
CONTRACT OF SALE

between

**CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.**

Seller

and

**VILLAGE ACADEMIES
NETWORK INC.**

Purchaser

Premises:

**Parcel located at 32-42 West 125th Street and 35-39 West 124th Street,
New York, New York 10027**

**Tax Designation:
Block 1722, Lot 51**

Dated: October 30, 2007

**INDEX TO CONTRACT OF SALE
BETWEEN
CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC., AS SELLER
AND**

VILLAGE ACADEMIES NETWORK INC., AS PURCHASER

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CONTRACT OF SALE (this "Contract") made this 30th day of October, 2007 by and between **CONSOLIDATED EDISON COMPANY OF NEW YORK, INC.**, a New York corporation, with an office at 4 Irving Place, New York, New York 10003 ("Seller"), and **VILLAGE ACADEMIES NETWORK INC.**, a New York corporation, having an address at 15 Penn Plaza #15, New York, New York 10001 ("Purchaser").

W I T N E S S E T H :

WHEREAS, upon the terms and conditions hereinafter set forth, Seller agrees to sell and convey fee title to that certain parcel of land described on Schedule A annexed hereto (the "Property"), as well as all of the Premises (as hereinafter defined) to Purchaser and Purchaser agrees to purchase the Premises, including without limitation, the Property.

NOW, THEREFORE, intending to be legally bound hereby, the parties agree as follows:

1. *Definitions.*

The terms defined in this Article shall for all purposes of this Contract have the meanings herein specified unless the context requires otherwise.

- 1.1 "Affected Party" shall have the meaning ascribed to it in Section 7.5(b)(i).
- 1.2 "Board Approval" shall have the meaning ascribed to it in Section 9.6(b).
- 1.3 "Business Day" shall mean any day other than a Saturday, Sunday or day on which the banks in New York are authorized or permitted to be closed.
- 1.4 "Casualty" shall have the meaning ascribed to it in Section 11.2.
- 1.5 "Closing" shall have the meaning ascribed to it in Section 9.1.
- 1.6 "Closing Conditions" shall have the meaning ascribed to it in Section 9.6(b).
- 1.7 "Closing Date" shall have the meaning ascribed to it in Section 9.1.
- 1.8 "Con Edison Transaction Expenses" shall have the meaning ascribed to it in Section 7.5(b)(vi).
- 1.9 "Contract" shall have the meaning ascribed to it in the introductory paragraph.
- 1.10 "Deed" shall have the meaning ascribed to it in Section 9.4.

- 1.11 “Deposit” shall have the meaning ascribed to it in Section 3.1.
- 1.12 “DOE” shall mean the New York City Department of Education.
- 1.13 “DOE/SCA Approval” shall have the meaning ascribed to it in Section 7.3.
- 1.14 “DOE Agreement” shall have the meaning ascribed to it in Section 7.3.
- 1.15 “Escrowee” shall have the meaning ascribed to it in Section 3.1.
- 1.16 “Evaluation Material” shall have the meaning ascribed to it in Section 14.6(a).
- 1.17 “Extended Diligence Termination Date” shall have the meaning ascribed to it in Section 12.2.
- 1.18 “Facility Relocation Requirement” shall have the meaning ascribed to it in Section 7.4.
- 1.19 “Final Determination” shall have the meaning ascribed to it in Section 7.5(b)(vi).
- 1.20 “Final PSC Approval Date” shall be determined as follows: if no timely case or proceeding seeking judicial review of the PSC Approval shall be commenced on or prior to the date on which the time in which a third party may seek judicial review of the PSC Approval expires, then the term “Final PSC Approval Date” shall mean such expiration date; and
 - (ii) if a timely case or proceeding seeking judicial review of the PSC Approval shall be commenced by a third party, then the term “Final PSC Approval Date” shall mean the later to occur of (A) the date on which an order upholding or affirming the PSC Approval is entered pursuant to a decision by a court with jurisdiction over the case or proceeding seeking judicial review of the PSC Approval from which no appeal can be taken; and (B) the date on which the time to take an appeal from the order upholding or affirming the PSC Approval of any court with jurisdiction over the case or proceeding seeking judicial review of the PSC Approval has expired.
- 1.21 “Financing Contingency” shall have the meaning ascribed to it in Section 7.3.
- 1.22 “Financing Contingency Period” shall have the meaning ascribed to it in Section 7.3.

- 1.23 “Financing Purpose” means debt or equity financing (w) of the acquisition of the Premises pursuant to this Contract, (x) of Purchaser’s costs to perform its obligations under this Contract, (y) of the cost of developing or operating the Premises or (z) which refinances any such debt or equity financing.
- 1.24 “Financing Transfer” means (i) as to the Premises or any portion thereof or interest therein, a transfer to a mortgage lender for a Financing Purpose and (ii) as to any Ownership Interest in Purchaser, a transfer to a mortgage or mezzanine lender as security for a Financing Purpose (in both cases (i) and (ii), including, but not limited to, foreclosure or deed in lieu thereof);
- 1.25 “Floor Area” shall mean “Floor Area” as defined in section 12-10 of the Zoning Resolution of the City of New York.
- 1.26 “Future Rezoning Covenant” shall mean an instrument in the form attached hereto as Exhibit 3 pursuant to which, subject to the terms thereof, Seller shall receive an increase in the Purchase Price for increases in Floor Area of the Property if a rezoning initiated by Purchaser or Civic Builders, Inc. or any subsidiary or affiliate of either party results in excess of the greater of (x) 6 or 4 FAR (as applicable to the two separate zoning districts within the Property) and (y) such FAR as implemented as a result of the rezoning study of the area where the Property is located which is being performed by the New York City Department of City Planning as of the date of the Contract; provided such FAR is not less than 6 and 4 (as applicable to the two separate zoning districts within the Property) and such excess FAR is Utilized, as defined and as more particularly set forth therein.
- 1.27 “Hazardous Substances Release” shall have the meaning ascribed to it in Section 5.2.
- 1.28 “Initial Diligence Termination Date” shall have the meaning ascribed to it in Section 12.1.
- 1.29 “Judgments” shall have the meaning ascribed to it in Section 8.3(d).
- 1.30 “Lease Contingency Period” shall have the meaning ascribed to it in Section 7.4.
- 1.31 “Legal Proceeding” shall have the meaning ascribed to it in Section 7.5(b)(vi).

- 1.32 “Maximum Representation Expense” shall have the meaning ascribed to it in Section 6.4(b).
- 1.33 “Maximum Title Expense” shall have the meaning ascribed to it in Section 8.3(b).
- 1.34 “Net Purchase Proceeds” shall have the meaning ascribed to it in Section 7.5(b)(vi).
- 1.35 “New Facility” shall have the meaning ascribed to it in Section 7.4.
- 1.36 “New Lease” shall have the meaning ascribed to it in Section 7.4.
- 1.37 “Non-Affected Party” shall have the meaning ascribed to it in Section 7.5(b)(i).
- 1.38 “Non-Permitted Title Objections” shall have the meaning ascribed to it in Section 8.3(a).
- 1.39 “Outside Closing Date” shall have the meaning ascribed to it in Section 9.2.
- 1.40 “Ownership Interest” means a direct interest in the equity or other ownership interests of a corporation, partnership, limited liability company, trust or other legal entity;
- 1.41 “Permitted Exceptions” shall have the meaning ascribed to it in Section 8.2.
- 1.42 “Permitted Representation Modification” shall have the meaning ascribed to it in Section 6.7.
- 1.43 “Preliminary Proration Statement” shall have the meaning ascribed to it in Section 9.5(a)(i).
- 1.44 “Premises” shall have the meaning ascribed it in Section 2.2.
- 1.45 “Property” shall have the meaning ascribed to it in the “WHEREAS” paragraph in this Contract.
- 1.46 “PSC” shall mean the New York State Public Service Commission.
- 1.47 “PSC Approval” shall mean an order, issued by the PSC pursuant to Section 70 of the Public Service Law, approving the sale of the Premises pursuant to the terms of this Contract.
- 1.48 “PSC Approval Outside Date” shall have the meaning ascribed to it in Section 7.5(a).

- 1.49 “PSC Approval Period” shall have the meaning ascribed to it in Section 7.5(a).
- 1.50 “PSC Representation” shall have the meaning ascribed to it in Section 6.3.
- 1.51 “Purchase Price” shall have the meaning ascribed to it in Section 3.
- 1.52 “Purchaser” shall have the meaning ascribed to it in the introductory paragraph.
- 1.53 “Purchaser’s Closing Conditions” shall have the meaning ascribed to it in Section 9.6(a).
- 1.54 “Purchaser’s Due Diligence” shall have the meaning ascribed to it in Section 12.2.
- 1.55 “Purchaser’s Extended Diligence Period” shall have the meaning ascribed to it in Section 12.2.
- 1.56 “Purchaser’s Initial Diligence Period” shall have the meaning ascribed to it in Section 12.1.
- 1.57 “Purchaser’s Initial Due Diligence” shall have the meaning ascribed to it in Section 12.1.
- 1.58 “Purchaser’s Phase 2 Due Diligence” shall have the meaning ascribed to it in Section 12.2.
- 1.59 “Related Parties” shall have the meaning ascribed to it in Section 14.6(b).
- 1.60 “Retail Unit” shall have the meaning ascribed to it in Section 13.1.
- 1.61 “SCA” shall mean the New York City School Construction Authority.
- 1.62 “Scheduled Closing Date” shall have the meaning ascribed to it in Section 9.1.
- 1.63 “School Unit” shall have the meaning ascribed to it in Section 13.1.
- 1.64 “Seller” shall have the meaning ascribed to it in the introductory paragraph.

- 1.65 “Seller’s Closing Conditions” shall have the meaning ascribed to it in Section 9.6(b).
- 1.66 “Seller’s Judgment Indemnity” shall have the meaning ascribed to it in Section 8.3(d).
- 1.67 “SEQRA Report” shall mean an environmental assessment form prepared in accordance with, and as required by, the New York State Environmental Quality Review Act.
- 1.68 “Substantial Portion” shall have the meaning ascribed to it in Section 11.1(b).
- 1.69 “Survey” shall have the meaning ascribed to it in Section 8.1.
- 1.70 “Taking” shall have the meaning ascribed to it in Section 11.1(a).
- 1.71 “Title Commitment” shall have the meaning ascribed to it in Section 8.1.
- 1.72 “Title Company” shall have the meaning ascribed to it in Section 8.1.
- 1.73 “Title Objection Date” shall have the meaning ascribed to it in Section 8.1.
- 1.74 “Transaction Conditions” shall have the meaning ascribed to it in Section 7.5(b)(iv).
- 1.75 “Transfer” shall mean to sell, transfer, assign, lease, pledge, exchange, swap, grant as collateral for a security interest, mortgage, or otherwise encumber.
- 1.76 “Transfer Restriction” shall have the meaning ascribed to it in Section 13.1.
- 1.77 “Transfer Tax” shall have the meaning ascribed to it in Section 9.3(a).
- 1.78 “Use Restriction” shall have the meaning ascribed to it in Section 13.1.

2. *Subject of Sale.*

2.1 Seller agrees to sell and convey to Purchaser the Premises and Purchaser agrees to purchase from Seller the Premises subject to the terms and conditions contained in this Contract.

2.2 This sale includes all right, title and interest, if any, of Seller in and to: (a) the Property; (b) any land lying in the bed of any street, road or avenue opened or proposed, adjacent to the Property, to the center line thereof, and all right, title and interest of Seller in and to any award made or to be made in lieu thereof and in and to any unpaid award for damage to the Property by reason of change of grade of any street; and Seller will execute and deliver to Purchaser at the Closing, or thereafter, on demand, all proper instruments for the conveyance to such title and the assignment and collection of any such award; (c) rights of way, appurtenances, easements, sidewalks, alleys, gores or strips of land adjoining or appurtenant to the Property and used in connection therewith; (d) underground or above ground storage tanks attached to or beneath the Property and (e) any and all buildings and improvements erected on the Property ((a) through (e) herein referred to collectively as the "Premises").

3. *Purchase Price.*

The purchase price (the "Purchase Price") for the Premises is the sum of Fifteen Million Three Hundred Thousand and 00/100 Dollars (\$15,300,000.00), payable by Purchaser to Seller as follows:

3.1 On the signing of this Contract, the sum of One Million Five Hundred Thirty Thousand and 00/100 Dollars (\$1,530,000.00) (such sum, together with interest earned thereon, is hereinafter called the "Deposit") to be paid by (a) electronic wire transfer of immediately available federal funds to an account designated by Lex Terrae Ltd. ("Escrowee"), (b) certified check or bank teller's check to the order of Escrowee and/or, (c) if from the SCA, by check from the SCA to the order of Escrowee. In the event any check in payment of the Deposit is cancelled or returned uncollected, Seller, at its sole option, may cancel this Contract and/or pursue any legal remedies Seller may have against Purchaser on such check at the sole expense of Purchaser, such remedies being cumulative and not exclusive.

3.2 On the Closing Date, the sum of Thirteen Million Seven Hundred Seventy Thousand and 00/100 Dollars (\$13,770,000.00), subject to adjustment and proration pursuant to Section 9.5 below, to be paid by (a) electronic wire transfer of immediately available federal funds pursuant to wiring instructions to be given by Seller or as Seller may direct to Purchaser prior to the Closing, and/or (b) certified or bank teller's check to the order of Seller or as Seller may direct to Purchaser prior to the Closing. Notwithstanding the foregoing, if the foregoing sum is to be paid by the SCA, the SCA may submit its check to the order of Escrowee; provided that such check is delivered at least four (4) Business Days prior to the Closing and the funds are immediately available funds as of the Closing.

3.3 The Purchase Price shall also be deemed to include all additional amounts becoming due and payable under the Future Rezoning Covenant.

4. *Deposit Provisions.*

4.1 Upon the Closing, Escrowee is authorized and directed to pay the Deposit to Seller (or as Seller may direct) and the amount of interest earned on the Deposit through the Closing Date, if any, shall be credited against the Purchase Price.

4.2 Subject to the terms hereof, in the event this Contract is terminated by reason of Purchaser's default under this Contract, Escrowee shall pay the Deposit to Seller, who shall retain the Deposit in accordance with Section 10.1 below.

4.3 In the event this Contract is terminated by reason other than Purchaser's default, Escrowee shall pay the Deposit to Purchaser.

4.4 Escrowee shall invest and reinvest the proceeds of the Deposit, and any interest earned thereon, in United States Government Treasury Bills or Certificate(s) of Deposit or bank money market account(s) as Seller and Purchaser shall mutually direct. The party entitled to receive the benefit of the interest earned on the Deposit shall pay all income taxes owed in connection therewith. The employer identification numbers of Seller and Purchaser are respectively set forth on the signature page hereof.

4.5 Escrowee, by signing this Contract at the end hereof where indicated, signifies its agreement to hold the Deposit for the purposes as provided in this Contract. In the event of any dispute, Escrowee shall have the right to deposit the Deposit in a court of competent jurisdiction to await the resolution of such dispute. Escrowee shall not incur any liability by reason of any action or non-action taken by it in good faith or pursuant to the judgment or order of a court of competent jurisdiction, unless taken or suffered in bad faith, willful disregard of this Contract or involving gross negligence. Escrowee shall have the right to rely upon the genuineness of all certificates, notices and instruments delivered to it pursuant hereto, and all the signatures thereto or to any other writing received by Escrowee purporting to be signed by any party hereto, and upon the truth of the contents thereof.

4.6 Except as otherwise provided for in Section 4.1, Escrowee shall not pay or deliver the Deposit to any party unless written demand is made therefor and a copy of such written demand is delivered to the other party. If Escrowee does not receive a written objection from the other party to the proposed payment or delivery within five (5) Business Days after such demand is served by personal delivery on such party, Escrowee is hereby authorized and directed to make such payment or delivery. If Escrowee does receive such written objection within such five (5) Business Day period or if for any other reason Escrowee in good faith shall elect not to make such payment or delivery, Escrowee shall forward a copy of the objection, if any, to the other party or parties, and continue to hold the Deposit unless otherwise directed by written instructions from all of the parties to this Contract or by a judgment of a court of competent jurisdiction. In any event, Escrowee shall have the right to refrain from taking any further action with respect to the subject matter of the escrow until it is reasonably satisfied that such dispute is resolved or action by Escrowee is required by an order or judgment of a court of competent jurisdiction.

4.7 Escrowee shall be entitled to consult with counsel in connection with its duties hereunder. Seller and Purchaser, jointly and severally, agree to reimburse Escrowee, upon demand, for the reasonable costs and expenses including attorneys' fees incurred by Escrowee in connection with its acting in its capacity as Escrowee, except with respect to actions or omissions taken or suffered by Escrowee in bad faith, willful disregard of this Contract or involving gross negligence. In the event of litigation relating to the subject matter of the escrow, whichever of Seller or Purchaser is not the prevailing party shall reimburse the prevailing party for any costs and fees paid by the prevailing party or paid from the escrowed funds to Escrowee.

5. *"As-Is" "Where-Is."*

5.1 Purchaser acknowledges and agrees that (a) Purchaser has, or will have prior to the expiration of Purchaser's Extended Diligence Period, independently examined, inspected, and investigated to the full satisfaction of Purchaser, the physical nature and condition of the Premises, including, without limitation, its environmental condition, and the income, operating expenses and carrying charges affecting the Premises, (b) except as expressly set forth in this Contract, neither Seller nor any agent, officer, employee, or representative of Seller has made any representation whatsoever regarding the subject matter of this Contract or any part thereof, including (without limiting the generality of the foregoing) representations as to the physical nature or environmental condition of the Premises, the existence or non-existence of petroleum, asbestos, lead paint, fungi, including mold, or other microbial contamination, hazardous substances or wastes, underground or above ground storage tanks or any other environmental hazards on, under or about the Property or the compliance with any laws, rules, regulations or codes with respect thereto, operating expenses or carrying charges affecting the Premises, the compliance of the Premises or its operation with any laws, rules, ordinances or regulations of any applicable governmental or quasi-governmental authority, the current or future use of the Premises, including without limitation, Purchaser's intended use as a school and for retail purposes as more particularly described in Section 13.1 hereof, and to potentially submit the Premises to a condominium regime, or the habitability, merchantability, marketability, profitability, fitness or development of the Premises for any purpose and (c) except as expressly set forth in this Contract, Purchaser, in executing, delivering and performing this Contract, does not rely upon any statement, offering material, operating statement, historical budget, engineering structural report, any environmental reports, information, or representation made by Seller or any agent, officer, employee, or representative of Seller, to whomsoever made or given, whether to Purchaser or others, and whether directly or indirectly, orally or in writing, except as expressly set forth herein, and Purchaser acknowledges that any such statement, information, offering material, operating statement, historical budget, report or representation, if any, does not represent or guarantee future performance of the Premises. Without limiting the foregoing, but in addition thereto, except as otherwise expressly set forth in this Contract, including without limitation, Sections 6.1 and 8 hereof, Seller shall deliver, and Purchaser shall take, the Premises in its "as is" "where is" condition and with all faults on the Closing Date, including without limitation, any notes or notices or violations of law or municipal ordinances, orders or requirements imposed or issued by any governmental or quasi-governmental authority having or asserting jurisdiction, against or

affecting the Premises and any conditions which may result in violations. The provisions of this Section 5.1 shall survive the Closing or the earlier termination of this Contract.

