, 2013; and

WHEREAS, the Corporation has deemed it desirable to remove the Recipient from SRF financing through the ARRA and to make additional grant funding for the Project available from non-ARRA sources within the SRF and, therefore, to remove all ARRA requirements set forth in the Project Finance Agreement; and

WHEREAS, the Corporation has determined that the Recipient is eligible to receive these additional non-ARRA grant funds on the terms and conditions set forth herein; and

WHEREAS, as a result of becoming eligible to receive the additional non-ARRA grant funds, the principal amount of the Recipient Note is being reduced; and

WHEREAS, the parties have agreed to extend the maturity date of the Recipient Note;

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, the parties hereto agree as follows (any capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to them in the Project Finance Agreement):

SECTION 1. AMENDMENTS TO PROJECT FINANCE AGREEMENT

The SRF ARRA Project No.: 17457-70 is hereby deleted from the Project Finance Agreement and the Project is now designated as SRF Project No.: 17457.
Section 2.1(w) of the Project Finance Agreement, ARRA Representations, is hereby rescinded in its entirety.

Section 3.1(b) of the Project Finance Agreement, Green Project Reserve, is hereby rescinded in its entirety.

Section 4.3(c) of the Project Finance Agreement, ARRA Project Costs – Principal Forgiveness – is hereby rescinded in its entirety.

Section 5.1(b) of the Project Finance Agreement, Compliance, is hereby amended to read as follows:

(b) Compliance. The Recipient agrees that at all times during the term of any Financing the Recipient shall cause the Project to be in compliance with all applicable federal, State and local laws and regulations. The Recipient shall construct and operate the Project (or cause the Project to be constructed and operated) in compliance at all times with all applicable federal, State and local laws (including, without limitation, the Act, the Safe Drinking Water Act and the State Public Health Law), ordinances, rules, regulations, Executive Orders and this Project Finance Agreement, and in compliance with all other applicable laws and regulations to the extent necessary to ensure the availability of the Project for its intended purposes and to ensure the safety of the public. The Recipient agrees to ensure that the Project will effectively protect drinking water quality, employ good management practices and fulfill all federal and State requirements, all requirements of this Project Finance Agreement and all applicable instructions issued by the Commissioner to ensure that these requirements are met.

Section 5.2(a) of the Project Finance Agreement, Design and Construction, is hereby amended to read as follows:

(a) Design and Construction. The Recipient shall cause this Project to be designed and constructed in accordance with plans and specifications delivered to, and approved by, DOH and consistent with Exhibit A. The Recipient shall proceed with the acquisition and expeditious construction of the Project in conformity with law, with this Project Finance Agreement and with all applicable requirements of governmental authorities having jurisdiction with respect thereto, subject to such modifications of plans and specifications as may be approved by DOH as necessary or advisable to effectuate the purposes of the Act.

Section 5.5(d) of the Project Finance Agreement, Record Retention, is hereby amended to read as follows:

(d) Record Retention. The Recipient shall retain all correspondence, files and records relating to the construction of the Project for at least six (6) years after Project completion and retain all other Project files and records until Full Repayment has been made to the Corporation. As-built plans and specifications for the Project shall be retained by the Recipient for the useful life of the Project. The Recipient shall make available to the Administrator of the United States Environmental Protection Agency or representatives of the Administrator any files or records necessary to determine compliance with the Safe Drinking Water Act.

Section 5.14 of the Project Finance Agreement, ARRA Compliance, is hereby rescinded in its entirety.

Section 6.1(e) of the Project Finance Agreement, Failure to Comply with ARRA, is hereby rescinded in its entirety.

Section 7.1(e) of the Project Finance Agreement, Loss of Principal Forgiveness, is hereby rescinded in its entirety.
Section 8.13 of the Project Finance Agreement, Signs, is hereby amended to read as follows:

Section 8.13 Signs.