5.2 Purchaser acknowledges and agrees that Purchaser has, or will have prior to the expiration of Purchaser's Extended Diligence Period, independently examined, inspected, and investigated to the full satisfaction of Purchaser the environmental condition of the Premises. Except as set forth in this Contract, Purchaser hereby waives, releases and forever discharges Seller, its affiliates, subsidiaries, officers, directors, shareholders, employees, independent contractors, partners, representatives, agents, successors and assigns, and each of them, from any and all causes of action, claims, assessments, losses, damages (compensatory, punitive or other), liabilities, obligations, reimbursements, costs and expenses of any kind or nature, actual, contingent, present, future, known or unknown, suspected or unsuspected, including, without limitation, interest, penalties, fines, and attorneys' and experts' fees and expenses, whether caused by, arising from, or premised, in whole or in part, upon Seller's acts or omissions, and notwithstanding that such acts or omissions are negligent or intentional, or premised in whole or in part on any theory of strict or absolute liability, which Purchaser, its successors or assigns or any subsequent purchaser of the Premises may have or incur in any manner or way connected with, arising from, or related to the Premises, including without limitation (i) the environmental condition of the Premises, (ii) any release or threatened release of a hazardous substance or the presence of a hazardous substance at or about or emanating from the Premises or (iii) actual or alleged violations of environmental laws or regulations in connection with the Premises and/or any property conditions. Purchaser agrees, represents and warrants that the matters released herein are not limited to matters which are known, disclosed, suspected or foreseeable, and Purchaser hereby waives any and all rights and benefits which it now has, or in the future may have, conferred upon Purchaser by virtue of the provisions of any law which would limit or detract from the foregoing general release of known and unknown claims. Purchaser agrees that Seller has no obligation to Purchaser to perform any removal, abatement or mitigation of any hazardous substances or any other environmental condition prior to or following the Closing. At Closing Purchaser shall execute and deliver to Seller a release in the form annexed hereto as Exhibit 4 (the "Hazardous Substances Release"). The provisions of this Section 5.2 shall survive the Closing or termination of this Contract.

5.3 Notwithstanding anything to the contrary contained in this Contract, Purchaser's obligations under this Contract shall not be conditioned on Purchaser obtaining any approvals or consents with respect to any proposed future development of the Property, subject to Purchaser's right to terminate this Contract if Purchaser does not receive the DOE/SCA Approval or the DOE Agreement is not executed as of the expiration of the Financing Contingency Period in accordance with Section 7.3 hereof.

5.4 Purchaser hereby acknowledges and agrees that if any of Seller's equipment or personal property is remaining in the Premises following the Closing Date, Purchaser shall provide Seller with notice thereof and in the event Seller fails to remove such equipment or personal property within three (3) Business Days of such notice, Seller hereby agrees that Purchaser may remove, relocate and/or dispose of such equipment

or personal property without any liability to Seller. The provisions of this Section 5.4 shall survive the Closing.

6. *Representations.*

6.1 *Seller's Representations.* Seller represents that as of the date hereof:

(a) Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of New York. Subject to receipt of the Board Approval, Seller has: (i) corporate powers adequate for the making and performing of this Contract; (ii) taken all corporate action required to execute, deliver and perform this Contract and to make all of the provisions of this Contract the valid and enforceable obligations they purport to be; and (iii) caused this Contract to be executed by a duly authorized officer or officers of Seller.

(b) The execution and delivery of this Contract and the performance of its obligations hereunder by Seller do not conflict with any provision of any law or regulation to which Seller is subject, conflict with or result in a breach of or constitute a default under any of the terms, conditions or provisions of any agreement or instrument to which Seller is a party or by which Seller is bound or any order or decree applicable to Seller, or result in the creation or imposition of any lien on any of Seller's assets or property, which would materially and adversely affect the ability of Seller to perform its obligations under this Contract; and Seller has obtained all consents, approvals, authorizations or orders of any court or governmental agency or body, if any, required for the execution, delivery and performance by Seller of this Contract, subject to receipt of the PSC Approval and the Board Approval.

(c) Seller is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended.

(d) Seller is the fee owner of record title to the Premises, and has the right to sell the Premises pursuant to the terms of this Contract.

(e) There are no leases, licenses or other written agreements for the use and occupancy of the Premises to which Seller is a party or which Seller has assumed and which will be binding on Purchaser or to which the Premises or Property will be subject following the Closing.

(f) There are no persons employed by Seller at the Premises in connection with the operation or maintenance of the Premises who will be the responsibility of Purchaser after the Closing.

(g) There is no action, suit, arbitration, proceeding, judgment, order or decree pending, or to Seller's actual knowledge, threatened (i) against Seller in any court or by or before any other governmental agency or instrumentality or arbitrator which would materially and adversely affect the ability of Seller to perform its obligations under this

Contract or (ii) which affects the Premises (or any portion thereof) (other than violations) and not other assets of Seller.

(h) Seller has not received any written notice of any pending condemnation proceeding against the Premises or any portion thereof, and, to Seller's actual knowledge, no such action is threatened.

(i) Seller has not filed any petition seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any law relating to bankruptcy or insolvency, nor to Seller's knowledge has any such petition been filed against Seller. No general assignment of Seller's property has been made for the benefit of creditors, and to Seller's knowledge, no receiver, master, liquidator or trustee has been appointed for Seller or any of its property. Seller is not insolvent.

(j) There are no service contracts or other written agreements for the maintenance, upkeep or operation of the Property or the Premises to which Seller is a party or which Seller has assumed and which will be binding on Purchaser or to which the Property or the Premises will be subject following the Closing.

(k) Seller has and will maintain through the Closing Date, property insurance in amounts adequate to cover the replacement value of the Premises, subject to Seller's standard deductible(s).

(l) Seller has not received, by letter or other official PSC document delivered to Seller, notice of any condition which the PSC intends to impose in connection with the PSC Approval.

6.2 *Seller's Knowledge.* To the extent any of the representations of Seller set forth in Section 6.1 are qualified by Seller's knowledge, such representations are made to the knowledge of Candida Canizio, Director of Real Estate. Any reference to Seller's "receipt" or language similar thereto of notices or other written documents shall mean the actual receipt of the same by Candida Canizio. In no event shall Purchaser be entitled to assert any cause of action against Candida Canizio or her heirs nor shall Candida Canizio or any of her heirs have any personal liability whatsoever for any matter under or related to this Contract.

6.3 *Update and Survival of Seller's Representations.* This Contract is a valid and binding obligation of Seller in accordance with its terms. At Closing, Seller shall deliver to Purchaser a certificate updating the representations set forth in Section 6.1 (other than the representation set forth in subsection (l) (the "PSC Representation"). The representations made in Section 6.1 (other than the PSC Representation) and any update of such representations shall survive the Closing for a period of six (6) months; provided, however, any representation which results in a reduction of the Purchase Price pursuant to Section 6.4 shall not survive the Closing. In any event, Seller's maximum liability after Closing for representations that survive Closing shall be equal to the Maximum Representation Expense.

6.4 *Seller's Liability for Misrepresentations.*

(a) Subject to the provisions of Section 6.4(b) below, if any representation of Seller shall fail to be true in any material and adverse respect, Purchaser's sole remedy shall be to terminate this Contract and Purchaser shall receive and retain the return of the Deposit and upon the receipt of same, this Contract shall be null and void and of no further force or effect and, except for those provisions expressly stated to survive the termination of this Contract, neither party shall have any rights or obligations against or to the other. Seller shall have the option to rescind Purchaser's termination of this Contract and adjourn the Closing for a period not to exceed thirty (30) days beyond the Scheduled Closing Date in order to make such representation true. If the Closing shall take place without Purchaser making an objection to an untrue representation of which Purchaser shall have knowledge, Purchaser shall be deemed to have waived all liability of Seller by reason of such untrue representation.

(b) The provisions of Section 6.4(a) above to the contrary notwithstanding, if any representation(s) of Seller, other than the PSC Representation, shall fail to be true and such representation(s) can be made true solely by the payment of a liquidated sum of money, and if both (i) such representation(s) can reasonably be expected to be made true within a period of thirty (30) days beyond the Scheduled Closing Date and (ii) the sum of money required to make such representation(s) true shall not exceed One Hundred Fifty Three Thousand and 00/100 Dollars (\$153,000.00) in the aggregate (the "Maximum Representation Expense"), in such event, Seller agrees to adjourn the Closing for the period required to make such representation(s) true, but not to exceed thirty (30) days beyond the Scheduled Closing Date and to expend (or, at Seller's election, to obligate itself to expend by indemnity agreement, bond or any other manner) an amount not to exceed the Maximum Representation Expense. If there shall be any untrue representation(s), other than the PSC Representation, which can be made true by the payment of a sum of money only which exceeds the Maximum Representation Expense, or which can be made true by the payment of not more than the Maximum Representation Expense but not within said thirty (30) day period, upon Seller's notice to Purchaser of such facts, Purchaser may elect to (i) cancel this Contract by notice to Seller given within five (5) Business Days after receipt of Seller's notice, in which case Purchaser shall receive and retain the Deposit or (ii) close with a credit from Seller equal to the lesser of the amount required to make the representation true or the Maximum Representation Expense. If Purchaser fails to timely cancel this Contract as provided in the preceding sentence, Purchaser shall nevertheless proceed to Closing and the Purchase Price shall be reduced by the lesser of the sum of money required to make such representations true or the Maximum Representation Expense. Anything in this Section to the contrary notwithstanding, an attempt by Seller to make any untrue representation true shall not be deemed to be or create an obligation of Seller to make the same true.

(c) The provisions of this Section 6.4 shall survive the Closing or termination of this Contract.

6.5 *Purchaser's Representations.* Purchaser represents that as of the date hereof:

(a) Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of New York.

(b) Purchaser has: (i) corporate/organizational powers adequate for the making and performing of this Contract; (ii) taken all corporate/organizational action required to execute, deliver and perform this Contract and to make all of the provisions of this Contract the valid and enforceable obligations they purport to be; and (iii) caused this Contract to be executed by a duly authorized officer or other authorized signatory.

(c) The execution and delivery of this Contract and the performance of its obligations hereunder by Purchaser do not conflict with any provision of any law or regulation to which Purchaser is subject, conflict with or result in a breach of or constitute a default under any of the terms, conditions or provisions of any agreement or instrument to which Purchaser is a party or by which Purchaser is bound or any order or decree applicable to Purchaser, or result in the creation or imposition of any lien on any of Purchaser's assets or property, which would materially and adversely affect the ability of Purchaser to perform its obligations under this Contract; and Purchaser has obtained all consents, approvals, authorizations or orders of any court or governmental agency or body, if any, required for the execution, delivery and performance by Purchaser of this Contract, subject to receipt of the DOE/SCA Approval (if applicable);

(d) There are no judgments, orders or decrees of any kind against Purchaser unpaid or unsatisfied of record or any legal action, suit or other legal or administrative proceeding pending, or, to Purchaser's actual knowledge, threatened before any court or administrative agency which would have a material adverse effect on (i) the business or assets or the condition, financial or otherwise, of Purchaser or (ii) the ability of Purchaser to perform its obligations under this Contract; and

(e) Purchaser has not filed any petition seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any law relating to bankruptcy or insolvency, nor to Purchaser's knowledge has any such petition been filed against Purchaser. No general assignment of Purchaser's property has been made for the benefit of creditors, and to Purchaser's knowledge no receiver, master, liquidator or trustee has been appointed for Purchaser or any of its property. Purchaser is not insolvent and the consummation of the transactions contemplated by this Contract shall not render Purchaser insolvent. Purchaser has now and will have as of the Closing sufficient capital or net worth to meet its current obligations.

6.6 *Purchaser's Knowledge.* To the extent any of the representations of Purchaser set forth in Section 6.5 are qualified by Purchaser's knowledge, such representations are made to the knowledge of Deborah Kenny. Any reference to Purchaser's "receipt" or language similar thereto of notices or other written documents shall mean the actual receipt of the same by Deborah Kenny. In no event shall Seller be entitled to assert any cause of action against Deborah Kenny or her heirs nor shall Deborah Kenny or her heirs have any personal liability whatsoever for any matter under or related to this Contract.

6.7 *Update and Survival of Purchaser's Representations.* This Contract is a valid and binding obligation of Purchaser enforceable against Purchaser in accordance with its terms. At Closing, Purchaser shall deliver to Seller a certificate updating the representations set forth in Section 6.5 (provided that if Purchaser assigns this Contract in accordance with Section 14.2 hereof, Purchaser may modify the representation made in Section 6.5(a) to factually update the permitted assignee's type of entity, jurisdiction of incorporation/organization/formation and authorization to do business in the State of New York, if applicable, as of the Closing (the "Permitted Representation Modification"). The representations set forth in Section 6.5 and any update of such representations shall survive the Closing for six (6) months; provided, however, any representation which results in an increase of the Purchase Price pursuant to Section 6.8 shall not survive the Closing. In any event, Purchaser's maximum liability after Closing for representations that survive Closing shall be equal to the Maximum Representation Expense.

6.8 *Purchaser's Liability for Misrepresentations.*

(a) Subject to the provisions of Section 6.8(b) below, if any representation of Purchaser shall fail to be true in any material and adverse respect, Seller's sole remedy shall be to terminate this Contract and Seller shall receive and retain the Deposit and upon the receipt of same, this Contract shall be null and void and of no further force or effect and, except for those provisions expressly stated to survive the termination of this Contract, neither party shall have any rights or obligations against or to the other. Purchaser shall have the option to rescind Seller's termination of this Contract and adjourn the Closing for a period not to exceed thirty (30) days beyond the Scheduled Closing Date in order to make such representation true. If the Closing shall take place without Seller making an objection to an untrue representation of which Seller shall have knowledge, Seller shall be deemed to have waived all liability of Purchaser by reason of such untrue representation.

(b) The provisions of Section 6.8(a) above to the contrary notwithstanding, if any representation(s) of Purchaser, subject to the Permitted Representation Modification, shall fail to be true and such representation(s) can be made true solely by the payment of a liquidated sum of money, and if both (i) such representation(s) can reasonably be expected to be made true within a period of thirty (30) days beyond the Scheduled Closing Date and (ii) the sum of money required to make such representation(s) true shall not exceed the Maximum Representation Expense, in such event, Purchaser agrees to adjourn the Closing for the period required to make such representation(s) true, but not to exceed thirty (30) days beyond the Scheduled Closing Date and to expend (or, at Purchaser's election, to obligate itself to expend by indemnity agreement, bond or any other manner) an amount not to exceed the Maximum Representation Expense. If there shall be any untrue representation(s), subject to the Permitted Representation Modification, which can be made true by the payment of a sum of money only which exceeds the Maximum Representation Expense, or which can be made true by the payment of not more than the Maximum Representation Expense but not within said thirty (30) day period, upon Purchaser's notice to Seller of such facts, Seller may elect to (i) cancel this Contract by notice to Purchaser given within five (5) Business Days after receipt of Purchaser's notice, in which case Seller shall receive and retain the Deposit or (ii) close with an increase to the Purchase Price equal to the lesser of the amount required to make the representation true or

the Maximum Representation Expense. If Seller fails to timely cancel this Contract as provided in the preceding sentence, Seller shall nevertheless proceed to Closing and the Purchase Price shall be increased by the lesser of the sum of money required to make such representations true or the Maximum Representation Expense. Anything in this Section to the contrary notwithstanding, an attempt by Purchaser to make any untrue representation true shall not be deemed to be or create an obligation of Purchaser to make the same true.

(c) The provisions of this Section 6.8 shall survive the Closing or termination of this Contract.

7. *Covenants.*

7.1 *Operation of Property.* Between the date hereof and the Closing, Seller shall continue to maintain the Premises in the ordinary course and substantially in accordance with the practices and procedures customarily followed by Seller in the maintenance of the Premises prior to the date hereof and in compliance with all applicable laws, provided, however, that (i) Seller shall have no obligation to make any repairs or expenditures that are capital in nature; and (ii) Seller shall not grant any party any new lease or occupancy right which would continue after the Closing.

7.2 *Tax Protest Proceedings.* Seller shall have sole authority to prosecute, settle and withdraw proceedings to review any real estate tax assessment for the Premises covering the fiscal years prior to when the Closing occurs and Purchaser acknowledges that it has no interest in any proceedings or refunds applicable to any fiscal tax year prior to the year in which the Closing occurs. Seller shall not prosecute, settle or withdraw proceedings to review any real estate tax assessment for the Premises covering the fiscal year in which the Closing occurs without the prior written consent of Purchaser. Any refunds applicable to the fiscal tax year in which the Closing occurs shall be prorated between the parties as of the Closing. The provisions of this Section shall survive the Closing.

7.3 *Purchaser's Financing Contingency.* It is specifically agreed and acknowledged by the parties that this Contract is subject to (i) Purchaser receiving approval of Purchaser's Due Diligence by DOE and SCA (the "DOE/SCA Approval") and (ii) the execution of a funding agreement between Purchaser, DOE and SCA (the "DOE Agreement") and together with the DOE/SCA Approval, the "DOE/SCA Financing"; and such contingency is hereinafter referred to as the "Financing Contingency"). Between the date hereof and March 15, 2008 (the "Financing Contingency Period"), Purchaser shall use commercially reasonable and diligent efforts to pursue, in good faith, to obtain the DOE/SCA Financing on terms that are satisfactory to Purchaser, in Purchaser's sole and absolute discretion. Seller and Purchaser shall reasonably cooperate and consult with each other in connection therewith and shall promptly furnish to DOE and SCA such materials as are reasonably requested by such parties. Throughout the Financing Contingency Period, upon Seller's written request (which may be delivered solely by email notwithstanding Section 14.4 hereof), Purchaser shall keep Seller apprised of the status of such financing (which may be accomplished solely by email notwithstanding Section 14.4 hereof). Notwithstanding anything contained herein to the contrary, in the event that the

DOE/SCA Financing (on terms satisfactory to Purchaser, in Purchaser's sole discretion) is not obtained for any reason whatsoever on or before the expiration of the Financing Contingency Period, Purchaser shall have the right to terminate this Contract, by giving written notice to Seller on or before the expiration of the Financing Contingency Period. In such event, Escrowee shall promptly return the Deposit to Purchaser, and both parties shall be released from all duties and obligations created herein except for any obligations that, pursuant to the express provisions hereof, survive termination or cancellation of this Contract. If Purchaser does not so elect to terminate this Contract in accordance with the terms of this Section 7.3, Purchaser's ability to obtain any financing from the DOE and/or SCA or any alternate financing shall not be a condition to Closing or Purchaser's obligations hereunder and Purchaser shall be deemed to have waived its financing contingency.