In recognition of the financial assistance provided hereunder for this Project, the Recipient agrees that a Project sign will be posted for any Project with an estimated construction cost in excess of $1,000,000 specifying that assistance is being provided by the State through the Corporation and any co-funding partners, and shall be in a form acceptable to the Corporation.

Exhibit C to the Project Finance Agreement, Estimated Project Costs, is hereby amended as set forth in the attached revised exhibit.

Exhibit E to the Project Finance Agreement, Schedule of Additional Provisions, is hereby amended as set forth in the attached revised exhibit.

Exhibit N to the Project Finance Agreement, Supplemental Provisions Applicable to ARRA Funds Recipients, is hereby deleted in its entirety.

Exhibit O to the Project Finance Agreement, Form of Certification Regarding Use of American-Made Iron, Steel and Manufactured Goods, is hereby deleted in its entirety.

The revised exhibits are attached hereto as part of Attachment No. 1.

SECTION 2. AMENDED RECIPIENT NOTE

The Recipient agrees to execute and deliver to the Corporation its amended Recipient Note reducing the principal amount of the Recipient Note and extending the maturity date as set forth in the revised Exhibit E attached hereto. Such amended Recipient Note shall be reduced by the amount of additional non-ARRA grant funding made available to the Recipient pursuant to this Amendment as more specifically set forth in the attached revised Exhibit C. Such amended Recipient Note shall be substantially in the form of Exhibit G of the Project Finance Agreement, with only such changes, deletions and additions as have been agreed to by the Corporation.

SECTION 3. REPRESENTATIONS OF THE RECIPIENT

A. Authority. The Recipient represents and warrants that it is a corporation duly organized and existing under the laws of the State and has full legal right, power and authority to (i) conduct its business and own its properties, (ii) enter into this Amendment to the Project Finance Agreement, (iii) adopt the Resolution, (iv) issue and deliver the amended Recipient Note to the Corporation as provided herein, and (v) carry out and consummate, by contract or otherwise, all other transactions contemplated by each of the aforesaid documents.

B. Due Authorization. The Recipient represents and warrants that it has duly authorized and approved (1) the execution and delivery of this Amendment; and (2) the amended Recipient Note, as provided for herein.

C. Opinion and Certificate. The Recipient agrees to deliver to the Corporation, concurrently with the delivery of this Amendment:

(1) an unqualified opinion of counsel, in substantially the form set forth in Attachment No. 1; and

(2) a Closing Certificate, executed by an authorized officer of the Recipient, relating to signatures, litigation and the terms of Recipient Note in substantially the form set forth in Attachment No. 1.
The obligation of the Corporation to enter into this Amendment is conditioned upon the Recipient's delivery of the foregoing opinion and certificate, in form and substance satisfactory to the Corporation, concurrently with the delivery of this Amendment.

D. **Form of Opinion.** With respect to the opinion, the form of which is appended hereto, the Recipient hereby acknowledges that it and its counsel have reviewed such form, and the Recipient hereby agrees to deliver or cause to be delivered such item in the form appended hereto (except for the insertion of the appropriate names and titles).

**SECTION 4. GENERAL PROVISIONS**

A. **Entire Agreement.** The Project Finance Agreement, as amended by this Amendment, constitutes the entire agreement between the parties hereto with respect to the Project, and supersedes all prior agreements concerning such subject matter and no statement, promise, condition, understanding, inducement or representation, oral or written, express or implied, which is not contained in the Project Finance Agreement, as amended by this Amendment, shall be binding or valid.

B. **Other Provisions Not Affected.** Other than as expressly modified by this Amendment, all terms and provisions of the Project Finance Agreement remain unchanged and in full force and effect and binding on the parties thereto.

C. **Waiver or Release.** The provisions of this Amendment Number One including, but not limited to, those relating to ARRA, are effective as of the date hereof. Such provisions do not operate as a waiver or release of any prior representation or warranty made, or obligation required to have been performed, in either circumstance, prior to the date hereof, the Corporation reserving all rights to declare an Event of Default with respect thereto and to take remedial action at law or in equity in respect thereof, without regard to this Amendment.

D. **Execution of Documents.** This Amendment may be executed in separate counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

E. **Effective Date.** This Amendment, when executed by both parties hereto, shall be effective as of the date first written above.
IN WITNESS WHEREOF, the Corporation and the Recipient have caused this Amendment to be executed and delivered by their respective authorized officers.

THE CHAFFEE WATER WORKS COMPANY

By: 

Rodney C. Franz
President

Notice Address:
The Chaffee Water Works Company
13419 Allen Road
Chaffee, New York 14030
E-Mail Address: rf0324@aol.com

NEW YORK STATE
ENVIRONMENTAL FACILITIES CORPORATION

By: 

Matthew J. Driscoll
President
ATTACHMENT NO.: 1

REVISED EXHIBITS TO PROJECT FINANCE AGREEMENT
## A. ESTIMATED PROJECT COSTS

### AVAILABLE FOR DISBURSEMENT

<table>
<thead>
<tr>
<th>Description</th>
<th>Estimate/Sum</th>
<th>Project Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction: Ehmke Well Drillers, Inc. - 06/16/2009</td>
<td>Estimate $28,848.50</td>
<td>$28,848.50</td>
</tr>
<tr>
<td>Construction: H&amp;K Services, Inc. (Contract #2) - 12/30/2009</td>
<td>Lump Sum $207,700.00</td>
<td>$207,700.00</td>
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<tr>
<td>Construction: J.D. Northrop Construction, Inc. (Contract #1) - 09/01/2009</td>
<td>Lump Sum $510,499.50</td>
<td>$510,499.50</td>
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<tr>
<td>Engineering: Mark D. Alianello, PE - 01/08/2008</td>
<td>Hourly $5,642.07</td>
<td>$41,978.34</td>
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<tr>
<td>Engineering: Metzger Civil Engineering, PLLC - 12/22/2009</td>
<td>Estimate $157,703.75</td>
<td></td>
</tr>
<tr>
<td>Dist. System Bidding Assistance</td>
<td>Estimate $4,000.00</td>
<td></td>
</tr>
<tr>
<td>Dist. System Construction Admin.</td>
<td>Estimate $16,650.00</td>
<td></td>
</tr>
<tr>
<td>Distribution System Design</td>
<td>Estimate $2,175.00</td>
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<tr>
<td>Project Meetings</td>
<td>Estimate $3,240.00</td>
<td></td>
</tr>
<tr>
<td>Reimbursable Direct Expenses</td>
<td>Estimate $4,000.00</td>
<td></td>
</tr>
<tr>
<td>Water Dist. Sys. Cons. Observation</td>
<td>Estimate $32,400.00</td>
<td></td>
</tr>
<tr>
<td>Water Supply &amp; Treatment System Bidding Assistance</td>
<td>Estimate $3,948.75</td>
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<tr>
<td>Water Supply &amp; Treatment System Construction Admin.</td>
<td>Estimate $26,523.75</td>
<td></td>
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<tr>
<td>Water Supply &amp; Treatment System Construction Observation</td>
<td>Estimate $20,000.00</td>
<td></td>
</tr>
<tr>
<td>Water Supply &amp; Treatment System Design</td>
<td>Estimate $35,246.25</td>
<td></td>
</tr>
<tr>
<td>Water Supply &amp; Treatment System Planning</td>
<td>Estimate $3,520.00</td>
<td></td>
</tr>
<tr>
<td>Engineering: Robson Woese, Inc. - 10/28/2009</td>
<td>$13,500.00</td>
<td></td>
</tr>
<tr>
<td>Electrical &amp; Mechanical Design - Pump House</td>
<td>Lump Sum $13,500.00</td>
<td></td>
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<tr>
<td>Bond Counsel: Hodgson Russ Attorneys - 04/17/2008</td>
<td>Lump Sum $6,143.44</td>
<td>$6,143.44</td>
</tr>
<tr>
<td>Bond Counsel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Counsel: Hopkins &amp; Songi, PLLC - 06/30/2009</td>
<td>Estimate $32,473.26</td>
<td></td>
</tr>
<tr>
<td>Local Counsel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Counsel: Michael F. Barone, Esq. - 07/24/2007</td>
<td>Hourly $5,555.50</td>
<td>$5,555.50</td>
</tr>
<tr>
<td>Financial Advisor: R.A. Mercer &amp; Co., P.C. (Year 2008 - 2009) - 12/27/2007</td>
<td>Not to Exceed $7,000.00</td>
<td>$7,000.00</td>
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<tr>
<td>Financial Advisor: R.A. Mercer &amp; Co., P.C. (Year 2010) - 06/16/2010</td>
<td>Estimate $5,000.00</td>
<td>$5,000.00</td>
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<tr>
<td>Other Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>Estimate $6,389.49</td>
<td>$11,789.49</td>
</tr>
<tr>
<td>Technical Force Account</td>
<td>Lump Sum $5,400.00</td>
<td></td>
</tr>
</tbody>
</table>
### A. ESTIMATED PROJECT COSTS