7.4 *Seller's Facility Relocation Requirement.* Purchaser and Seller acknowledge that prior to any sale of the Premises by Seller, pursuant to Seller's internal policies and procedures as well as PSC requirements, Seller's existing customer service operations at the Premises, as well as Seller's existing work-out location at the Premises, must be relocated to a new facility or facilities in the immediate area of the Premises, which are acceptable to Seller in its sole discretion (collectively, the "New Facility"), Seller must operate its customer service operations successfully in its New Facility for a period of thirty (30) days prior to the sale of the Premises and Seller must remove all of its equipment and personal property and completely vacate the Premises (collectively, the "Facility Relocation Requirement"). Commencing on December 1, 2007, Seller shall use commercially reasonable efforts (e.g. engaging a commercial real estate broker) to locate the New Facility; provided that in no event shall Seller be obligated to select any prospective facilities viewed by Seller unless acceptable to Seller in its sole discretion. It is specifically agreed and acknowledged by the parties that this Contract is subject to the satisfaction of the Facility Relocation Requirement prior to the Closing and in no event shall a failure of Seller to secure a New Facility or for the Facility Relocation Requirement to be satisfied constitute a default by Seller under this Contract. If a New Facility is not secured and/or a lease or leases, as applicable acceptable to Seller in its sole discretion for such New Facility (collectively, the "New Lease") is not fully executed on or before the date which is one (1) month from the later to occur of (i) the earlier to occur of (a) the date the DOE/SCA Approval is received by Purchaser and the DOE Agreement is fully executed and (b) the date Purchaser waives the Financing Contingency (to be evidenced by either the expiration of the Financing Contingency Period or written notice to Seller of Purchaser's election to waive the Financing Contingency prior to the expiration of the Financing Contingency Period), and (ii) the Final PSC Approval Date (the "Lease Contingency Period"), this Contract shall automatically terminate, Escrowee shall promptly return the Deposit to Purchaser, and both parties shall be released from all duties and obligations created herein except for any obligations that, pursuant to the express provisions hereof, survive termination or cancellation of this Contract. Notwithstanding anything contained herein to the contrary, Purchaser may elect to extend the Lease Contingency Period for two (2) consecutive periods of up to six (6) months each, upon written notice to Seller. Throughout the Lease Contingency Period, upon written request from Purchaser (which may be delivered solely by email notwithstanding Section 14.4 hereof), Seller shall

keep Purchaser apprised of the status of such relocation (which may be accomplished solely by email notwithstanding Section 14.4 hereof).

7.5 *PSC Approval.*

(a) Generally. (i) It is specifically agreed and acknowledged by the parties that this Contract is subject to Seller and Purchaser receiving the PSC Approval and the Final PSC Approval Date occurring. Seller and Purchaser shall use commercially reasonable efforts to file with the PSC a duly completed joint petition (the "Joint Petition") as soon as reasonably possible following the date hereof, it being understood and agreed that promptly after the date hereof and thereafter until completion thereof, Seller and Purchaser shall use commercially reasonable efforts to prepare, complete and file with PSC the Joint Petition. During the period (the "PSC Approval Period") between the date hereof and March 15, 2008 (the "PSC Approval Outside Date"), Seller and Purchaser shall use commercially reasonable and diligent efforts to pursue, in good faith, obtaining the PSC Approval and causing the Final PSC Approval Date to occur and shall reasonably cooperate and consult with each other in connection therewith and shall promptly furnish to the PSC such materials as are lawfully required by the PSC in connection with the Joint Petition. Throughout the PSC Approval Period, Seller and Purchaser shall keep each other apprised of the status of the Joint Petition and shall furnish to the other party hereof, promptly upon receiving or giving, as applicable, copies of all notices and other materials furnished to such party by PSC or from such party to PSC with respect to the Joint Petition, the Premises or the subject matter hereof. In the event the PSC Approval is not obtained and/or the Final PSC Approval Date has not occurred prior to the expiration of the PSC Approval Period (as it may be extended as set forth in the following sentence), due to a failure of the PSC to issue an approval, the contest of a conditioned approval in accordance with subsection (b) below, or otherwise, this Contract shall automatically terminate (unless the parties mutually agree in writing to extend the PSC Approval Period), Escrowee shall promptly return the Deposit to Purchaser, and both parties shall be released from all duties and obligations created herein except for any obligations that, pursuant to the express provisions hereof, survive termination or cancellation of this Contract. Notwithstanding the foregoing, in the event that the PSC Approval is not obtained and/or the Final PSC Approval Date has not occurred by the PSC Approval Outside Date, Purchaser may elect to extend the PSC Approval Period for up to an additional twelve (12) months upon written notice to Seller, in which case the Outside Closing Date shall also be extended by the same amount of time, in accordance with Section 9.2 hereof.

(ii) Purchaser shall obtain, at its sole cost and expense, the SEQRA Report, including any amendments, modifications or revisions thereto, as required by the PSC, the DOE, SCA and/or any other applicable governmental agency, as part of Purchaser's Due Diligence pursuant to Section 12 hereof. Promptly following Purchaser's receipt of the SEQRA Report, or any amendments, modifications or revisions requested thereto, Purchaser and Seller shall coordinate submission to the PSC, DOE, SCA and/or any other applicable governmental agency. Seller agrees to reasonably cooperate with Purchaser in connection with Purchaser's preparation and submission of the SEQRA Report.

(iii) Purchaser and Seller hereby acknowledge and agree that the Joint Petition to be submitted to the PSC will include relevant information regarding the Premises known to the parties at the time of the submission.

(b) Conditional PSC Approval.

(i) If the PSC imposes any Transaction Conditions on Seller or Purchaser (the "Affected Party") in connection with the granting of an order, pursuant to Section 70 of the Public Service Law, approving the sale of the Premises pursuant to the terms of this Contract, the Affected Party may elect (in its sole discretion) to (i) accept such Transaction Conditions, (ii) not accept such Transaction Conditions, in which case, subject to the further provisions of this Section 7.5, such order shall not be deemed to constitute "PSC Approval" for purposes of this Contract and therefore the condition set forth in Sections 9.6(a)(iv) or 9.6(b)(iv), as applicable, hereof shall not be deemed to have been satisfied as a result of the issuance of such order, or (iii) at the Affected Party's expense, contest such Transaction Conditions by Legal Proceedings. Such election by the Affected Party shall be made by giving written notice to the other party to this Contract (the "Non-Affected Party") within fifteen (15) days after such order is issued. If the Affected Party elects not to accept such Transaction Conditions, this Contract shall automatically terminate, Escrowee shall promptly return the Deposit to Purchaser, and both parties shall be released from all duties and obligations created herein except for any obligations that, pursuant to the express provisions hereof, survive termination or cancellation of this Contract; provided however, if the Non-Affected Party (in its discretion) gives notice to the Affected Party, within five (5) Business Days after the Affected Party's termination notice, electing to keep this Contract in effect and to pay and be responsible for all such Transaction Conditions (to the extent possible) or to contest such Transaction Conditions by Legal Proceedings, this Contract shall remain in full force and effect and the Deposit shall not be returned to Purchaser at such time. If the Affected Party or the Non-Affected Party elects to contest the Transaction Conditions, such party shall prosecute the particular Legal Proceedings to Final Determination unless (a) such party decides at any time (in its discretion) to accept the contested Transaction Conditions (including by settlement with the PSC) or (b) the other party elects to pay and be responsible for all such Transaction Conditions.

(ii) If, as, and when any Legal Proceeding under Section 7.5(b) results in a Final Determination that imposes any Transaction Conditions on the Affected Party, the Affected Party may terminate this Contract by notice to the Non-Affected Party given within thirty (30) days after such Final Determination unless, if the Non-Affected Party has not yet contested the Transaction Conditions, within twenty one (21) days after the giving of the Affected Party's notice, the Non-Affected Party (in its discretion) gives notice to the Affected Party electing to keep this Contract in effect and to pay and be responsible for all such Transaction Conditions (to the extent possible) or to contest such Transaction Conditions by Legal Proceedings. If the Non-Affected Party does not give such notice, this Contract shall terminate on the twenty-second (22nd) day after the giving of the Affected Party's termination notice, Escrowee shall promptly return the Deposit to Purchaser; and thereafter neither party shall have any further liability to the other (except for any obligations that, pursuant to the express terms of this Contract, survive the termination hereof).

(iii) Notwithstanding anything contained in this Section 7.5 to the contrary, in no event shall an Affected Party or a Non-Affected Party have any obligation to accept or contest any Transaction Condition (subject to subsection (v) below).

(iv) In this Section 7.5, "Transaction Conditions" means the imposition by the PSC, as a condition to the granting of an order, pursuant to Section 70 of the Public Service Law, approving the sale of the Premises pursuant to the terms of this Contract, of any costs, liabilities, other requirements and/or obligations on the Affected Party that are not set forth in this Contract and (x) will result in Seller being required to expend any sum of money in order to perform same (if Seller is the Affected Party) or Purchaser incurring increased acquisition, construction, financing and/or other development costs (if Purchaser is the Affected Party) or (y) have a materially adverse effect upon the Seller's authority and/or ability to convey title in accordance with this Contract.

(v) Notwithstanding anything to the contrary in Section 7.5(b)(iv), Transaction Conditions shall in no event include any of the following:

A. in the case of Seller, standard or "boilerplate" non-financial procedural conditions which are typical for PSC approval of non-utility property dispositions and are not materially adverse to the party in question;

B. in the case of Seller, any condition which the PSC has advised Seller in writing on or before the date of this Contract – by letter or other official PSC document delivered to Seller – that the PSC intends to impose in connection with the PSC Approval; and/or

C. in the case of the Seller, any requirement relating to the allocation of Net Purchase Proceeds between Seller's shareholders and ratepayers; provided, however that any condition or requirement which imposes any costs, charges or similar obligations on Seller's shareholders shall be treated the same as any other Transaction Condition for purposes of this Section.

(vi) For purposes of this Contract:

A. "Con Edison Transaction Expenses" means all expenses incurred by Seller to negotiate, and perform Seller's obligations under, and to accomplish the purposes of, this Contract.

B. "Final Determination" means a decision or determination of (x) any administrative, regulatory or other governmental or quasi-governmental agency of competent jurisdiction or (y) any court of competent jurisdiction, from which the time in which to take an appeal or to otherwise seek review has expired or from which no appeal can be taken. A "Final Determination" shall be deemed to occur as of the date of such expiration of the appeal period or the date of such unappealable decision or determination, as the case may be.

C. “Legal Proceeding” means an action, litigation, administrative or other governmental proceeding, or other legal or equitable proceeding of any kind.

D. “Net Purchase Proceeds” means the Purchase Price less the Con Edison Transaction Expenses.

8. *Title.*

8.1 *Title Commitment.* Purchaser, at its sole expense, shall obtain, and deliver to Seller, (i) a title commitment (the “Title Commitment”) issued by Escrowee, as agent for Old Republic National Title Insurance Company, or such other title company or title abstract company reasonably acceptable to Purchaser and Seller (the “Title Company”), accompanied by a copy of all recorded documents affecting the Property listed as exceptions in Schedule B of the Title Commitment and (ii) a land survey of the Property (the “Survey”). Within sixty (60) days after the date hereof (the “Title Objection Date”), Purchaser shall furnish Seller with notice of any objections, which are not Permitted Exceptions, Purchaser has to the Title Commitment or the Survey; provided, however, except as expressly provided hereunder, Seller shall have no obligation to cure any such objections. Seller shall notify Purchaser within five (5) Business Days whether it can and elects to cure any of such objections, which cure may include, if satisfactory to Purchaser, causing the Title Company to omit such objections from Purchaser’s title policy or, affirmatively insuring such objections, without additional premium (unless paid by Seller). Any objection which Purchaser agrees may be affirmatively insured or otherwise omitted by the Title Company in accordance with the foregoing, shall thereafter be deemed to be a Permitted Exception. If Seller can and elects to, or is specifically required as set forth in Section 8.3 hereof to, cure any such objection, such objection shall be cured as of Closing. If Seller cannot, or elects not to, cure any such objection Purchaser may elect to (x) terminate this Contract by notice given by the Initial Diligence Termination Date in which case Purchaser shall be entitled to the return of the Deposit, (y) proceed to Closing, with an adjustment to the Purchase Price to the extent set forth in Section 8.3 hereof) and such objection shall be deemed a Permitted Exception, or (z) proceed to Closing, without an adjustment to the Purchase Price (if no adjustment is set forth in Section 8.3 hereof), and such objection shall be deemed a Permitted Exception. Any matters identified on the Title Commitment or the Survey as of the Title Objection Date to which Purchaser does not object shall be deemed Permitted Exceptions. Following the Initial Diligence Termination Date, Purchaser shall notify Seller within ten (10) Business Days of becoming aware of any other defects, encumbrances, encroachments or other objections to title that are not Permitted Exceptions and upon a failure by Purchaser to so notify Seller, such defects, encumbrances, encroachments and other objections to title shall be deemed Permitted Exceptions.

8.2 *Status of Title.* Seller shall deliver and Purchaser shall accept title to the Premises and consummate the transaction contemplated by this Contract subject only to (a) the title exceptions set forth in Schedule B to this Contract and (b) title exceptions created by Purchaser and (c) the title exceptions deemed Permitted Exceptions

under Section 8.1 or Section 8.3 hereof (the title exceptions, whether liens, encumbrances, defects, encroachments or other objections described in (a), (b) and (c) herein, sometimes referred to collectively as "Permitted Exceptions").

8.3 *Non-Permitted Title Objections.*

(a) If on the Scheduled Closing Date it should appear that the Premises is affected by any lien, encumbrance, defect, or encroachment (other than Violations and Judgments which are governed by Sections 8.3(c) and (d) hereof) which is not a Permitted Exception (collectively, "Non-Permitted Title Objections"), then, in such event, subject to Section 8.3(b), Seller, at Seller's election, shall have the privilege to remove or satisfy the same, and shall, for that purpose, be entitled to one or more adjournments of the Closing for a period not to exceed thirty (30) days in the aggregate beyond the date scheduled for Closing.

(b) Seller shall not be required to bring any action or proceeding or to otherwise incur any expense to remove or discharge any Non-Permitted Title Objection unless such Non-Permitted Title Objection(s) can be removed or discharged by payment of a liquidated sum of money only, and if both (1) such removal or discharge can reasonably be expected to be accomplished within a period of thirty (30) days beyond the Scheduled Closing Date and (2) the sum of money required to accomplish such removal or discharge does not exceed One Hundred Thousand and 00/100 (\$100,000.00) Dollars in the aggregate (the "Maximum Title Expense"), exclusive of mortgages, other security instruments and any other liens placed of record following the date hereof solely by an affirmative action by Seller (excluding Violations and Judgments which will be handled in accordance with Sections 8.3(c) and (d) hereof) (collectively, "Non-Permitted Monetary Liens"), which are expressly excepted from the definition of Maximum Title Expense and shall be discharged of record regardless of expense and timing. In such event, Seller agrees to adjourn the Closing for the period required to remove or discharge such Non-Permitted Title Objections, but not to exceed thirty (30) days beyond the Scheduled Closing Date, and to expend an amount not to exceed the Maximum Title Expense to remove or discharge such Non-Permitted Title Objections. If there shall be any Non-Permitted Title Objections (other than Non-Permitted Monetary Liens) that can be removed or discharged by the payment of a sum of money only which exceeds the Maximum Title Expense, or that can be removed by the payment of not more than the Maximum Title Expense but not within thirty (30) days and Seller notifies Purchaser that Seller elects not to, or cannot, remove or discharge such Non-Permitted Title Objections, Purchaser may elect to (i) terminate this Contract by notice given within five (5) Business Days after receipt of Seller's notice in which case Purchaser shall be entitled to the return of the Deposit or (ii) close with a credit from Seller equal to the lesser of the amount required to remove or discharge such Non-Permitted Title Objection or the Maximum Title Expense; provided, however, if Purchaser's title insurer will omit such exceptions with an indemnity from Seller in which Seller's liability will not exceed the Maximum Title Expense, Seller shall provide such indemnity and Purchaser shall not be entitled to any credit. If Purchaser fails to timely cancel this Contract as provided in the preceding sentence, Purchaser shall accept such title as Seller can convey and the Purchase Price shall be reduced by the lesser of the Maximum Title Expense or the amount required to remove or discharge said Non-Permitted Title Objection or, if Purchaser's title insurer will omit such exceptions with an indemnity from Seller, Seller may elect to provide such indemnity and Purchaser shall not be entitled to any credit. Unless expressly stated herein to the contrary, an

attempt by Seller to remove or discharge any Non-Permitted Title Objection shall not be deemed to be or create an obligation of Seller to remove or discharge the same.

(c) Seller shall pay up to Fifty Thousand Dollars (\$50,000) in monetary amounts, inclusive of all penalties and fines, due and owing for violations of law or municipal ordinances, orders or requirements noted in or issued by any state or municipal departments having jurisdiction against or affecting the Premises up to the Closing Date (collectively, "Violations"), upon written notice of such Violations from Purchaser. If the cost to cure Violations exceeds \$50,000 and Seller refuses to cure, then Purchaser may elect to (i) terminate this Contract upon written notice to Seller, in which case Purchaser shall be entitled to the return of the Deposit, or (ii) close otherwise in accordance with this Contract notwithstanding the existence of any Violations in excess of \$50,000. If Purchaser elects to close notwithstanding the existence of such Violations in excess of \$50,000, then Purchaser (i) shall receive a credit against the Purchase Price in an amount equal to the cost of the uncured Violations up to \$50,000 minus the amount expended by Seller on or prior to the Closing Date to discharge any Violations, (ii) shall be deemed to have waived all of the Violations that are in excess of \$50,000 and same shall be deemed Permitted Exceptions, and (iii) shall not have any right of action against Seller for or in connection with such undischarged Violations. If any Violations up to \$50,000 are not reasonably able to be cured by Closing, Purchaser and Seller hereby agree that at Purchaser's election, Seller may either deposit the funds for the cure of such Violations with the Title Company to cause such Violations to be cured or such Violations may be included in Seller's Judgment Indemnity to be delivered to the Title Company. If Purchaser shall fail to notify Seller in writing of any election to terminate this Contract pursuant to this Section 8.3(c), then Purchaser shall irrevocably be deemed to have elected to proceed to Closing.