**DISBURSEMENT SUBJECT TO PENDING APPROVAL**

**Engineering:** Mark D. Alianello, PE - 01/08/2008

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Project Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construction</strong></td>
<td>$ 0.00</td>
</tr>
<tr>
<td><strong>Residential Inspection</strong></td>
<td>$ 0.00</td>
</tr>
<tr>
<td><strong>Other Costs</strong></td>
<td>$ 2,000.00</td>
</tr>
<tr>
<td><strong>Administrative Force Account</strong></td>
<td>$ 2,000.00</td>
</tr>
<tr>
<td><strong>Contingency</strong></td>
<td>$ 0.65</td>
</tr>
</tbody>
</table>

**TOTAL PROJECT COSTS**

**Less:**

- Corporate Contribution
- Drinking Water SRF Grant
- Principal Payments on Short-Term Financing

**SRF FINANCING REQUESTED**

- $ (64,826.50)
- $ (473,519.00)
- $ (18,327.93)

**SRF FINANCING REQUESTED**

$ 473,519.00
EXHIBIT E

SCHEDULE OF ADDITIONAL PROVISIONS

SRF Project No.: 17457
Recipient: The Chaffee Water Works Company
County: Erie

I. Definitions.

The "Maximum Principal Sum" of the financing shall be equal to the maximum principal amount of the Recipient Notes, $473,519.00 (FOUR HUNDRED SEVENTY THREE THOUSAND FIVE HUNDRED NINETEEN AND 00/100 DOLLARS), and the maximum principal amount of the Grant, $473,519.00 (FOUR HUNDRED SEVENTY THREE THOUSAND FIVE HUNDRED NINETEEN AND 00/100).

"Initial Interest Rate" means the maximum interest rate per annum on the Financing and the Recipient Notes agreed to pursuant to Section 4.1(a) of this Project Finance Agreement, which shall be 0.00% per annum, subject to change upon the terms and conditions set forth in the Project Finance Agreement.

“Minimum Surcharge Account Requirement” means $9,258.00, which is the amount determined to be the maximum debt service in any six month period throughout the duration of this Financing. Notwithstanding the above, the Surcharge Account held by the Financing Trustee must be sufficient to pay debt service due and payable as described above.

Capitalized terms used but not otherwise defined in this Exhibit E or elsewhere in this Project Finance Agreement shall have the meanings set forth in the Regulations.

II. Other Amounts Payable.

None.

III. Maximum Principal Sums and Maturity Dates.

The Short-Term Financing shall be evidenced by Recipient Notes having the following Maximum Principal Sum and scheduled maturity date:

<table>
<thead>
<tr>
<th>SRF Project No.</th>
<th>Note No.</th>
<th>Maximum Principal Sum</th>
<th>First Semi-Annual Interest Date</th>
<th>First Annual Principal Date</th>
<th>Scheduled Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>17457</td>
<td>2010 A</td>
<td>$473,519.00</td>
<td>N/A</td>
<td>July 1, 2010</td>
<td>February 11, 2015</td>
</tr>
</tbody>
</table>

Each Advance shall have the same maturity date as the Recipient Note pursuant to which it was made.

The Recipient agrees and acknowledges that the Recipient Notes, dated February 11, 2010, in the Maximum Principal Sum, $473,519.00, or such lesser amount of project costs thereunder, will be repaid as provided in the Recipient Notes and the Project Finance Agreement with principal payments due on July 1, 2010 and annually thereafter until maturity.
Notwithstanding the foregoing Scheduled Maturity Date, the Recipient agrees that on the date set forth in a Corporation Conversion Notice, as determined by the Corporation either (i) Full Repayment will be made to the Corporation, (ii) if the conditions precedent thereto have been satisfied, the Recipient will convert to Long-Term Financing (if such Long-Term Financing is made available to the Recipient or (iii) the financing will be terminated and the Project financed from an alternate source of funds as identified and provided by the Corporation.

IV. Existing Indebtedness Provision (if applicable):

As of the date hereof, the Recipient has submitted documentation supporting, and the Corporation has approved, the amount specified in Exhibit B, under "Amount to Be Refinanced," as proceeds of Existing Indebtedness expended for eligible costs of the Project.

V. Additional Covenant Respecting Third-Party Funding (if applicable).

None

VI. Requests for Advances.

The Recipient hereby certifies that the person or persons from time to time holding the office listed below is the chief fiscal officer of the Recipient and is authorized to execute the Closing Certificate and Requisition on behalf of the Recipient:

TITLE: PRESIDENT

VII. Additional Mandatory Redemption Provision.

Reserved.

VIII. Special Project Conditions.

The Short-term Financing to the Recipient shall be subject to the following Special Project Conditions, as described in Exhibit F to the Project Finance Agreement, which is incorporated by reference herein:

Section 6B. Special Condition Regarding the Administrative Force Account Proposal to be Approved after the Date Hereof in Connection with the Project.

IX. Additional Special Project Conditions.

The Recipient hereby agrees that a DOH certified operator will be responsible for the operation and maintenance of the water system and that, within ninety (90) days of the date of this Amendment Number One, arrangements for a backup operator of the water system will be completed.

The Recipient hereby agrees that its President will complete courses acceptable to DOH for water systems management and ethics by October 1, 2013. Upon request of the Corporation, the Recipient shall provide documentation satisfactory to the Corporation that the President has complied with these requirements.
Upon request of the Corporation, the Recipient agrees to provide the Corporation with the following reports on a quarterly basis, beginning April 1, 2013: (i) quarterly cash flow reports detailing all revenues and expenditures for such time period as requested by the Corporation with a comparison to budget targets; (ii) projected cash flow reports for such time periods as requested by the Corporation; and (iii) scheduled user rates and charges. In the event that the Corporation, in its sole discretion, determines that the information provided in such reports warrants corrective action, the Corporation shall notify the Recipient of the condition that warrants corrective action and the Recipient agrees to provide Corporation with a corrective action plan within thirty (30) days of a request for same.

In accordance with Section 5.4(d) of the Project Finance Agreement, Recipient agrees to charge and collect User Fees in sufficient amounts, that together with other funds available to the Recipient, such amounts are sufficient to pay the costs of operating and maintaining the Project and to pay amounts due in respect of the Recipient Notes, all as more fully set forth in Section 5.4(d). In the event a new or revised order from the Public Service Commission (the “PSC”) is necessary to allow Recipient to charge and collect such User Fees, Recipient shall obtain such order as needed.