(d) If the Premises is affected by any judgments, including without limitation, any Environmental Control Board judgments and/or violations or mechanics liens entered against Seller (collectively, "Judgments"), upon written notice thereof from Purchaser, at Closing, Seller agrees to deliver to the Title Company an indemnification against such Judgments in the form set forth in Exhibit 5 attached hereto and made a part hereof, which indemnification shall not require the satisfaction, discharge or cure of such Judgments, at any time ("Seller's Judgment Indemnity"). Escrowee, by joining in the execution of this Agreement hereby agrees to accept Seller's Judgment Indemnity and to omit all Judgments for which it is indemnified against therein from Purchaser's title policy in the event Escrowee is also the agent for the Title Company. All Judgments indemnified by Seller pursuant to Seller's Judgment Indemnity shall be deemed Permitted Exceptions. If the Title Company will not accept Seller's Judgment Indemnity for any Judgments, and Seller otherwise refuses to satisfy such Judgments, then Purchaser may elect to (i) terminate this Contract upon written notice to Seller, in which case Purchaser shall be entitled to the return of the Deposit, or (ii) close otherwise in accordance with this Contract notwithstanding the existence of such Judgments. If Purchaser elects to close notwithstanding the existence of such Judgments, such Judgments shall be deemed Permitted Exceptions, and Purchaser shall not have any right of action against Seller for or in connection with such outstanding Judgments. If Purchaser shall fail to notify Seller in writing of any election to terminate this Contract pursuant to this Section 8.3(d), then Purchaser shall irrevocably be deemed to have elected to proceed to Closing.

(e) Notwithstanding anything contained herein to the contrary, all environmental control board violations or judgments shall not be deemed to be Violations as defined herein but shall be deemed to be Judgments and shall be handled in accordance with subsection (d) above.

9. *Closing.*

9.1 *Closing Date and Location.* The closing of the transactions contemplated by this Contract (the "Closing") shall be held at the offices of Seller at 4 Irving Place, New York, New York 10003, or at Purchaser's election, at the office of Purchaser's lender (including, but not limited to the SCA) or the offices of Purchaser's lender's counsel, at 10:00 a.m., on the fifth (5th) Business Day following the date the Facility Relocation Requirement is satisfied, which shall be determined by Seller in its sole discretion in accordance with this Contract and upon notice from Seller to Purchaser of such satisfaction, provided that all of the Closing Conditions have been satisfied (such date, as it may be adjourned pursuant to one or more of the provisions of this Contract, being herein called the "Scheduled Closing Date") and provided further that Purchaser and Seller shall each have the right to an adjournment of not more than sixty (60) days after the Scheduled Closing Date. Subject only to rights of adjournment and extensions specifically set forth in this Contract, TIME SHALL BE OF THE ESSENCE with respect to dates set forth herein. The actual date on which the Closing occurs is referred to herein as the "Closing Date."

9.2 *Outside Closing Date.* Notwithstanding anything to the contrary contained in this Contract, in the event the Closing shall not have occurred on or prior to June 29, 2009 (the "Outside Closing Date"), unless mutually extended by the parties, either party shall have the right to terminate this Contract on written notice to the other party and in such event the Deposit shall be returned to Purchaser; provided, however, in the event the Closing does not occur by the Outside Closing Date due to a failure of the Facility Relocation Requirement to be satisfied as of June 22, 2009 due to delays in the required build-out of Seller's New Facility or in the vacating of the Premises beyond Seller's commercially reasonable control or a force majeure event, at Seller's election, the Outside Closing Date shall be extended for up to six (6) months upon written notice to Purchaser which notice shall be given no later than the original Outside Closing Date. Notwithstanding the foregoing, if the time period to satisfy any Closing Condition or other contingency item (including the Lease Contingency Period) set forth herein is extended by mutual agreement of the parties, or otherwise in accordance with the terms of this Contract, the Outside Closing Date shall be extended day-for-day to match such Closing Condition extension(s). Seller agrees to promptly notify Purchaser of any delays in the build-out of Seller's New Facility.

9.3 *Closing Expenses.*

(a) *Seller's Expenses.* Seller shall pay any real property transfer, conveyance or recording taxes imposed by the applicable governmental authority by reason of the transfer of the Premises ("Transfer Tax"), including any Transfer Tax with respect to any portion of the Purchase Price that may be payable following Closing (e.g., pursuant to the Future Rezoning Covenant). If Purchaser represents in writing to Seller at

Closing that Seller is exempt from any Transfer Tax due to Purchaser's status as a not-for-profit corporation, such exempt amount (the "Exempt Amount") shall be credited against the Purchase Price; provided that Purchaser also delivers to Seller a written indemnification for the Exempt Amount and any interest, fines, penalties, late fees or charges that may be incurred to the extent any such representation shall be found to be false and Seller is be required by the applicable governmental authority to pay such Exempt Amount. Seller shall also be responsible for the cost of its legal counsel, advisors and the other professionals employed by it in connection with the transfer of the Premises.

(b) *Purchaser's Expenses.* Purchaser, in addition to its apportionments (if any) and its other payment obligations hereunder, shall pay for all costs and expenses associated with (i) Purchaser's due diligence, (ii) Purchaser's legal counsel, advisors, engineers, consultants and other professionals employed by it in connection with Purchaser's due diligence and the purchase of the Premises, (iii) title reports or abstracts issued by the Title Company, including any updates to same, (iv) the premium for extended title policy coverage and the costs of any endorsements; (iv) the cost of recording the deed including, without limitation, any recording charges imposed by the applicable governmental authority by reason of the transfer of the Premises; (v) all expenses relating to its inspection of the Premises including, but not limited to, engineering, environmental and property surveys and the Survey (for expenses incurred from and after the date hereof) whether or not Purchaser closes title to the Premises; (vi) any cost incurred in connection with any financing obtained by Purchaser including, without limitation, mortgage recording tax, intangible tax and title insurance premiums; and (vii) any sales tax payable on the sale of any personal property to Purchaser.

(c) Seller and Purchaser shall each execute (and swear to where required) any returns and statements required in connection with the Transfer Tax. Payment of the Transfer Tax due shall be made to the Title Company at Closing and Purchaser shall request that the Title Company cause the payment and returns with respect to the Transfer Tax due at Closing to be timely delivered to the appropriate recording office immediately after the Closing. Escrowee, by joining in the execution of this Agreement hereby agrees that if it is the Title Company, to cause the payment and returns with respect to the Transfer Tax delivered at Closing to be timely delivered to the appropriate recording office immediately after the Closing.

(d) The provisions of this Section 9.3 shall survive the Closing or earlier termination of this Contract.

9.4 *Closing Deliveries.*

(a) At Closing Seller shall deliver to Purchaser or Escrowee:

- (i) The deed (the "Deed") in the form annexed hereto as Exhibit 1 executed by Seller and acknowledged;

- (ii) a copy of the PSC Approval certified by Seller to be a true, correct and complete copy of the original PSC Approval;
- (iii) duly executed certificate of Seller in the applicable form set forth in Treasury Regulations §1.1445-2(b)(2);
- (iv) the Future Rezoning Covenant in the form attached hereto as Exhibit 3 executed by Seller;
- (v) the Transfer Tax return(s) executed by Seller, if any;
- (vi) an update of Seller's representations executed by Seller in accordance with Section 6.3 above;
- (vii) a title certificate in the form attached hereto as Exhibit 2 or any other title certificate or affidavit reasonably required by the Title Company provided such certificate or affidavit is consistent with the terms of this Contract;
- (viii) evidence of Seller's organizational existence and authority; and
- (ix) keys to the Premises

Escrowee:

- (b) At Closing Purchaser shall deliver to Seller or
 - (i) the balance of the Purchase Price as provided in Section 3 hereof and any other amounts payable by Purchaser pursuant to this Contract, in immediately available funds;
 - (ii) the Future Rezoning Covenant in the form attached hereto as Exhibit 3 executed by Purchaser;
 - (iii) the Hazardous Substances Release in the form attached hereto as Exhibit 4 executed by Purchaser
 - (iv) Transfer Tax return(s) executed by Purchaser, if any;
 - (v) an update of Purchaser's representations executed by Purchaser in accordance with Section 6.7 above;

- (vi) evidence of Purchaser's organizational existence and authority; and
- (vii) if the Exempt Amount will be credited against the Purchase Price at Closing in accordance with Section 9.3(a), the written representation and indemnification required therein.

(c) Seller and Purchaser shall execute and deliver such other instruments or documents which by the terms of this Contract are to be delivered by each such party at Closing or are otherwise necessary to effectuate the Closing, provided that such other documents are consistent with the terms of this Contract.

9.5 *Apportionments and Reimbursements.* The following adjustments shall be made with respect to the Premises, and the following procedures shall be followed:

(a) General.

(i) *Preparation of Prorations.* At least two (2) days before the Closing Date, Seller shall prepare and deliver, or cause Escrowee to prepare and deliver, to Purchaser an unaudited statement for the Premises (the "Preliminary Proration Statement") showing prorations for the items set forth below, calculated as of 11:59 P.M. on the day preceding the Closing Date, on the basis of a 365-day year. The funds to be paid pursuant to Section 3 above must be received by Seller (or its designee) on the Closing Date, time being of the essence. Purchaser and its representatives shall be afforded reasonable access to Seller's books and records with respect to the Premises and Seller's work papers pertaining to the Preliminary Proration Statement to confirm the accuracy of the Preliminary Proration Statement. Purchaser and Seller shall agree upon any adjustments to be made to the Preliminary Proration Statement before the Closing, and at the Closing, Purchaser or Seller, as applicable, shall receive a credit equal to the net amount due Purchaser or Seller, as applicable, pursuant to the Preliminary Proration Statement as finally agreed upon by Purchaser and Seller. The items to be covered by the Preliminary Proration Statement are as follows:

A. non-delinquent real property taxes and assessments; provided that if the real property tax assessment for the fiscal year in which the Closing occurs has not been issued as of the Closing Date, real property taxes shall be prorated based on the most recent assessed value of the Premises, multiplied by the current tax rate, and such tax proration shall be subject to adjustment when the tax rate and/or assessed valuation for the Premises is fixed for the year in which the Closing occurs; provided further that Seller shall reasonably cooperate with Purchaser in connection with any attempt by Purchaser to obtain a refund for any real property taxes and assessments prepaid by Seller with respect to periods from and after the Closing Date due to Purchaser's not-for-profit corporation status and Seller shall assign all of Seller's rights to any refund of any such real property taxes and assessments paid by Seller in advance with respect to periods from and after the Closing and;

B. water rates, water meter charges, sewer rents, vault charges, and any other utility charges, if any, shall be adjusted and prorated on the basis of the fiscal period for which assessed. If a water meter, or meters, shall be located on the Premises, Seller agrees that it shall at the Closing furnish a reading of same to a date not more than thirty (30) days prior to the Closing and the unfixed meter charges and the unfixed sewer rent thereon for the time intervening from the date of the last reading shall be apportioned on the basis of such last reading, and shall be appropriately readjusted after the Closing on the basis of the next subsequent bills. Unmetered water charges shall be apportioned on the basis of the charges therefor for the same period of the preceding calendar year, but applying the current rate thereto; and

C. any other expenses normal to the operation and maintenance of the Premises.

(ii) *Principles of Prorations; Collections and Payments.*

In calculating the prorations pursuant to this Section 9.5, Seller shall receive a credit in the amount of any utility, municipality or other deposits relating to the Premises made by Seller and which are assigned to Purchaser at the Closing. Seller shall be entitled to a refund from the applicable utility, municipality or other depository, of any deposits not assigned to Purchaser.

(iii) *Post-Closing Adjustments.* If any of the above items are not determinable at the Closing, the adjustment shall be made subsequent to the Closing when the charge is determined. Any errors or omissions in computing adjustments at the Closing shall be promptly corrected, provided that the party seeking to correct such error or omission shall have notified the other party of such error or omission on or prior to the date that is one (1) year following the Closing Date.

(b) *Survival.* The obligations of Seller and Purchaser under this Section 9.5 shall survive the Closing.

9.6 *Conditions to Closing.*

(a) *Conditions to Purchaser's Obligation to Close.*

Purchaser's obligation to purchase the Premises is subject to the satisfaction of the following conditions precedent ("Purchaser's Closing Conditions"), which may be waived by Purchaser by written notice delivered to Seller:

(i) Seller shall have complied, in all material respects, with its obligations under Section 9.4(a) hereof and under the other provisions of this Contract;

(ii) Purchaser shall have received the DOE/SCA Approval and the fully executed DOE Agreement prior to the expiration of the Financing Contingency Period, unless Purchaser shall be deemed to have waived the Financing Contingency in accordance with Section 7.3 hereof;

(iii) all representations made by Seller in Section 6.1 hereof, other than the PSC Representation, shall be true and correct as of the Closing Date,

including but not limited to the representations set forth in Sections 6.1(a) and 6.1(b); provided however, as of the Closing Date such representations shall not be limited or qualified by any necessity to receive the Board Approval; and

(iv) Seller shall have received the PSC Approval and the Final PSC Approval Date shall have occurred.

(b) *Conditions to Seller's Obligation to Close.* Seller's obligation to sell the Premises is subject to the satisfaction of the following conditions precedent ("Seller's Closing Conditions" and together with Purchaser's Closing Conditions, the "Closing Conditions"), any or all of which may be waived by Seller by written notice delivered to Purchaser:

(i) Purchaser shall have complied, in all material respects with its obligations under Section 9.4(b) hereof and under the other provisions of this Contract;

(ii) all representations made by Purchaser in Section 6.5 hereof shall be true and correct as of the Closing Date, subject to the Permitted Representation Modification;

(iii) Seller's Board of Trustees shall have approved the sale of the Premises pursuant to the terms of this Contract (the "Board Approval");

(iv) Seller shall have received the PSC Approval and the Final PSC Approval Date shall have occurred; and

(v) The Facility Relocation Requirement shall have been satisfied.

(c) *Termination Right if Closing Conditions Are Not Satisfied.* If any of the Closing Conditions set forth in this Section 9.6 are not satisfied (or waived by the party in question) on or prior to the Scheduled Closing Date (as it may be adjourned in accordance with the provisions of this Contract), then Seller (in the case of Seller's Closing Conditions) or Purchaser (in the case of Purchaser's Closing Conditions), as applicable, may, at its sole option, by notice thereof to the other party hereto, terminate this Contract. Upon such termination, the Escrowee shall promptly return the Deposit to Purchaser, and both parties shall be released from all duties and obligations created herein except for any obligations that, pursuant to the express provisions hereof, survive termination or cancellation of this Contract.

10. *Default.*

10.1 *Purchaser's Default.* If Purchaser should default under this Contract (including the failure to timely deliver the Deposit), Seller may elect to cancel this Contract by giving notice to Purchaser and Escrowee. The parties hereto agree that the damages that Seller will sustain as a result of such default will be substantial but will be impossible or difficult to ascertain with precision. Accordingly, the parties agree that in the

event that Seller shall elect to terminate this Contract as a result of such default, subject to Section 4.6, Escrowee is hereby directed to pay the Deposit to Seller, who shall retain the Deposit as liquidated damages and not as a penalty. Purchaser and Seller hereby expressly agree that the Deposit is a fair and reasonable estimate of the actual damages that Seller would suffer in such event. In the event that Seller elects to terminate this Contract in accordance with this Section 10.1, upon payment to Seller of the Deposit, this Contract shall be null and void and of no further force or effect except for those provisions expressly stated to survive the termination of this Contract. The provisions of this Section 10.1 shall survive the termination of this Contract.

10.2 *Seller's Default.* If, for any reason whatsoever, Seller should default under this Contract, including without limitation if Seller shall be unable to convey title subject to, and in accordance with, the terms of this Contract, Purchaser's sole remedies for Seller's default shall be to elect to cancel this Contract and receive the Deposit or to commence an action for specific performance. Upon a termination of this Contract by Purchaser upon such a default, this Contract shall be null and void and of no further force or effect except for those provisions expressly stated to survive the termination of this Contract. The provisions of this Section 10.2 shall survive the termination of this Contract.

11. *Risk of Loss.*

11.1 *Condemnation.*

(a) If, at any time prior to the Closing Date, all or a Substantial Portion of the Property shall be taken in the exercise of the power of condemnation or eminent domain by any sovereign, municipality or other public or private authority or shall be the subject of a duly noticed hearing held by any such authority relating to a pending taking in the exercise of the power of condemnation or eminent domain (a "Taking"), then Seller shall promptly notify Purchaser of such Taking (and promptly deliver after receipt thereof any and all written notices of such Taking received by Seller) and Purchaser may cancel this Contract by written notice given to Seller within ten (10) days after receipt of notice from Seller of such Taking, in which event this Contract shall be deemed cancelled and of no force and effect and neither party shall have any further obligations or liabilities against or to the other, except for those obligations and liabilities that are expressly stated herein to survive termination of this Contract and that Seller shall cause the return of the Deposit to Purchaser. In the case of a Taking of less than a Substantial Portion of the Property or if Purchaser does not elect to terminate this Contract in the case of a Taking of all or a Substantial Portion of the Property, as provided for above, then this Contract shall remain in full force and effect and on the Closing either (A) Purchaser shall be entitled to any condemnation award to be granted (up to the amount of the Purchase Price, with Purchaser and Seller to equally split the portion of the condemnation award in excess of the Purchase Price, if any) and Seller shall assign all of its right, title and interest to such award to Purchaser (up to the amount of the Purchase Price, plus fifty percent (50%) of the portion of the condemnation award in excess of the Purchase Price, if any), less such sums, if any, actually and reasonably expended by Seller to prosecute such claim and restore the Premises, and the Purchase Price shall not be adjusted in any way or (B) if such award shall have been paid to, and retained by, Seller, the Purchase Price shall be reduced by the amount thereof, less such sums, if any, actually and reasonably expended by Seller to prosecute

such claim and restore the Premises; provided however that in no event shall Seller have any obligation to repair or restore the Premises upon a Taking or any obligation to pay Purchaser more than fifty percent (50%) of any amount by which a condemnation award exceeds the Purchase Price. In the case of a Taking of less than a Substantial Portion of the Property or if Purchaser does not elect to terminate this Contract in the case of a Taking of all or a Substantial Portion of the Property, as provided for above, then Seller agrees to consult with Purchaser regarding any restoration of the Property following such Taking; provided however that in no event shall Seller have any obligation to (i) obtain Purchaser's prior approval with respect to any repair or restoration, or (ii) perform any repair or restore the Premises upon a Taking.