Recipient acknowledges that certain provisions of the PSC order in Case 08-W-1407, dated October 14, 2010 (the “Order”), related to the use/application of funds received from Gernatt Asphalt Products, Inc. (the (Gernatt Funds”) are in direct conflict with the Third-Party Funding provisions set forth in Section 5.9(b) of the Project Finance Agreement. Recipient agrees to obtain a modification of the Order to allow for the application of the Gernatt Funds in a manner consistent with the Third-Party Funding provisions set forth in the Project Finance Agreement.
The Chaffee Water Works Company  
13419 Allen Road  
Chaffee, New York 14030  

New York State Environmental  
Facilities Corporation  
625 Broadway  
Albany, New York 12207

Re: The Chaffee Water Works Company  
Amendment Number One to Project Finance Agreement  
In the Maximum Principal Sum of  
$473,519.00  
SRF Project No.: 17457

Ladies and Gentlemen:

We have examined a record of proceedings relating to the sale and issuance of the $473,519.00 maximum principal amount Amended E.F.C. Drinking Water Promissory Note - 2010 A (the "Note") of the The Chaffee Water Works Company (the "Recipient").

The Note is issued pursuant to the authority granted Recipient, and a resolution duly adopted by the Board of Directors of the The Chaffee Water Works Company and is being delivered to the New York State Environmental Facilities Corporation (the "Corporation") pursuant to Amendment Number One dated as of February 11, 2013 to a project finance agreement dated as of February 11, 2010 between the Corporation and the Recipient (together the "Project Finance Agreement"). Any term used but not otherwise defined herein shall have the meaning set forth in the Project Finance Agreement.

The Note is dated February 11, 2010, and matures in the maximum principal amount (or such lesser amounts of the Advances made thereunder) on the scheduled maturity date set forth below:

<table>
<thead>
<tr>
<th>Maximum Principal Sum</th>
<th>Scheduled Maturity Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>$473,519.00</td>
<td>February 11, 2015</td>
</tr>
</tbody>
</table>

The Note is subject to redemption prior to maturity upon the terms set forth in the Project Finance Agreement.
We have reviewed certain resolutions of the Recipient, the Project Finance Agreement, in the form executed by the Recipient, the descriptions of the Project and Existing Indebtedness to be refinanced, if any, the Recipient Note and other documents to be delivered pursuant to the Project Finance Agreement, and such other documents as we have deemed necessary in the rendering of this opinion.

Based upon and subject to the foregoing and to the qualifications hereinafter set forth, we are of the opinion as of the date of this letter that:

1. The Recipient is [describe nature and existence] duly organized and existing and in good standing under the laws of the State of New York and has the corporate power and authority to own its property and assets and to transact the business in which it is engaged.

2. The Recipient has corporate power and authority to execute, deliver and perform its obligations under the Project Finance Agreement and certain other documents executed and delivered in connection with this Financing (together the “Financing Documents”), and the Financing Documents have been authorized, executed and delivered by the Recipient and are legal, valid and binding obligations of the Recipient enforceable against the Recipient in accordance with their respective terms, subject to the exceptions that (i) enforceability (x) may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to the enforcement of creditor’s rights generally, and (y) is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or law) and (ii) with respect to indemnification by the Recipient pursuant to provisions contained in the Financing Documents, enforcement may be limited by considerations of public policy.

3. Neither the execution, delivery and performance by the Recipient of each Financing Document, nor compliance by it with the terms and provisions thereof, will (i) conflict with any provision of the Recipient’s organizational documents and By-laws, (ii) to our knowledge after due inquiry, conflict with any existing applicable law, rule, order or regulation of the United States of America or State of New York, (iii) to our knowledge after due inquiry, conflict with any indenture or other agreements to which the Recipient is a party or by which it or any of its properties are bound, or (iv) to our knowledge after due inquiry, conflict with, or result in a breach of or default under, or result in the creation or imposition of (or the obligation to create or impose) any lien (in favor of any person other than pursuant to the Financing Documents) upon any of the property or assets of the Recipient pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement, loan agreement or other similar agreement evidencing, securing, or governing the terms of issuance of any indebtedness for borrowed money to which the Recipient is a party or by which it is bound.