(b) As used herein, a Taking of a "Substantial Portion" of the Property shall mean a Taking which (i) materially and adversely affects access to or from the Premises on a permanent basis and/or (ii) results in the permanent loss of an area consisting of at least ten percent (10%) of the Property.

11.2 *Destruction or Damage.* In the event that the Premises, or any part thereof, shall be damaged or destroyed by fire or any other casualty ("Casualty") prior to the Closing Date, this Contract shall remain in full force and effect and Purchaser shall be required to close title in accordance with this Contract with no credit against the Purchase Price and Seller shall have no liability whatsoever on account thereof; provided, however, on the Closing Date, Seller shall transfer and/or assign to Purchaser any and all monies and claims received by and/or accrued to Seller on account of such Casualty, less such sums, if any, as shall have been actually and reasonably expended by Seller in connection with the repair or restoration of such Casualty or the prosecution of such claim; provided however that in no event shall Seller have any obligation to repair or restore the Premises upon a Casualty. Seller agrees to consult with Purchaser regarding any repair or restoration of the Premises following any such Casualty; provided however that in no event shall Seller have any obligation to (i) obtain Purchaser's prior approval with respect to any repair or restoration, or (ii) perform any repair or restore the Premises upon a Casualty.

12. *Purchaser's Diligence Periods.*

12.1 During the period ("Purchaser's Initial Diligence Period") from the date hereof through December 31, 2007 (the "Initial Diligence Termination Date"), Purchaser, through its contractors, consultants, agents, representatives or employees, shall have the right to conduct certain investigations, studies, inspections and other due diligence of the Premises, including but not limited to a Phase I environmental report, a full appraisal, an architectural feasibility study, title review and survey review (collectively, "Purchaser's Initial Due Diligence"). Purchaser shall have the right to cancel this Contract on or before the Initial Diligence Termination Date by notice to Seller to be received by Seller on or before 5:00 P.M. Eastern Time on the Initial Diligence Termination Date, in the event that the Purchaser's Initial Due Diligence reveals conditions that are unacceptable to Purchaser, in its sole and absolute discretion.

12.2 Notwithstanding Section 12.1 hereof, Purchaser shall have the right to conduct, through its contractors, consultants, agents, representatives or employees, solely a Phase II environmental report, any other environmental testing that may

be required by SCA and a SEQRA Report (collectively, "Purchaser's Phase 2 Due Diligence") and together with Purchaser's Initial Due Diligence, "Purchaser's Due Diligence") during the period ("Purchaser's Extended Diligence Period") from the Initial Diligence Termination Date through March 15, 2008 (the "Extended Diligence Termination Date"). Purchaser shall have the right to cancel this Contract on or before the Extended Diligence Termination Date by notice to Seller to be received by Seller on or before 5:00 P.M. Eastern Time on the Extended Diligence Termination Date, solely in the event that the Purchaser's Phase 2 Due Diligence reveals conditions that are unacceptable to Purchaser, in its sole and absolute discretion.

12.3 If Purchaser duly cancels this Contract in accordance with this Section 12, this Contract shall be deemed terminated and of no further force or effect, except for the provisions expressly stated to survive expiration or termination of this Contract, and the Deposit shall be returned to Purchaser. If Purchaser does not duly cancel this Contract in accordance with this Section 12 or if Purchaser waives its right to cancel this Contract, (i) this Contract shall remain in full force and effect and Purchaser shall have no further right to cancel this Contract under this Section 12 and (ii) Purchaser shall be deemed to have waived any obligations of Seller in connection with such waived condition and any right not to proceed with the Closing by reason of any condition known to Purchaser as of the applicable Due Diligence Period, it being understood and agreed that any such waiver shall not void any other contingencies hereunder, prior to the expiration of such contingencies in accordance with the terms hereof.

12.4 Prior to any access to, or entry onto the Premises by Purchaser or any of its contractors, consultants, agents, representatives or employees in connection with Purchaser's Due Diligence, Purchaser shall (i) provide Seller with reasonable prior notice which shall not be less than three (3) Business Days prior to the intended access date so that a representative of Seller may accompany such parties, at Seller's election, and (ii) deliver to Seller a certificate of insurance evidencing the following insurance coverage with respect to each and every party entering the Premises: liability insurance coverage in the amount of at least \$5,000,000, which names Seller as an additional insured and contains a waiver of subrogation in favor of Seller. All access to the Premises for the conduct of Purchaser's Due Diligence shall be during reasonable working hours, as directed by Seller to avoid interference with Seller's business operations at the Premises and to coordinate with the working schedules of Seller's representatives at the Premises.

12.5 Additionally, Purchaser may not conduct any intrusive inspections or borings without the prior written approval of Seller, which approval shall not be unreasonably withheld, conditioned or delayed. In connection with Purchaser's Due Diligence: (i) Purchaser shall be responsible only for any hazardous substances brought to the Premises by Purchaser, its contractors, consultants, agents, representatives or employees, and for any release, discharge or migration thereof; (ii) prior to entry onto the Premises for any Phase II or other environmental inspections or testing, Purchaser shall first provide a work plan, including a health and safety plan, to Seller for its review; and (iii) Purchaser shall restore the Premises to the condition that existed immediately prior to any of Purchaser's Due Diligence activities following any of Purchaser's Due Diligence activities.

12.6 Seller may require that Purchaser only communicate with employees of Seller in the presence of an agent or representative of Seller. Purchaser acknowledges and agrees that Seller and its representatives shall be the only parties authorized to furnish Purchaser with any documents reasonably requested by Purchaser in connection with the performance of Purchaser's Due Diligence. Purchaser shall, following Purchaser's receipt, furnish Seller with copies of any Phase II or other environmental reports relating to the Premises performed by Purchaser or its contractors, consultants, agents, representatives or employees.

12.7 Purchaser shall indemnify and hold Seller free and harmless from and against any and all costs, expenses, claims, losses or damages, liabilities and judgments (including reasonable attorneys' fees and disbursements) arising out of Purchaser's Due Diligence on, in or about the Premises, including without limitation, with respect to the Premises, whether caused by Purchaser or its contractors, consultants, agents, representatives or employees, or anyone acting by, through, under, or at the direction, of the foregoing and any violation of Sections 12.4 or 12.5 hereof, but excluding any and all costs, expenses, claims, losses or damages, liabilities and judgments due to a newly discovered hazardous substance brought to the Premises by a person or entity other than Purchaser or any of its contractors, consultants, agents, representatives or employees.

12.8 Time shall be of the essence with respect to the dates in this Section 12 for the Initial Diligence Termination Date, the Extended Diligence Termination Date and any giving of a cancellation notice by Purchaser. The provisions of this Section 12 shall survive the Closing or termination of this Contract.

13. *Deed Restrictions*

13.1 Purchaser represents to Seller that Purchaser desires to acquire the Premises to house a Charter School for the Harlem Village Academy Charter School of approximately fifty-five thousand (55,000) square feet (the "School Unit") and a retail component of not more than twelve thousand (12,000) square feet on the ground floor and any square footage below grade (the "Retail Unit"). Accordingly, Purchaser hereby agrees that (i) Purchaser (or any subsequent transferee) will not Transfer any portion of the Premises or any Ownership Interest therein at any time for a period of five (5) years from the Closing Date without Seller's prior written consent; provided however without Seller's consent (a) the Premises may be submitted to a condominium regime creating condominium units consistent with the School Unit and Retail Unit described herein, (b) there may be a Transfer of the Retail Unit to any third party whether or not the Premises is submitted to a condominium regime, (c) there may be a Financing Transfer, (d) there may be a Transfer of any portion of the Premises to Civic Builders, Inc., the DOE and/or the SCA or any affiliate thereof and (e) there may be a Transfer of any portion of the Premises to an affiliate of Purchaser or public agency as may be required by the DOE or the SCA; and provided further that if, during the aforesaid five (5) years, any portion of the Premises is Transferred to the DOE at any time, any further Transfer during the aforesaid five (5) years, of such portion by the DOE shall only be subject to Seller's prior approval, not to be unreasonably withheld, conditioned or delayed unless such Transfer satisfies one or more of (a) – (e) above, in which case the DOE shall not need the consent of Seller (collectively, the

"Transfer Restriction"), and (ii) the Premises, other than the Retail Unit and any ancillary common or shared areas/elements of the Premises, will not be used for any purpose other than education or other public use for a period of thirty (30) years from the Closing Date (the "Use Restriction"). Following any submission of the Premises to a condominium regime, Seller agrees to cooperate with Purchaser to amend the Use Restriction or deliver any other documents so that the Use Restriction shall thereafter solely apply to the School Unit. The provisions of this Section shall survive the Closing.

14. *Miscellaneous.*

14.1 *Broker.* Seller and Purchaser represent to each other that neither party has dealt with any broker or real estate consultant in connection with the transaction contemplated by this Contract. Seller and Purchaser shall indemnify and hold the other free and harmless from and against any liabilities, damages, costs or expenses (including, but not limited to, reasonable attorneys' fees and disbursements) suffered by the indemnified party arising from a misrepresentation or a breach of any covenant made by the indemnifying party pursuant to this Section. The provisions of this Section shall survive the Closing or termination of this Contract.

14.2 *Assignment of this Contract.* Purchaser may not Transfer this Contract without the prior written consent of Seller. A direct or indirect Transfer of the majority stock interest in a corporate purchaser or the majority membership interest in a limited liability company purchaser or the majority or any general partnership interest of a partnership purchaser shall constitute a Transfer of this Contract, which assignment or attempted assignment shall be void if made without the written consent of Seller. Notwithstanding the foregoing, provided that the use of the Premises shall comply with Section 13.1 hereof, (i) this Contract may be assigned without Seller's consent to an affiliate of Village Academies Network Inc., Civic Builders, Inc., the DOE or the SCA, or any affiliate of any of the foregoing, provided that Purchaser provides Seller with prior written notice of any such assignment, and (ii) Seller agrees not to unreasonably withhold its consent to an assignment in the event Purchaser desires to assign this Contract to any person or entity authorized to receive funding from the SCA or DOE or any entity that qualifies for tax exemption under Section 501(c)(3) of the Internal Revenue Code, provided any such assignee is organized solely to operate a school. In the event of an assignment of this Contract to Civic Builders, Inc. the parties agree that the Closing Condition set forth in Section 9.6(b)(iii) of this Agreement has been satisfied.

14.3 *Attorneys' Fees.* If either party institutes a legal proceeding against the other party in connection with this Contract, the losing party in such proceeding shall reimburse the prevailing party all reasonable attorneys' fees paid by the prevailing party in connection with such proceeding. The provisions of this Section shall survive the Closing or termination of this Contract.

14.4 *Notices.* All notices hereunder to Seller, Purchaser, Escrowee or the Title Company shall be sent by (i) certified or registered mail, return receipt requested, (ii) a nationally recognized overnight courier which obtains a signature upon delivery, (iii) hand delivery, or (iv) by email provided that notice is also delivered by a

method described in (ii) or (iii) above as more particularly set forth below, addressed to such party at the address of such party set forth below or at such other address as such party shall designate from time to time by notice:

SELLER:

Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, New York 10003
Attn: Director of Real Estate
Tel: (212) 460-3188
Email: canizioc@coned.com

Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, New York 10003
Attn: Michelle M. Hyland, Esq.
Tel. (212) 460-4584
Email: hylandm@coned.com

PURCHASER:

Village Academies Network Inc.
15 Penn Plaza, #15
New York, NY 10001
Attn: Deborah Kenny
Tel.: (212) 502-8701
Email: jkeeney@optonline.net

with a copy to:

Proskauer Rose LLP
1585 Broadway
New York, NY 10036
Attn: Ronald D. Sernau, Esq.
Tel.: (212) 969-3785
Email: rsernau@proskauer.com

ESCROWEE/TITLE COMPANY:

Lex Terrae Ltd.
331 Madison Avenue
9th Floor
New York, New York 10017
Attention: Charles H. Schaefer, Vice President
Tel: (212) 599-1300

Email: cschaefer@lexterrae.com

Notices shall be deemed served three (3) days after mailing, and in the case of overnight courier or hand delivery, on the date actually delivered to or rejected by the intended recipient, and in the case of email, upon the sending of such email, provided a copy of such notice is also sent by overnight courier for next day delivery or by hand delivery for same day or next day delivery, properly addressed and paid for, except for notice(s) which advise the other party of a change of address of the party sending such notice or of such party's attorney, which notice shall not be deemed served until actually received by the party to whom such notice is addressed or delivery is refused by such party. Notices on behalf of the respective parties may be given by their attorneys and such notices shall have the same effect as if in fact subscribed by the party on whose behalf it is given. Notwithstanding the foregoing provisions of this Section (a) notices served by hand delivery shall be deemed served on the date of delivery if delivered at or prior to 5:00 P.M. Eastern Time on a Business Day and on the next Business Day if delivered after 5:00 P.M. Eastern Time on a Business Day or at any time on a non-Business Day and (b) notices served by email shall be deemed served on the date of transmission if sent prior to 5:00 P.M. Eastern Time on a Business Day and on the next Business Day if sent at or after 5:00 P.M. Eastern Time on a Business Day or at any time on a non-Business Day; provided the proper follow-up notice is delivered as required herein.

14.5 *Further Assurances.* The parties each agree to do such other and further acts and things, and to execute and deliver such instruments and documents (not creating any obligations additional to those otherwise imposed by this Contract), as the other party may reasonably request from time to time, whether at or after the Closing, in furtherance of the purposes of this Contract. The provisions of this Section shall survive the Closing for three (3) months.

14.6 *Confidentiality.*

(a) Purchaser agrees that all written documentation furnished to Purchaser by Seller concerning the Premises (all of the aforementioned information is collectively referred to as "Evaluation Material") shall be treated confidentially as hereinafter provided.

(b) All Evaluation Material shall not be used or duplicated by Purchaser in any way detrimental to Seller, or for any purpose other than evaluating a possible purchase of the Premises by Purchaser. Purchaser agrees to keep all Evaluation Material (other than information which is a matter of public record or is provided in other sources readily available to the public other than as a result of disclosure thereof by Purchaser or Related Parties) strictly confidential; provided, however, that the Evaluation Material may be disclosed to the directors, officers, employees and partners (including, without limitation, potential investors) of Purchaser, and to Purchaser's lender (including, without limitation, the SCA and the DOE), attorneys and accounting firm (all of whom are collectively referred to as "Related Parties") who need to know such information for the purpose of evaluating a possible purchase of the Premises by Purchaser. The Related Parties shall be informed of the confidential nature of the Evaluation Material and shall be directed in writing to keep all such information in the strictest confidence and use such information only for the

purpose of evaluating a possible purchase by Purchaser. Purchaser will promptly, upon request of Seller following the termination of this Contract, deliver to Seller all Evaluation Material furnished by Seller, whether furnished before or after the date hereof, without retaining copies thereof. Purchaser will direct Related Parties to whom Evaluation Material is made available not to make similar disclosures and any such disclosure shall be deemed made by and be the responsibility of Purchaser. Notwithstanding the foregoing, in the event that Purchaser or any of its Related Parties, pursuant to applicable law or regulation or legal process, is requested or required to disclose any Evaluation Material, Purchaser shall provide Seller with prompt written notice of such request or requirement in order to enable Seller to consult with Purchaser with regard to the steps that may be taken by Seller to reduce the extent of Evaluation Material that must be disclosed and/or to enable Seller to seek an appropriate protective order or other remedy reducing the extent of Evaluation Material that must be disclosed. In any event, Purchaser and its Related Parties shall only disclose such Evaluation Material which they are advised by legal counsel is legally required in order to comply with such applicable law or regulation or legal process (as such may be affected by any protective order or other remedy obtained by Seller) and Purchaser and its Related Parties shall use reasonable efforts to ensure that all Evaluation Material that is so disclosed will be accorded confidential treatment.

(c) Prior to the Closing, Purchaser shall keep strictly confidential and shall cause the Related Parties to keep strictly confidential the provisions of this Contract and the transactions contemplated hereunder and Purchaser shall not, and shall cause the Related Parties not to, directly or indirectly make or cause or permit others to make any media disclosure, press release, marketing release, advertisement, or any similar public statement or announcement regarding this Contract, or otherwise using Seller's name, without obtaining Seller's prior written consent. Purchaser and Seller agree that Purchaser's violation of this subsection (c) will constitute a material default of this Contract and upon such a violation, Seller shall be entitled to exercise all of its remedies under this Contract. The provisions of this subsection (c) shall survive any termination of this Contract.

(d) Purchaser agrees that after the Closing, Purchaser shall not, and shall not cause the Related Parties to, directly or indirectly make or cause others to make any media disclosure, press release, marketing release, advertisement, or any similar public statement or announcement regarding this Contract or the transactions contemplated herein, or otherwise using Seller's name, without obtaining Seller's prior written consent, which consent may be withheld in Seller's reasonable discretion. Purchaser hereby agrees that in addition to Seller's other remedies upon a violation of this subsection (d), Seller is entitled to injunctive relief to enforce this subsection (d) and to enjoin any violations or threatened violations of this subsection (d). Purchaser hereby agrees to reimburse Seller for any and all court and/or reasonable attorney fees, costs and expenses incurred by Seller in connection with a violation or threatened violation of this subsection (d) by Purchaser. The provisions of this subsection (d) shall survive the Closing and any termination of this Contract.

(e) Notwithstanding anything contained in this Section 14.6 to the contrary, the submission of the Joint Petition to the PSC and all exhibits and accompanying materials, as approved by Seller, shall not be deemed a breach of Purchaser's confidentiality obligations hereunder.

(f) The provisions of this Section 14.6 shall survive the Closing or termination of this Contract.

14.7 *Survival and Merger.* The acceptance of the Deed by Purchaser shall be deemed to be a full performance and discharge of every agreement and obligation on the part of Seller to be performed pursuant to the provisions of this Contract, except those which are herein specifically stated to survive the Closing, and Seller shall have no further liability with respect to any such agreement or obligation of Seller.

14.8 *No Recording.* Purchaser shall not record this Contract or any memorandum thereof and any such recording shall be null and void and shall constitute a default hereunder.

14.9 *Successors and Assigns.* This Contract shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns, if any, but nothing contained herein shall be deemed a waiver of the provisions of Section 14.2 hereof.

14.10 *Entire Agreement.* This Contract and the Schedules and Exhibits annexed hereto constitute the entire agreement between the parties hereto with respect to the subject matter hereof, and all understandings and agreements heretofore or simultaneously had between the parties hereto are merged in and are contained in this Contract and said Schedules and Exhibits.

14.11 *No Waiver and Modifications.* The provisions of this Contract may not be waived, changed, modified or discharged orally, but only by an agreement in writing signed by the party against which any waiver, change, modification or discharge is sought.

14.12 *Captions and Titles.* The captions or section titles contained in this Contract and the Index, if any, are for convenience and reference only and shall not be deemed a part of the text of this Contract.

14.13 *Construction.* The terms "hereof," "herein," and "hereunder," and words of similar import, shall be construed to refer to this Contract as a whole, and not to any particular article or provision, unless expressly so stated. All words or terms used in this Contract, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require.

14.14 *Non-Business Days.* If a party is required to perform an act or give a notice on a date that is a Saturday, Sunday or national holiday, the date such performance or notice is due shall be deemed to be the next Business Day.

14.15 *Governing Law and Jurisdiction.* This Contract is to be governed and construed in accordance with the laws of the State of New York. Purchaser and Seller hereby submit to the jurisdiction of the State and United States District courts

located within the County of New York in respect of any suit or other proceeding brought in connection with or arising out of this Contract. The provisions of this subsection shall survive the Closing or earlier termination of this Contract.

14.16 *Waiver of Trial by Jury.* Each party hereby waives, irrevocably and unconditionally, trial by jury in any action brought on, under or by virtue of or relating in any way to this Contract or any of the documents executed in connection herewith, the Premises, or any claims, defenses, rights of set-off or other actions pertaining hereto or to any of the foregoing.

14.17 *Counterparts.* This Contract may be executed in two or more counterparts and each of such counterparts, for all purposes, shall be deemed to be an original but all of such counterparts together shall constitute but one and the same instrument, binding upon all parties hereto, notwithstanding that all of such parties may not have executed the same counterpart.

14.18 *No Third Party Benefits.* This Contract is made for the sole benefit of Seller and Purchaser and their respective successors and assigns (subject to Section 14.2 above) and no other person shall have any right, remedy or legal interest of any kind by reason of this Contract.

14.19 *Submission not an Offer.* The submission of this Contract to any party by Seller shall not be construed as an offer, nor shall Purchaser have any rights with respect thereto, unless and until Seller shall execute a copy of this Contract and deliver the same to Purchaser.

14.20 *Severability.* If any provision of this Contract is determined by a court of competent jurisdiction to be invalid or unenforceable, such determination will not effect the remaining provisions of this Contract, all of which will remain in full force and effect.

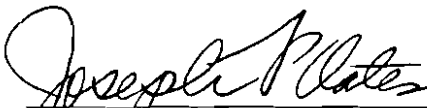
14.21 *Insurance.* Subject to the terms of Sections 11.1 and 11.2, Purchaser acknowledges that Seller's insurance policies will not be transferred to Purchaser and that such insurance policies will in no way inure to the benefit of Purchaser.

- REMAINDER OF PAGE INTENTIONALLY LEFT BLANK -

IN WITNESS WHEREOF, the parties hereto have duly executed this Contract the day and year first above written.

I.D. No: 13-5009340

**CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.**

By: 
Name: Joseph P. Oates
Title: Vice President and Treasurer

I.D. No.: _____

**VILLAGE ACADEMIES NETWORK
INC.**

By: _____
Name: Deborah Kenny
Title: Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have duly executed this Contract the day and year first above written.

I.D. No: 13-5009340

**CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.**

By: _____
Name: Joseph P. Oates
Title: Vice President and Treasurer

I.D. No.: 13 - 4186070

**VILLAGE ACADEMIES NETWORK
INC.**

By: 
Name: Deborah Kenny
Title: Chief Executive Officer

AGREEMENT OF ESCROWEE:

By executing in the space provided below, the undersigned Escrowee hereby (i) acknowledges receipt of the Deposit in the amount of \$1,530,000.00 and agrees to hold such sum in escrow pursuant to the provisions of this Contract, including Section 4 hereof, (ii) agrees that if it is also the agent for the Title Company, to accept Seller's Judgment Indemnity in the form attached hereto as Exhibit 5 as set forth in Section 8.3(d) hereof and (iii) agrees that if it is also the agent for the Title Company, to cause the payment and returns with respect to Transfer Taxes to be timely delivered to the appropriate recording office immediately after the Closing as set forth in Section 9.3(c) hereof.

LEX TERRAE LTD.

By: 

Name: Charles Schaefer

Title: VP

SCHEDULE A

**ATTACHED TO AND FORMING PART OF THE CONTRACT BETWEEN
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., AS SELLER
AND VILLAGE ACADEMIES NETWORK INC., AS PURCHASER**

DESCRIPTION OF PROPERTY

OLD REPUBLIC TITLE
TITLE NO.NYC-237923-L

SCHEDULE A – DESCRIPTION

Parcel One

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

BEGINNING at a point on the northerly side of One Hundred and Twenty Fourth Street distant three hundred and ninety feet westerly from the corner formed by the intersection of the northerly side of One Hundred and Twenty Fourth Street with the westerly side of Fifth Avenue, and

RUNNING THENCE northerly and parallel with Fifth Avenue, one hundred feet and eleven inches to the centre line of the block;

THENCE westerly along the same, twenty feet;

THENCE southerly again parallel with Fifth Avenue and partly through a party wall, one hundred feet and eleven inches to the northerly side of One Hundred Twenty Fourth Street;

THENCE easterly along the same, twenty feet to the point or place of BEGINNING.

Parcel Two

ALL that certain lot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point on the northerly side of One Hundred and Twenty Fourth Street between Fifth and Sixth Avenues distant four hundred and twenty two feet six inches westerly from the corner formed by the intersection of the westerly side of Fifth Avenue with the northerly side of One Hundred and Twenty Fourth Street;

RUNNING THENCE northerly parallel with said westerly side of Fifth Avenue and partly through a party wall, one hundred feet and eleven inches to the centre line of the block;

THENCE westerly along said centre line, twelve feet six inches;

THENCE southerly again parallel with said westerly side of Fifth Avenue, and partly through another party wall, one hundred feet eleven inches to said northerly side of One Hundred and Twenty Fourth Street;

THENCE easterly on said northerly side of One Hundred Twenty Fourth Street, twelve feet six inches to the point or place of BEGINNING.

(Continued)

Parcel Three

ALL that certain lot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point on the northerly side of One Hundred and Twenty Fourth Street distant four hundred seventy two feet six inches easterly from the northeasterly corner of Sixth Avenue (as widened one hundred fifty feet wide) and One Hundred and Twenty Fourth Street and in the centre line of a party wall;

RUNNING THENCE northerly through said centre line of said party wall and parallel with Sixth Avenue, one hundred feet and eleven inches to the centre line of the block;

THENCE easterly parallel to One Hundred Twenty Fourth Street, twelve feet six inches;

THENCE southerly and parallel with Sixth Avenue and partly through the centre of a party wall, one hundred feet and eleven inches to the northerly side of One Hundred and Twenty Fourth Street;

THENCE westerly and along said northerly side of One Hundred and Twenty Fourth Street, twelve feet six inches to the point or place of BEGINNING.

Parcel Four

ALL that certain lot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at point on the southerly side of One Hundred Twenty Fifth Street distant three hundred and forty seven feet six inches westerly from the southwesterly corner of said Street and Fifth Avenue;

RUNNING THENCE southerly parallel with Fifth Avenue one hundred feet and ten inches to the centre line of the block;

THENCE westerly along said centre line and parallel with said street, sixty two feet six inches;

THENCE northerly parallel with Fifth Avenue, one hundred feet ten inches to the southerly line of said Street;

THENCE easterly along said line sixty two feet six inches to the point or place of BEGINNING, be the said several dimensions more or less.

Parcel Five

ALL that certain lot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point in the southerly side of One Hundred and Twenty Fifth Street distant four hundred and ten feet westerly from the intersection of the southerly side of One Hundred Twenty Fifth Street and the westerly side of Fifth Avenue;

RUNNING THENCE southerly parallel with Fifth Avenue and part of the way through a party wall, one hundred feet eleven inches to the centre line of the block;

THENCE westerly along said centre line, twenty feet ten inches;

THENCE northerly again parallel with Fifth Avenue and part of the way through another party wall, one hundred feet eleven inches to the southerly side of One Hundred and Twenty Fifth Street;

THENCE easterly along the ^{Southerly}~~northerly~~ side of One Hundred and Twenty Fifth Street, twenty feet ten inches to the point or place of BEGINNING.

Parcel Six

ALL that certain lot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point on the southerly side of One Hundred Twenty Fifth Street distant four hundred and thirty feet ten inches westerly from the corner formed by the intersection of the westerly side of Fifth Avenue with said southerly side of One Hundred and Twenty Fifth Street, which point is at the center of a party wall;

RUNNING THENCE southerly partly through said party wall partly erected on lot hereby described and partly on lot adjoining the easterly side thereof and parallel with Fifth Avenue, one foot eleven inches to the centre line of the block;

THENCE westerly along said centre line of the block, twenty feet and ten inches;

THENCE northerly partly through another party wall erected on the lot hereby described and partly on lot adjoining on the westerly side thereof and parallel with Fifth Avenue, one hundred feet eleven inches to said southerly side of One Hundred and Twenty Fifth Street, and

THENCE easterly along said southerly side of One Hundred and Twenty Fifth Street, twenty feet ten inches to the point or place of BEGINNING.

SCHEDULE B

ATTACHED TO AND FORMING PART OF THE CONTRACT BETWEEN CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., AS SELLER AND VILLAGE ACADEMIES NETWORK INC., AS PURCHASER

"SUBJECT TO" PROVISIONS

1. Any laws, regulations or ordinances presently in effect or which will be in effect on the Closing Date (including, but not limited to, zoning, building and environmental protection) as to the use, occupancy, subdivision or improvement of the Premises adopted or imposed by any governmental body or the effect of any noncompliance with or any violation thereof.
 2. Right of any utility companies to maintain and operate lines, wires, poles, cables and distribution boxes, in, over and upon the Premises.
 3. Unpatented mining claims; reservations or exceptions in patents or in acts authorizing the issuance thereof, water rights, claims or title to water, whether or not shown by the public records.
 4. Real estate taxes, vault charges and water and sewer charges for the fiscal year in which the Closing occurs and subsequent years, liens not yet due and payable.
 5. Subject to Section 8.3(c) hereof, all notes or notices of violations of law or municipal ordinances, orders or requirements noted in or issued by any state or municipal departments having jurisdiction, now or hereafter against or affecting the Premises.
 6. The Transfer Restriction as more particularly set forth in Section 13.1 of the Contract.
 7. The Use Restriction as more particularly set forth in Section 13.1 of the Contract.
-

EXHIBIT 1

**ATTACHED TO AND FORMING PART OF THE CONTRACT BETWEEN
CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., AS SELLER
AND VILLAGE ACADEMIES NETWORK INC., AS PURCHASER**

FORM OF DEED TO THE PREMISES

THIS INDENTURE, made as of the __ day of _____

BY

CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., a New York corporation, with an office at 4 Irving Place, New York, New York, 10003 ("Grantor")

In favor of

("Grantee")

WITNESSETH, that Grantor, in consideration of Ten Dollars, and other valuable consideration paid by Grantee, does hereby grant and release unto Grantee, its heirs or successors and assigns forever,

ALL that certain plot, piece or parcel of land more particularly described in Schedule A annexed hereto and made a part hereof and any improvements situated thereon,

TOGETHER with all right, title and interest, if any, of Grantor in and to any streets and roads abutting the above described premises to the center lines thereof; TOGETHER with the appurtenances and all the estate and rights of Grantor in and to said premises; TO HAVE AND TO HOLD the premises herein granted unto Grantee, its heirs, successors and assigns forever.

PROVIDED, HOWEVER, Grantee (and any subsequent grantee) may not sell, transfer, assign, lease, pledge, exchange, swap, grant as collateral for a security interest, mortgage, or otherwise encumber or exchange the premises herein granted unto Grantee or any ownership or beneficial interest therein (other than a grant of a security interest in connection with a financing to acquire, develop or operate the premises or any refinancing thereof) within five (5) years from the date hereof without Grantor's prior written consent; provided however that without Grantor's consent (i) Grantee (or any subsequent grantee) may submit the premises to a condominium regime, consisting of not more than 12,000 square feet of ground floor space and all below-grade space to be used for retail purposes (the "retail unit") and the remainder of the premises, other than ancillary common or shared areas/elements, to house a school, (ii) Grantee (and any subsequent grantee) may transfer the "retail unit" portion of the premises to any third party, whether or not the premises is submitted to a condominium regime, (iii) Grantee (and any subsequent grantee) may transfer any portion of the entire premises to an affiliate of Grantee, Civic Builders, Inc., the New York City Department of

Education and/or the New York State School Construction Authority or any affiliate of any of the foregoing, or any public agency as may be required by the New York State School Construction Authority or the New York City Department of Education; and provided further that if, during the aforesaid five (5) years, any portion of the premises is transferred to the New York City Department of Education, any further transfer during the aforesaid five (5) years, of such portion by the New York City Department of Education shall only be subject to Seller's prior written approval, not to be unreasonably withheld, conditioned or delayed, unless such transfer satisfies one or more of (i) – (iii) above, in which case the New York City Department of Education shall not need the consent of Grantee.

PROVIDED, FURTHER, that the premises herein granted unto Grantee may only be used for education purposes or other public use for a period of thirty (30) years from the date hereof (the "Use Restriction"); provided however that notwithstanding the Use Restriction, no more than 12,000 square feet of ground floor space and all below-grade space of the premises may be used for retail purposes and the premises may include ancillary common or shared areas/elements.

AND Grantor, in compliance with Section 13 of the Lien Law, covenants that Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose. The word "party" shall be construed as if it read "parties," whenever the sense of this indenture so requires.

IN WITNESS WHEREOF, Grantor has duly executed this deed the day and year first above written.

**CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.**

BY: _____

NAME:

TITLE:

COUNTY OF NEW YORK)

)

ss:

STATE OF NEW YORK)

On this _____ day of _____, _____ before me, the undersigned, a notary public in and for said State, personally appeared _____, 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, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

(signature and office of individual
taking acknowledgment)

Schedule A to Deed

LEGAL DESCRIPTION

EXHIBIT 2

ATTACHED TO AND FORMING PART OF THE CONTRACT BETWEEN CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., AS SELLER AND VILLAGE ACADEMIES NETWORK INC., AS PURCHASER

FORM OF TITLE CERTIFICATE

The undersigned, CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., a New York corporation hereby certifies to [] (the "Insurer") the following:

1. The undersigned is the owner ("Owner") of certain property (the "Property") situated in New York, New York, described in title commitment No. _____ (the "Title Commitment") issued by Insurer.

2. Except as may be provided in the Title Commitment, Owner has not entered into, and is not a party, to any written lease, license or occupancy agreement which grants to any party any tenancy, license or similar occupancy right with respect to all or part of the Property.

3. During the period of 240 days immediately preceding the date of this certification no improvements or alterations have been made (other than minor repairs) to the Property by or on behalf of Owner that have not been paid for (or if unpaid will be paid in the ordinary course of business) and that no claims against Owner of laborers or materialmen remain unpaid (or if unpaid will be paid in the ordinary course of business) for work performed by or on behalf of Owner and that no material incorporated into the Property by Owner is subject to a security interest (other than in connection with any mortgage described in the Title Commitment).

4. No proceedings in bankruptcy or receivership have been instituted by or against Owner which are now pending, nor has the Owner made any assignment for the benefit of creditors which is in effect as to the Property.

5. Owner agrees not to cause any lien or encumbrance to be filed against the Property between the date hereof and the earlier of (a) the date the documents creating the interest being insured pursuant to the Title Commitment have been filed of record and (b) three (3) days following the date hereof.

6. This certification is made for the purpose of inducing Insurer to issue its title policy insuring the Property.

[SIGNATURE ON FOLLOWING PAGE]

Dated this ____ day of _____, 20[____].

**CONSOLIDATED EDISON COMPANY
OF NEW YORK, INC.**

BY: _____

NAME:

TITLE:

EXHIBIT 3

ATTACHED TO AND FORMING PART OF THE CONTRACT BETWEEN CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., AS SELLER AND VILLAGE ACADEMIES NETWORK INC., AS PURCHASER

FORM OF FUTURE REZONING COVENANT

FUTURE REZONING COVENANT (this "Covenant") made as of _____, 200__ by and between CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., a New York corporation, with an office at 4 Irving Place, New York, NY 10003 ("Con Edison"), VILLAGE ACADEMIES NETWORK INC., a New York corporation, with an office at 15 Penn Plaza #15, New York, New York 10001 ("Purchaser"), CIVIC BUILDERS, INC., a _____ corporation, with an office at _____ ("Civic Builders") and [Proposed Owner of the Retail Unit], a _____, with an office at _____ ("Retail Owner")

Introductory Statement

Con Edison and Purchaser are parties to that certain Contract of Sale dated as of _____, 2007 (the "Agreement") pursuant to which Con Edison has conveyed to Purchaser real property located in the City of New York, commonly known as 32-42 West 125th Street and 35-39 West 124th Street, New York, New York, and designated as Block 1722, Lot 51 on the Tax Map of the City of New York as more particularly described in Exhibit "A" hereto (the "Property"). Civic Builders is Purchaser's developer for the Property and Purchaser and Retail Owner are parties to a certain agreement pursuant to which Purchaser will convey the Retail Unit (as hereinafter defined) to Retail Owner.

Con Edison and Purchaser intend that Con Edison will receive, as a portion of the purchase price for the Property under the Agreement, payment for increases in the Floor Area (as defined below) of the Property resulting from each and every Future Rezoning (as defined below) of the Property authorizing a floor area ratio ("FAR") in excess of the greater of (x) 6 or 4 FAR (as applicable to the two separate zoning districts within the Property) and (y) such FAR as implemented as a result of the rezoning study of the area where the Property is located which is being performed by the New York City Department of City Planning as of the date of the Agreement; provided such FAR is not less than 6 and 4 (as applicable to the two separate zoning districts within the Property) (the greater of (x) and (y) in this sentence being referred to herein as the "Maximum FAR") to the extent such Future Floor Area (as defined below) is Utilized (as defined below) by a Rezoning Party (as defined below). The price to be paid by a Rezoning Party as to each Future Rezoning of the Property in excess of the Maximum FAR will be One Hundred Eighty Five and 00/100 Dollars (\$185.00) per square foot of Future Floor Area created by such Future Rezoning which is Utilized, plus 50% of the fair market value of such additional Floor Area in excess of One Hundred Eighty Five and 00/100 Dollars (\$185.00) per square foot which is Utilized (all as set forth below).