4. No authorization, approval or other action by, and no notice to, consent of, order of or filing with any governmental authority or regulatory body of the State of New York or the United States of America, other than such as have been duly obtained, taken, given or made and are in full force and effect, is required, as of the date hereof, for the execution and delivery by the Recipient of, or performance by the Recipient under, any Financing Document and we have no reason to believe that any further authorization, approval or other action by, notice to, consent of, order of or filing with any governmental authority or regulatory body of the State of New York or the United States of America is necessary with respect to the Project.

5. There is no action, suit or proceeding pending against the Recipient (i) which purports to affect the legality, validity, binding effect or enforceability of any Financing Document, or to restrain or enjoin the issuance of delivery of the Recipient Note, or in any way contesting the validity or enforceability of the Recipient Note or the Resolutions, and no authority or proceedings for the issuance and sale of the Recipient Note have been repealed, revoked or rescinded, or (ii) which, if adversely determined, would materially adversely affect the interests of the holder of the Recipient Note with respect to the Recipient Note or purposes for which the Recipient Note is being issued.
6. The Project Finance Agreement and each of the Financing Documents have been duly authorized, executed and delivered by the Recipient. Assuming the due authorization, execution and delivery thereof by the Corporation, such agreements and documents constitute the legal, valid and binding obligation of the Recipient, enforceable in accordance with its terms.

7. The Recipient Note (i) conforms to the descriptions thereof in the Project Finance Agreement and (ii) is a valid and legally binding obligation of the Recipient for which the Recipient has validly pledged its revenues and the Surcharge Receivables and Surcharge Account as security; and, unless paid from other sources, the Corporation may draw upon the Surcharge Account provided as security for this financing to pay the Recipient Note and interest thereon without limitation of rate or amount. The enforceability of rights or remedies with respect to the Project Finance Agreement or the Recipient Note may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

8. We have examined the executed Recipient Note and, in our opinion, the form of said Recipient Note and its execution are regular and proper.

In rendering the foregoing opinions we wish to advise you that, while we have from time to time provided legal services to the Recipient, our engagement has been limited to specific matters as to which we were consulted by the Recipient, and there may exist matters of a legal or factual nature with respect to the Recipient as to which we have not been consulted and have no knowledge, but we have undertaken such review as we deem necessary in order to render the foregoing opinions. In addition, the phrase “to our knowledge” means the active, conscious knowledge of the members of the firm representing the Recipient in connection with this financing and the issuance of the Recipient Note.

Very truly yours,

FORM / DO NOT SIGN
Peter J. Sorgi, Esq.
EXHIBIT J

[FORM OF RECIPIENT CLOSING CERTIFICATE]

THE CHAFFEE WATER WORKS COMPANY
SRF Project No.: 17457

CLOSING CERTIFICATE AS TO AMENDMENT NUMBER ONE

as to (i) Confirmation of Certain Matters set forth in the hereinafter defined Project Finance Agreement, (ii) Signatures and Incumbency of Authorized Signatories, (iii) Delivery and Payment of the Recipient Note and (iv) Certain Other Matters

Dated as of February 11, 2013

I, Rodney C. Franz, the President of the The Chaffee Water Works Company (the "Recipient"), hereby certify that:

1. This Certificate is being executed in connection with the delivery to the New York State Environmental Facilities Corporation (the "Corporation") of the Recipient's $473,519.00 Maximum Principal Sum Amended E.F.C. Drinking Water Promissory Note - 2010 A (the "Recipient Note") to evidence its obligation to repay a Short-Term Financing made pursuant to the Project Finance Agreement dated as of February 11, 2010 as amended by Amendment Number One dated as of February 11, 2013 (together the "Project Finance Agreement"), between the Corporation and the Recipient.

2. The Recipient hereby acknowledges that (i) it has provided the information concerning the Recipient contained in the Application for State Revolving Fund submitted to the Corporation, including any supplemental information provided to the Corporation on or before the date of this certificate, (ii) there have been no material adverse changes in such information, and (iii) this information may be relied upon by the Corporation.

3. The representations and warranties relating to the Recipient set forth in the Project Finance Agreement are true and correct as of the date hereof as if made on and as of the date hereof. The Project Finance Agreement is in full force and effect as of the date hereof, and the Recipient has complied with and performed and shall continue to comply with and perform all of its covenants and agreements set forth in the Project Finance Agreement.

4. The Recipient Note as amended conforms to the description thereof in the related Project Finance Agreement and constitutes a validly issued and legally binding obligation of the Recipient.

5. On the date hereof, the Recipient delivered or caused to be delivered to the Corporation, the purchaser thereof, the Recipient Note, duly and completely executed by or on behalf of the Recipient.

6. The Recipient Note has been duly and completely executed in the name and on behalf of the Recipient by the imprinting thereon of the manual or facsimile signature of the undersigned officer of the Recipient, who did and does hereby adopt such signature, and by the impressing or imprinting thereon of the official seal of the Recipient. On the date of such execution I was and as of the date hereof, I am the duly

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chosen, qualified and acting officer of the Recipient holding the office indicated by the official title set opposite my signature hereto, for a term expiring on the date set opposite such title.

7. No litigation of any nature is now pending or, to my knowledge, threatened (a) to restrain or enjoin the issuance or delivery of the Recipient Note or the imposition of fees, charges or assessments to pay the same, (b) in any manner questioning or affecting, directly or indirectly, the validity of the Recipient Note or the proceedings or authority for the issuance thereof, or (c) contesting the corporate existence or boundaries of the Recipient or the title of the undersigned officers to their respective offices.

8. No authority or proceedings for the issuance of the Recipient Note has been repealed, revoked or rescinded, and compliance with the covenants contained in the Project Finance Agreement is not prohibited by or violative of any provision of local or special law, regulation or resolution applicable to the Recipient or of any contract to which it is a party.

9. The seal (or facsimile thereof) which is impressed or imprinted upon this certificate has been imprinted or impressed upon the Recipient Note and is the legally adopted, proper and only official corporate seal of the Recipient.

10. The Recipient acknowledges that the Corporation has relied on the representations and statements made in this Certification, and that offering a written instrument knowing that the written instrument contains a false statement or false information, with the intent to defraud the State or any political subdivision, public authority or public benefit corporation of the State, with the knowledge or belief that it will be filed with or recorded by the State or any political subdivision, public authority or public benefit corporation of the State, constitutes a crime under NYS law.

11. The Recipient hereby acknowledges that Advances shall be made under the Note upon the Recipient's submission of requests for Advances contained in Requisitions in substantially the form of Exhibit L to the Project Finance Agreement. The Recipient agrees that this Closing Certificate shall be amended and supplemented by the delivery of such Requisitions and that as of such delivery date the Recipient shall be deemed to have remade the certifications contained in paragraphs 2, 3, 7, 8 and 10 of this certificate.
IN WITNESS WHEREOF, I have hereunto set my hand and said corporate seal has hereunto been affixed as of the date first set forth above.

(SEAL)

SIGNATURE

FORM / DO NOT SIGN

Rodney C. Franz

OFFICIAL TITLE

President

TERM OF OFFICE

EXPIRES

[PLEASE HAVE THE SIGNATURE ABOVE EITHER NOTARIZED OR GUARANTEED BY A BANK OFFICER (BOTH FORMS ARE BELOW)]

I HEREBY CERTIFY that the signature of the officer of the above named Recipient which appears above, is true and genuine and that I know said officer and know said officer to hold the office set opposite his or her signature.

(Signature)  (Title)  (Name of Bank)

OR

STATE OF NEW YORK  )
COUNTY OF  )

: ss.:

On this date before me personally came ____________________________, to me known, who, being by me duly sworn, did depose and say that he or she is the _____________________ of the Recipient described in and which executed the above instrument; and that he or she signed his or her name thereto by authority of the duly constituted governing body of said Recipient.

Notary Public        Date

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DW AMENDMENT TO DW ST PRIVATE PSC PFA 1/13