If, as, and when each such Future Rezoning occurs, the applicable Rezoning Party will give notice to Con Edison, as set forth below, and, to the extent set forth below, will not seek to construct, Transfer (as defined below), or otherwise Utilize the respective increased Floor Area until the Rezoning Party has made the payments specified below.

NOW, THEREFORE, in consideration of the promises set forth below and in the Agreement, and payments made and to be made under the Agreement and this Covenant, and intending to be legally bound hereby Purchaser and Con Edison covenant and agree as follows:

Article 1. Certain Definitions

1.1 The words and phrases set forth below have the following meanings in this Covenant:

“AAA” means the American Arbitration Association or a successor organization (and, for all proceedings and applications under this Covenant, the New York City office of the same).

“Fees-And-Costs” means reasonable fees of attorneys, architects, engineers, expert witnesses, consultants and others, and reasonable costs, expenses and disbursements charged by, or reimbursable to, the foregoing.

“Final Determination” means a decision or determination of (i) any administrative, regulatory or other governmental or quasi-governmental agency from which the time in which to take an appeal or to otherwise seek review has expired or from which no timely appeal can be taken or review sought or (ii) any court of competent jurisdiction, from which the time in which to take an appeal or to otherwise seek review has expired or from which no timely appeal can be taken or review sought. A “Final Determination” shall be deemed to occur as of the date of such expiration of the appeal period or the date of such unappealable decision or determination, as the case may be.

“Floor Area” means Floor Area as defined in the Zoning Resolution.

“Future Floor Area” means the Floor Area of the Property resulting from the particular Future Rezoning in excess of the greater of (i) the Floor Area of the Property before that particular Future Rezoning (whether or not then permitted under the Zoning Resolution); or (ii) the maximum Floor Area of the Property pursuant to the Maximum FAR.

“Future Rezoning” means each and every Rezoning of the Property in excess of the Maximum FAR occurring after the date of this Covenant, which is initiated by a Rezoning Party. For purposes of this Covenant, “Future Rezoning” shall not include any Rezoning initiated by any Person other than a Rezoning Party, including, but not limited to, the New York City Department of City Planning, the SCA or a subsequent owner of the Property which is unaffiliated with a Rezoning Party.

“Government Entity” means the United States; the State of New York; the City of New York; any other political subdivision of any of the foregoing; and any agency, authority,

department, court, local development corporation, business improvement district, commission or other legal entity of any of the foregoing.

“Legal Proceeding” means an action, litigation, administrative or other governmental proceeding, or other legal or equitable proceeding of any kind (other than a dispute resolution pursuant to Article 5).

“Person” means an individual person, corporation, partnership, trust, joint venture, limited liability company, proprietorship, estate, association, land trust, other trust, Government Entity or other incorporated or unincorporated enterprise, entity or organization of any kind.

“Rezoning” means a Final Determination pursuant to the procedures set forth in the New York City Charter and/or such other laws, rules and regulations as are applicable thereto in respect of applications for any change in the zoning map affecting the Property and/or any special permits, authorizations, and/or certifications under and pursuant to the Zoning Resolution with respect to the Property creating, revising, or permitting Floor Area for the development of the Property for residential, commercial, community facility, or other uses permitted from time to time by the Zoning Resolution.

“Retail Unit” means that portion of the Property which is no more than 12,000 square feet of ground floor space and all below-grade space to be used for retail purposes in accordance with the Use Restriction set forth in that certain deed pursuant to which Con Edison conveyed the Property to Purchaser.

“Rezoning Party” means any of Purchaser, Civic Builders, Retail Owner and any successor and/or assign thereof as owner of the Retail Unit at any time, or any subsidiary or affiliate of the foregoing, who initiates a Future Rezoning requiring a payment of the Future Rezoning Price pursuant to this Covenant or any other action under this Covenant.

“Transfer” or “to Transfer” means to sell, transfer, assign, pledge, donate, exchange, swap, hypothecate, grant a security interest in, mortgage, option or otherwise encumber or dispose of, voluntarily or involuntarily, with or without consideration.

“Utilization” or “to Utilize” means to develop, construct, occupy or put to any business or profitable use, or Transfer (and in this Covenant refers to any Utilization of additional Floor Area that may be obtained by a Rezoning Party in a Future Rezoning).

“Zoning Resolution” means the Zoning Resolution of the City of New York (or any successor law), as amended from time to time.

1.2 Other words and phrases are defined elsewhere in this Covenant and in the Exhibits hereto.

1.3 Wherever used in this Covenant:

(a) the words “include” or “including” shall be construed as incorporating, also, “but not limited to” or “without limitation”;

- (b) the word “day” means a calendar day unless otherwise specified;
- (c) the word “law” (or “laws”) means any law, rule, regulation, order, statute, ordinance, resolution, regulation, code, decree, judgment, injunction, mandate or other legally binding requirement of a Government Entity applicable in the particular context;
- (d) the word “notice” shall mean notice in writing (whether or not specifically so stated);
- (e) the word “month” means a calendar month unless otherwise specified;
- (f) the word “amended” means “amended, modified, extended, renewed, changed, or otherwise revised”; and the word “amendment” means “amendment, modification, extension, change, renewal, or other revision”; and
- (g) references to “dollars” or “\$” mean United States dollars.

Article 2. Future Rezoning Price; Payment

2.1 In this Covenant, “Future Rezoning Price” means One Hundred Eighty Five and 00/100 Dollars (\$185.00) per square foot of Future Floor Area which is Utilized by a Rezoning Party, plus fifty percent (50%) of the Fair Market Value of such Future Floor Area which is Utilized by a Rezoning Party, in excess of One Hundred Eighty Five and 00/100 Dollars (\$185.00) per square foot, determined as of the date of the particular Future Rezoning.

2.2 A Rezoning Party shall pay the Future Rezoning Price for any Future Rezoning of the Property in excess of the Maximum FAR as follows:

(a) One Hundred Eighty Five and 00/100 Dollars (\$185.00) per square foot of Future Floor Area Utilized by such Rezoning Party, by wire transfer of funds to Con Edison within thirty (30) days after such Rezoning Party files an application for a building permit or other governmental permit to construct, alter, or otherwise improve or Utilize any such Future Floor Area or any portion thereof, or in the case of a Transfer of the Future Floor Area, or any portion thereof, upon the closing of such Transfer; and

(b) fifty percent (50%) of the Fair Market Value in excess of One Hundred Eighty Five and 00/100 Dollars (\$185.00) per square foot of such Future Floor Area Utilized by such Rezoning Party (the “Additional Amount”), by wire transfer of funds to Con Edison. If the parties have agreed upon the FMV within the five (5) Business Day period prior to the applicable time period set forth in Section 2.2(a) above, the Rezoning Party shall pay the Additional Amount within the applicable time period set forth in Section 2.2(a). If the parties have not agreed on FMV within the five (5) Business Day period prior to the applicable time period set forth in Section 2.2(a) above, either party may send notice to commence the procedure for determining Fair Market Value pursuant to Article 5, and the Additional Amount shall be payable within fifteen (15) days after the determination of Fair Market Value pursuant to Article 5.

In no event shall the Future Rezoning Price be less than One Hundred Eighty Five and 00/100 Dollars (\$185.00) per square foot of the respective Future Floor Area for which a Rezoning Party is required to pay the Future Rezoning Price hereunder.

2.3 All wire transfers to Con Edison shall be transmitted to the account or accounts specified from time to time for payment of wire transfers by notice from Con Edison at least one (1) day before the wire transfer.

Article 3. Covenant

3.1 Unless and until a Rezoning Party has paid the Future Rezoning Price due to Con Edison with respect to the particular Future Rezoning other than the Additional Amount (*i.e.*, the payment specified under (a) (but not (b)) of Section 2.2), all Rezoning Parties shall not: (a) Utilize any Future Floor Area created by the particular Future Rezoning; (b) construct, alter, or otherwise improve any such Future Floor Area; or (c) Transfer any such Future Floor Area. The Additional Amount, if any, due under Section 2.2(b) shall be payable if, as and when provided in Section 2.2(b) hereof.

3.2 Each Rezoning Party shall give notice to Con Edison within thirty (30) days after such Rezoning Party obtains actual knowledge of the occurrence of each and every Future Rezoning. Alternatively, Con Edison may give notice to the Rezoning Parties at any time of the occurrence of any Future Rezoning.

3.3 Each Person acquiring any fee interest in all or any portion of the Property after the date of this Covenant shall give notice to Con Edison within fifteen (15) days after the respective conveyance: (a) specifying the name and postal and electronic addresses of the Person acquiring such interest and, if such Person is a legal entity, the name of the individual(s) authorized to act on behalf of such legal entity; and (b) if a Rezoning Party, acknowledging this Covenant and agreeing to be bound by the terms, covenants, conditions, and provisions of this Covenant.

3.4 Failure of any Person to give any notice required under this Article shall not waive or otherwise avoid the obligations of the respective Rezoning Party to give notice or to make payment as required under this Covenant.

Article 4. Expiration

4.1 This Covenant shall expire, automatically and without the filing of termination documents, on _____, 20__ [30 years after the date this Covenant].

Article 5. Fair Market Value Appraisals

5.1 This Article provides the mechanism for determining the Fair Market Value of Future Floor Area for purposes of this Covenant.

5.2 In this Covenant:

(a) "Fair Market Value" or "FMV" means the fair market value of the Future Floor Area resulting from a particular Future Rezoning, determined as of the date of the Final Determination with respect to such Future Rezoning, taking into account those facts and circumstances which are then reasonably and customarily taken into account by professional appraisers valuing similar property and rights.

(b) "Independent FMV Appraiser" means an individual, jointly selected by the applicable Rezoning Party and Con Edison (or the appraisers appointed by them), who has no less than fifteen (15) years of residential building appraisal experience in midtown Manhattan and who has not been engaged (and whose firm has not been engaged) within the previous ten (10) years by the applicable Rezoning Party or Con Edison.

5.3 When Fair Market Value must be determined for purposes of this Covenant, an appraiser for each of Con Edison and the applicable Rezoning Party shall submit an appraisal in MAI form to the other for the FMV of the respective Future Floor Area within thirty (30) days after either notifies the other that an FMV appraisal is required under this Section. If either Con Edison or the applicable Rezoning Party fails to submit such an appraisal by such thirtieth (30th) day, the appraisal submitted by the other shall bind both parties. If the two appraisers cannot agree on the applicable FMV within ten (10) days after the appraisals are exchanged, and if the parties have not previously designated such individual, the appraisers shall jointly designate an Independent FMV Appraiser within five (5) days after the end of such ten (10) day period. If the two appraisers cannot agree upon an Independent FMV Appraiser within such five (5) day period, then the Independent FMV Appraiser shall be appointed by the AAA upon request of either party. The AAA shall appoint the Independent FMV Appraiser within ten (10) days after the date of such request. Within thirty (30) days after such appointment, the Independent FMV Appraiser shall determine the applicable Fair Market Value by selecting the Fair Market Value specified in the appraisal previously submitted (as set forth above) by one or the other of the parties. The determination of the Independent FMV Appraiser shall be conclusive and binding on the parties as the decision of an arbitrator under the CPLR. Each party shall pay fifty percent (50%) of the Fees-And-Costs of the Independent FMV Appraiser. For purposes of this Covenant, an appraisal in MAI form means an appraisal conforming to generally accepted appraisal standards of the Appraisal Standards Board which uses three market value approaches — cost, income, and comparable sales — and reconciles the results of each to estimated market value.

Article 6. Default; Remedies

6.1 The following defaults shall constitute "Events of Default" under this Covenant if Con Edison shall provide written notice thereof to the applicable Rezoning Party and such party shall not cure the default in question within (x) in the case of a monetary default, ten (10) days or (y) in the case of a non-monetary default, thirty (30) days, after receipt of such notice, or if the non-monetary default is of a nature that it cannot reasonably be cured within said thirty (30) day period, such period may be extended up to a maximum of ninety (90) days provided that the applicable Rezoning Party commences the cure of such non-monetary default within such thirty (30) day period and thereafter diligently and in good faith proceeds to cure such failure:

(a) a Rezoning Party shall fail to pay the Future Rezoning Price as and when due and payable with respect to a particular Future Rezoning under this Covenant; and/or

(b) a Rezoning Party shall take any action contemplated under (a) through (c) of Section 3.1 without paying the Future Rezoning Price due to Con Edison under Section 2.2(a).

6.2 Upon the occurrence of an Event of Default, Con Edison shall have the following rights and remedies:

(a) the right to bring a Legal Proceeding for an injunction prohibiting the actions described in (a) through (c) of Section 3.1 or for specific performance of any obligation of the respective Rezoning Party under this Covenant;

(b) the right to bring an action for payment of all or any part of the Future Rezoning Price then due and payable to Con Edison under Section 2.2(a) and/or (b); and

(c) any and all other remedies available to Con Edison at law, in equity, or otherwise.

6.3 The remedies of Con Edison in this Covenant are intended to be cumulative; and the exercise of one remedy shall not preclude the concurrent or future exercise of any other remedy under this Covenant.

Article 7. Certain Representations and Covenants

7.1 Purchaser, Civic Builders and Retail Owner each represents and warrants to Con Edison as of the date of this Covenant as follows, as applicable to each such party:

(a) Purchaser is a corporation duly organized, validly existing, and in good standing under the laws of the State of New York; Civic Builders is a _____duly organized, validly existing, and in good standing under the laws of the State of _____ and, if legally required to do so, is qualified or otherwise legally permitted to conduct business in the State of New York; and Retail Owner is a _____duly organized, validly existing, and in good standing under the laws of the State of _____ and, if legally required to do so, is qualified or otherwise legally permitted to conduct business in the State of New York.

(b) Such party has all necessary power and lawful authority to own and operate its assets and properties and to carry on its business (including all transactions contemplated under this Covenant).

(c) The execution and delivery of this Covenant by such party, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary action of such party and have been duly approved and/or authorized by all members, managers, partners, shareholders, or directors of such party (to the extent such approval and/or authorization is required) and by any and all other Persons whose approval is required for such approval and authorization under the organizing documents of such party and/or any other agreements applicable to such party under which such approval or authorization is required.

(d) The execution and delivery of this Covenant by such party, and the consummation of the transactions contemplated hereby, will not violate any provision of such party's certificate of incorporation or by-laws, articles of organization, limited liability operating agreement, partnership agreement, or other organizing or constituent documents, or result in the acceleration of any material indebtedness of such party.

7.2 Intentionally omitted.

7.3 Purchaser, Civic Builders and Retail Owner each agrees that this Covenant, and Con Edison's rights hereunder, are irrevocable, exclusive, and not subject to rescission or cancellation by Purchaser, Civic Builders, Retail Owner or any other Rezoning Party or any other Person acting by, through, or under such parties. Purchaser agrees that the granting of this Covenant to Con Edison is in consideration of a material benefit to Purchaser, bargained for and supported by consideration to Purchaser; and that any attempt by Purchaser, a Rezoning Party or any other Person to prevent Con Edison from enforcing its rights under this Covenant would deny Con Edison a material part of its bargain.

7.4 Purchaser, Civic Builders and Retail Owner each hereby irrevocably waives, to the fullest extent permitted by law, any and all defenses (legal, equitable, or otherwise) existing as of the date hereof to the validity and enforceability of this Covenant.

7.5 Con Edison represents and warrants to Purchaser, Civic Builders and Retail Owner, as of the date of this Covenant as follows:

(a) Con Edison is a corporation duly organized, validly existing, and in good standing under the laws of the State of New York.

(b) Con Edison has all necessary power and lawful authority to own and operate its assets and properties and to carry on the transactions contemplated under this Covenant.

(c) The execution and delivery by Con Edison of this Covenant, and the consummation by Con Edison of the transactions contemplated hereby, have been duly authorized by all necessary action of Con Edison and have been duly approved and/or authorized by all members, managers, partners, shareholders, or directors of Con Edison (to the extent such approval and/or authorization is required) and by any and all other Persons whose approval is required for such approval and authorization under the organizing documents of Con Edison and/or any other agreements applicable to Con Edison under which such approval or authorization is required.

(d) The execution and delivery of this Covenant by Con Edison, and the consummation of the transactions contemplated hereby, will not violate any provision of Con Edison's certificate of incorporation or by-laws, articles of organization, limited liability operating agreement, partnership agreement, or other organizing or constituent documents, or result in the acceleration of any material indebtedness of Con Edison.

Article 8. Notices

8.1 All notices hereunder to Con Edison, Purchaser, Civic Builders and/or Retail Owner shall be sent by certified or registered mail, return receipt requested, or may be sent by a nationally recognized overnight courier which obtains a signature upon delivery, or may be delivered by hand delivery addressed to such party at the address of such party set forth below or at such other address as such party shall designate from time to time by notice:

CON EDISON:

Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, New York 10003
Attn: Director of Real Estate
Tel: (212) 460-3188

Consolidated Edison Company of New York, Inc.
4 Irving Place
New York, New York 10003
Attn: Michelle M. Hyland, Esq.
Tel. (212) 460-4584

PURCHASER:

Village Academies Network Inc.
15 Penn Plaza, #15
New York, NY 10001
Attn: Deborah Kenny
Tel.: (212) 502-8701

with a copy to:

Proskauer Rose LLP
1585 Broadway
New York, NY 10036
Attn: Ronald D. Sernau, Esq.
Tel.: (212) 969-3785

CIVIC BUILDERS:

New York, NY

Attn:

Tel.: (212)

with a copy to:

New York, NY

Attn:

Tel.: (212)

RETAIL OWNER:

Attn:

Tel.: ()

with a copy to:

Attn:

Tel.: ()

Notices shall be deemed served three (3) days after mailing, and in the case of overnight courier or hand delivery, on the date actually delivered to or rejected by the intended recipient, except for notice(s) which advise the other party of a change of address of the party sending such notice or of such party's attorney, which notice shall not be deemed served until actually received by the party to whom such notice is addressed or delivery is refused by such party. Notices on behalf of the respective parties may be given by their attorneys and such notices shall have the same effect as if in fact subscribed by the party on whose behalf it is given. Notwithstanding the foregoing provisions of this Section notices served by hand delivery shall be deemed served on the date of delivery if delivered at or prior to 5:00 P.M. Eastern Time on a Business Day and on the next Business Day if delivered after 5:00 P.M. Eastern Time on a Business Day or at any time on a non-Business Day.

Article 9. Miscellaneous

9.1. Each of the parties shall take such additional actions and sign and deliver such other instruments and documents as may be reasonably necessary to effectuate the transactions contemplated under this Covenant; provided, however, that the taking of such acts

or the execution of such documents will not result in non-de minimis cost or liability to the respective party which is not otherwise required under this Covenant.

9.2. This Covenant shall be governed and construed in accordance with the laws of the State of New York (without regard to principles of conflicts of law).

9.3. This Covenant shall not be modified, waived, or amended except by written agreement signed by the party against which the modification, waiver or amendment is sought to be enforced.

9.4. This Covenant, together with any Exhibits hereto, constitute(s) the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings of the parties relating hereto.

9.5. Except as expressly provided in this Covenant, no delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof or as a waiver of any other right, power or privilege hereunder; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise hereunder. The rights and remedies of each party under this Covenant are cumulative and are not exclusive of any rights or remedies which the party may otherwise have at law or in equity.

9.6. This Covenant may be executed (a) in counterparts, a complete set of which together shall constitute an original and (b) in duplicates, each of which shall constitute an original. Copies of this Covenant showing the signatures of the respective parties, whether produced by photographic, digital, computer, or similar reproduction, may be used for all purposes as originals.

9.7. This Covenant (and all terms thereof, whether so expressed or not), shall be binding upon the Rezoning Parties and any successor or assign of the Retail Owner (as to the Retail Unit only) and shall inure to the benefit of and be enforceable by such parties and the successors and assigns of the Retail Owner and Con Edison. Except to the extent expressly set forth in Sections 3.1(c) and 3.3 hereof, nothing in this Covenant shall be construed to restrict the ability of Purchaser to Transfer the Property or any portion thereof.

9.8. The Exhibits attached hereto are (and shall be deemed) parts of this Covenant. The headings of this Covenant are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

9.9. Each party irrevocably submits to the jurisdiction of the courts of (and service of process in) the County of New York, State of New York and agrees that any action or proceeding arising out of or relating to this Covenant may be brought and/or defended in the courts of the County of New York, State of New York.

9.10. If any term, covenant, condition or provision of this Covenant is determined by Final Determination to be invalid or unenforceable, the remaining terms, covenants, conditions and provisions of this Covenant shall not be affected thereby but shall be valid and enforceable to the fullest extent permitted by law. This Covenant shall be construed

without regard to any presumption requiring construction against the party drafting this Covenant.

9.11. Nothing in this Covenant, express or implied, is intended: (a) to confer on any Person—(other than the parties hereto and the successors and assigns of Con Edison and the Retail Owner (with respect to the Retail Unit only))—any rights, obligations, liabilities, or remedies; (b) to constitute Con Edison as a partner or co-venturer of any Rezoning Party, or vice versa; or (c) to waive any claim or right of any party against any Person who is not a party to this Covenant as of the date hereof. In no event shall the failure of any Rezoning Party to fulfill its obligations hereunder, or shall the breach or default by any Rezoning Party, constitute a failure, breach or default by the other Rezoning Parties and none of the Rezoning Parties shall be liable for any acts or omissions of any of the other Rezoning Parties.

9.12 Con Edison shall be responsible for any transfer taxes if and to the extent that Con Edison's actual receipt of payment of any Future Rezoning Price is deemed taxable consideration for the purposes of such transfer taxes. If the applicable Rezoning Party represents in writing to Con Edison that it is a not-for-profit corporation and that an exemption from any transfer tax applies to any specific Future Rezoning transaction, the applicable Rezoning Party shall be entitled to a credit against the Future Rezoning Price for such transaction equal to the amount of any such transfer tax exemption; provided that the applicable Rezoning Party also delivers to Con Edison a written indemnification for such exempt amount, together with any interest, fines, penalties, late fees or charges that may be incurred by Con Edison to the extent any such representation shall be false and Con Edison is required by the applicable governmental authority to pay such exempt amount. Con Edison and the applicable Rezoning Party shall each execute (and swear to where required) any returns and statements required in connection with transfer taxes that may be due upon Con Edison's actual receipt of payment of any Future Rezoning Price.

9.13 The applicable Rezoning Party shall pay Con Edison interest on any payment due under this Covenant which is not paid within ten (10) days after the date when due at an annual rate equal to the prime or base rate of Citibank, N.A. (or its successors) plus two percentage points from time to time (or, if Citibank shall cease to exist and have no successor, a bank designated by Con Edison which is a member of the New York Clearing House Association).

9.14. In the event of any Legal Proceeding between or among Con Edison and Purchaser or any Rezoning Party concerning this Covenant, the prevailing party shall be entitled to reimbursement from the losing party for the Fees-And-Costs of such proceeding incurred by the prevailing party. For this purpose, "prevailing party" means the party who obtains a Final Determination adverse to the other party in or by reason of such Legal Proceeding.

IN WITNESS WHEREOF, Con Edison, Purchaser, Civic Builders and Retail
Owner have executed this Covenant as of the date first above written.

CONSOLIDATED EDISON COMPANY OF NEW
YORK, INC.

By: _____
Name:
Title:

VILLAGE ACADEMIES NETWORK INC.

By: _____
Name:
Title:

CIVIC BUILDERS INC.

By: _____
Name:
Title:

[retail owner]

By: _____
Name:
Title:

Exhibit "A" to Future Rezoning Covenant
Property Description

EXHIBIT 4

ATTACHED TO AND FORMING PART OF THE CONTRACT BETWEEN CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., AS SELLER AND VILLAGE ACADEMIES NETWORK INC., AS PURCHASER

FORM OF HAZARDOUS SUBSTANCES RELEASE

THIS RELEASE (this "Release") made as of _____, 200__ by VILLAGE ACADEMIES NETWORK INC., a New York corporation, having an address at 15 Penn Plaza #15, New York, New York 10001 (hereinafter sometimes called "**Owner**") to, and for the benefit of, the CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., a New York corporation, having an address at 4 Irving Place, New York, New York 10003 (hereinafter sometimes called "**Con Edison**").

WITNESSETH:

WHEREAS, simultaneously herewith, pursuant to a certain Contract of Sale dated as of _____, 2007 between Con Edison and Owner (as amended, supplemented or otherwise modified from time to time, the "Sale Agreement") Con Edison has conveyed to Owner the property (including the existing improvements, if any, thereon) known as 32-42 West 125th Street and 35-39 West 124th Street, New York, New York 10027, and designated as Block 1722, Lot 51 on the Tax Map of the City of New York (such property, together with all existing and future improvements thereon, collectively, the "**Property**");

WHEREAS, Con Edison, as a condition precedent to its conveyance of the Property to Owner, has required that Owner execute this Release to provide Con Edison with the rights set forth herein.

NOW, THEREFORE, in consideration of the sum of \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Owner, Owner hereby agrees as follows:

1. **Definitions.** The terms defined below shall for this Release have the meanings herein specified:

(i) "**Environment**": Soil, surface waters, groundwater, land, stream sediments, surface or subsurface strata, indoor air and outdoor air. The term "Environment" also includes foundational, structural, and other elements of any of the buildings or other structures on the Property.

(ii) "**Environmental Condition**": Any condition, situation, circumstance or event, relating to or arising from the release (or threatened release) of a Hazardous Substance to the Environment, or from the presence of a Hazardous Substance, upon, over, under, at, about, or emanating from the Property, which could serve as the basis for or element of any claim or

liability under any law or regulation or under any common law or equitable theory of recovery, including, without limitation, the presence of underground storage tanks;

(iii) “Environmental Damages”: Any and all claims, damages, losses, costs, debts, obligations, judgments, charges, expenses, penalties, fines, encumbrances, liens and liabilities of every kind or nature whatsoever, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, (including, without limitation, fees incurred for the services of attorneys, consultants, engineers, contractors, experts, laboratories, accountants and any other service providers) arising at law or in equity, from or in connection with the existence of any Environmental Condition, including, but not limited to, the existence of a violation of any Environmental Law pertaining to the Property, regardless of whether such Environmental Condition or violation arose prior to the ownership by Owner of the Property, including, without limitation, the following:

- (A) response costs, cleanup costs, costs of construction or demolition of any improvements on real property, and other costs of any cleanup, remediation, removal, abatement, containment, closure, restoration or monitoring work required by any Governmental Authority, or reasonably necessary to protect human health or the environment, or otherwise expended;
- (B) costs and expenses of investigation and defense of such claims, costs of satisfying a judgment on any such claims, and costs incurred settling such claims (whether or not any such claim is ultimately upheld);
- (C) injury to or death of any person or persons or damage to or destruction of the environment, property or natural resources occurring upon or off the Property, including, without limitation, damages assessed for the maintenance of a public or private nuisance or for the carrying on of an abnormally dangerous activity at or near the Property;
- (D) judgments, damages (including consequential and punitive damages), lost income, foregone profits, expenses (including litigation expenses), fines, liabilities, encumbrances, and liens; and
- (E) costs incurred complying with any directives of any Governmental Authority that are in whole or in part, incurred in connection with the existence of any Environmental Condition; or the existence of any violation or alleged violation of Environmental Laws pertaining to the Property;

(iv) “Environmental Laws”: Any applicable statute, regulation, rule, ordinance, code, license or order of any Governmental Authority (defined below) and all applicable judicial and administrative and regulatory decrees, judgments and orders, relating to the protection of public health, public safety or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Sections 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986; the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901 et seq.; the Federal Water Pollution Control Act, as amended by the Clean Water Act, 33 U.S.C. Sections 1251 et seq.; the Clean Air Act, 42 U.S.C. Sections 7401 et seq.; the National Environmental Policy Act, 42 U.S.C. Sections

4321 et seq.; the Refuse Act, 33 U.S.C. Sections 401 et seq.; the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. Sections 136 et seq.; the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. Sections 11001 et seq.; the Occupational Safety and Health Act of 1970; the Hazardous Materials Transportation Act, as amended by the Hazardous Materials Transportation Authorization Act of 1994, 49 U.S.C. Sections 5101 et seq.; the Toxic Substances Control Act, 15 U.S.C. Sections 2601 et seq.; the Oil Pollution Act of 1990, 33 U.S.C. Sections 2701 et seq.; as each of these may be amended from time to time; and any and state or local analogues to any of these statutes.

(v) "Governmental Authority": Any municipal, county, state, federal and foreign governments, agencies, departments, authorities, both public and quasi-public, courts, boards, bureaus, commissions and officers of any of the foregoing.

(vi) "Hazardous Substance": Any material, substance, compound, solid, liquid or gas, or any radiation, emission or release of energy in any form, whether naturally occurring, man-made or the product of any process, (1) which is or may under certain conditions be toxic, harmful, or hazardous to public health, public safety, or the environment, (2) which is or may be defined or regulated as a "hazardous waste", "hazardous substance", "hazardous material" "toxic substance", pollutant or contaminant under any Environmental Law, (3) the use, handling, management, release, treatment, storage, transportation or disposal of which is or may be regulated under any Environmental Law, or (4) the removal, remediation or abatement of which is required under any Environmental Law. Hazardous Substances include, but are not limited to, asbestos, polychlorinated biphenyls, mercury, lead, petroleum and petroleum products and derivatives, urea formaldehyde foam insulation, and radon and other radioactive materials.

2. **Intentionally Omitted.**

3. **Release of Claims.** Owner, for itself and its successors and assigns, hereby releases and discharges Con Edison, and its officers, directors, agents, affiliates and employees, heirs, executors, administrators, successors and assigns (all such parties being hereinafter collectively called the "Releasees"), from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, damages, judgments, executions, claims, and demands whatsoever, in law, admiralty, or equity, or otherwise, which the Owner and its executors, administrators, successors, and assigns (collectively, the "Owner Parties") ever had, now have or hereafter can, shall, or may have against the Releasees, for, upon, or by reason of the presence of any Environmental Condition at the Property, whether from an on-site or off-site source, or emanating from the Property, or resulting in an Environmental Condition off-site relating to Hazardous Substances on the Property (the "Owner Release").

4. **Intentionally Omitted.**

5. **Binding Effect.** All the covenants and agreements hereinabove contained on the part of Owner, shall apply to and bind its successors and assigns and shall inure to the benefit of each Releasee and its respective successors and assigns.

6. **Governing Law.** This Release shall be construed in accordance with and governed by the laws of the State of New York.

7. **Amendments.** No provision of this Release may be modified, amended, or waived, except by an instrument in writing executed by Owner and Con Edison.

8. **Consent to Jurisdiction.** Owner and Con Edison each consents to the exercise of personal jurisdiction over it by any federal or state court in the County of New York, State of New York and consents to the laying of venue in any jurisdiction over it by any federal or state court in the County of New York, State of New York.

9. **Severability.** If any provision of this Release shall be held to be invalid, illegal or unenforceable under applicable law, the remainder of this Release shall remain in full force and effect and shall not be affected thereby.

above. **IN WITNESS WHEREOF**, this Release is executed as of the date first set forth

VILLAGE ACADEMIES NETWORK INC.

By: _____
Name:
Title:

EXHIBIT 5

ATTACHED TO AND FORMING PART OF THE CONTRACT BETWEEN CONSOLIDATED EDISON COMPANY OF NEW YORK, INC., AS SELLER AND VILLAGE ACADEMIES NETWORK INC., AS PURCHASER

FORM OF SELLER'S JUDGMENT INDEMNITY

This Indemnity Agreement (this "Indemnity Agreement"), dated as of the _____ day of _____, _____ is by and among Consolidated Edison Company of New York, Inc., (the "Indemnitor"), and **LEX TERRAE LTD.** (the "Title Insurer").

WHEREAS, the Title Insurer is being requested to issue insurance to the insured thereunder with regard to an interest in and/or title to certain real property located in New York County, in the City and State of New York as more particularly described in Schedule A (the "Premises") of the Title Insurer's title policy numbered [_____] (collectively, the "Title Policy");

WHEREAS, the Title Insurer has raised certain exceptions to title as follows (the exceptions referenced below being referred to collectively herein as the "Exceptions"):

(i) To the extent that they actually are judgments against the Indemnitor and have not been discharged or satisfied, the judgments listed in Exhibit 1 attached hereto and comprising a part of this Indemnity Agreement;

(ii) To the extent that they actually are judgments against the Indemnitor and have not been discharged or satisfied, the Environmental Control Board judgments listed in Exhibit 2 attached hereto and comprising a part of this Indemnity Agreement; and

(iii) New York State Franchise Taxes and New York City Business Corporation Taxes due from the Indemnitor as of the date of this Indemnity Agreement.

WHEREAS, the Title Insurer is unwilling to issue the Title Policy without the Exceptions or to the satisfaction of its insured, "omit" them or otherwise provide affirmative coverage to its insured against the collection of the Exceptions out of the Premises, unless indemnified by the Indemnitor as to the Exceptions as provided herein.

NOW THEREFORE, in consideration of and subject to the Title Insurer issuing the Title Policy without the Exceptions or to the satisfaction of its insured, "omitting" them or otherwise providing affirmative coverage to its insured against the collection of the Exceptions out of the Premises, the Indemnitor and the Title Insurer hereby agree as follows:

I. The above recitals are incorporated by reference herein as though fully set forth in this Section 1.

2. The Indemnitor shall defend, indemnify and hold the Title Insurer and its successors and assigns harmless from and against any and all claims, actions, proceedings, liabilities, costs and damages, including court costs and reasonable attorney's fees and expenses, which the Title Insurer may incur under the Title Policy as a result of the collection or attempted collection of the Exceptions out of the Premises, provided that the Title Insurer furnishes the Indemnitor with prompt written notice of any and all such claims, actions, proceedings, liabilities, costs and damages.

3. Subject to the Indemnitor complying with its obligations set forth in Section 2 above, the Indemnitor shall have the sole right to perform, control and govern: (a) the defense, prosecution and settlement of any and all claims, actions, proceedings, liabilities, costs and damages relating to the Exceptions and/or any and all underlying judgments from which any Exceptions arose; and (b) any and all actions relating to the release, termination, extinguishment, or satisfaction of the Exceptions and/or any and all underlying judgments from which any Exceptions arose.

4. Notwithstanding Section 3, the Indemnitor agrees that in the event of its failure to perform under this Indemnity Agreement, the Title Insurer, after providing the Indemnitor with at least fifteen (15) business days advance written notice of its intention to do so (during which period the Indemnitor may cure its failure to perform), may, in the Title Insurer's discretion, perform the Indemnitor's obligations under this Indemnity Agreement, including releasing, terminating, extinguishing, or satisfying the Exceptions (collectively, the "Indemnitor's Obligations"), in which case the Indemnitor shall be required to fully cooperate with the Title Insurer and to furnish the funds reasonably necessary to perform the Indemnitor's Obligations (such funds, in the Title Insurer's discretion, to be furnished to the Title Insurer in reimbursement of costs incurred by the Title Insurer in performing the Indemnitor's Obligations or directly to those third parties seeking collection of the Exceptions out of the Premises in order to discharge such Exceptions).

5. Notices and other correspondence relating to this Indemnity Agreement ("Notices") shall be sent by personal delivery, certified mail (return receipt requested), or overnight courier (where the recipients signature is required) as follows:

If to the Title Insurer, to:

Lex Terrae Ltd.
331 Madison Avenue
9th Floor
New York, New York 10017
Attention: Charles H. Schaefer,
Vice President

If to the Purchaser, to:

Consolidated Edison Company
of New York, Inc.
4 Irving Place, Room 1810-S
New York, New York 10003
Attention: Associate General Counsel
Commercial Transactions

A party may change its address for receipt of notices by notifying the other party of such change pursuant to this Section.

6. This Indemnity Agreement: (a) contains the entire agreement between the parties hereto relating to the subject matter hereof and any prior or contemporaneous oral or written understandings or agreements relating to such subject matter are merged herein; (b) may be modified only by a writing signed by each of the parties hereto; (c) shall be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the State of New York, without recourse to such State's choice of law principles; and (d) may be executed in counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same instrument.

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

Consolidated Edison Company of
New York, Inc.
(the "Indemnitor")

Lex Terrae Ltd.
(the "Title Insurer")

By: _____
Name:
Title:

By: _____
Name:
Title:

Exhibit 1

[to be attached]

Exhibit 2

[to be attached]