

TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY

AND

ATLANTIS HOLDING COMPANY, LLC

SALE AGREEMENT

Dated as of July 1, 1999

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Acknowledgments

Exhibit A - Description of Land and Permitted Encumbrances

THIS SALE AGREEMENT, dated as of July 1, 1999, is by and between the TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation and an industrial development agency of the State of New York (the "State") duly organized and existing under the laws of the State of New York, having its office at the Town of Riverhead Town Hall, 200 Howell Avenue, Riverhead, New York 11901 (the "Issuer") and ATLANTIS HOLDING COMPANY, LLC, a New York limited liability company having an address at 323 Long Island Avenue, Holtsville, New York 11742 (the "Purchaser").

W I T N E S S E T H :

WHEREAS, Title 1 of Article 18-A, as amended, of the General Municipal Law of the State (the "Enabling Act") has been duly enacted into law as Chapter 1030 of the Laws of 1969 of the State; and

WHEREAS, the Enabling Act authorizes the creation of industrial development agencies for the benefit of the several counties, cities, villages and towns in the State and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and sell land and any building or other improvement, and all real and personal properties, including, but not limited to, machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, civic, commercial, recreation or industrial facilities, in order to advance the job opportunities, health, general prosperity and the economic welfare of the people of the State and to improve their standard of living; and

WHEREAS, the Enabling Act further authorizes each such agency to sell any or all of its facilities on such terms and conditions as it deems advisable; and

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act, Chapter 624 of the Laws of 1980 of the State (collectively, the "Act") created the Issuer which is empowered under the Act to undertake the providing and sale of the facility described below; and

WHEREAS, said facility shall consist of the construction and equipping, by the Purchaser, as agent of the Issuer, of an aquarium or similar entertainment facility consisting of at least 30,000 square feet displaying at least 80 exhibits, such entertainment facility being substantially as described as Phase I in the December 10, 1997 submittal by Purchaser to Issuer, including incidental expenses in connection therewith, on the Land (hereinafter defined) which shall constitute the "Facility" as more particularly provided in this Agreement; and

WHEREAS, the Issuer proposes to sell the Facility to the Purchaser, and the Purchaser desires to purchase the Facility from the Issuer, upon the terms and conditions hereinafter set forth in this Agreement; and

WHEREAS, the Purchaser will lease the Facility to The Atlantis Marine World, LLC ("Atlantis") pursuant to the terms of a Lease Agreement, dated as of July 1, 1999, by and between the Purchaser and Atlantis;

WHEREAS, Atlantis will sublease a portion of the Facility to the Riverhead Foundation for Marine Research;

WHEREAS, concurrently with the execution hereof and to further secure the Bonds and to secure the Purchaser's obligations to the Bank pursuant to the Reimbursement Agreement (i) the Issuer has executed a Pledge and Assignment, in favor of the Trustee and the Bank (on a subordinated basis), of substantially all of its rights under this Agreement (other than Unassigned Rights), and (ii) the Issuer, the Purchaser and Atlantis will grant a mortgage lien on and a security interest in the Facility to the Bank pursuant to the Mortgage;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows, to wit:

ARTICLE I

DEFINITIONS

The following words and terms as used in this Sale Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

"Accountant" means a firm of independent certified public accountants of recognized standing.

"Act" means Title 1 of Article 18-A of the General Municipal Law of the State, as amended from time to time, together with Chapter 624 of the Laws of 1980 of the State.

"Act of Bankruptcy" means with respect to any Person the occurrence of one of the following events: (a) the Person shall become insolvent or shall fail to pay its debts generally as they become due, or shall admit in writing its inability to pay any of its indebtedness; (b) the Person shall file a case under the federal Bankruptcy Code to be declared a bankrupt or for reorganization; (c) the Person shall consent to, or petition or apply to any authority for the appointment of a receiver, liquidator, trustee or similar official for itself or for all or any part of its properties; (d) any such receiver, liquidator, trustee or similar official shall otherwise have been appointed and shall not have been removed, dismissed or stayed within sixty (60) days of such appointment; or (e) insolvency, reorganization, arrangement or liquidation proceedings (or similar proceedings) shall have been instituted by or against the Person, and if instituted against the Person, shall not have been dismissed within sixty (60) days of being instituted.

"Agreement" or "Sale Agreement" means this Sale Agreement, dated as of July 1, 1999, by and between the Issuer and the Purchaser, as the same may be amended from time to time.

"Atlantis" means The Atlantis Marine World, LLC, a New York limited liability company duly formed and existing under the laws of the State, and its successors and assigns and any surviving, resulting or transferee entity.

"Authorized Representative" means, in the case of the Issuer, the Chair, Acting Chair or Vice Chair or the Executive Director of the Issuer; in the case of the Purchaser, any partner and, in the case of each, such additional Persons or entities as at the time are designated to act on behalf of the Issuer or Purchaser, as the case may be, by written certificate furnished to Issuer and the Purchaser containing the specimen signature of each such person or entity and signed on behalf of (i) the Issuer by the Chair, Acting Chair or Vice Chair or the Executive Director of the Issuer, and (ii) the Purchaser by its partner.

"Bank" means European American Bank, its successors and assigns.

"Bond" or "Bonds" means the Issuer's Industrial Development Revenue Bonds, Series 1999 (Atlantis Marine World Facility) in the principal amount of \$3,000,000 authorized to be issued by the Indenture and sold pursuant to the Private Placement Agreement, and any Bonds exchanged therefor in accordance with the Indenture.

"Bond Counsel" means Willkie Farr & Gallagher or any other attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized, acceptable to the Issuer.

"Bond Fund" means the fund so designated which is created by Section 5.2 of the Indenture.

"Bondholder" or "Holder" means the registered owner of any Bond registered as to principal and interest.

"Bond Payment Date" means each date on which interest or principal and premium, if any, shall be payable on any of the Bonds in accordance with their respective terms, whether at stated maturity, by acceleration or by redemption, so long as any of the Bonds shall be outstanding.

"Bond Proceeds" means the amount, including any accrued interest, paid to the Issuer as the purchase price of the Bonds.

"Building Loan Agreement" means the Building Loan Agreement dated as of July 1, 1999 by and among the Bank, the Trustee and the Purchaser.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Department of the Treasury promulgated thereunder.

"Completion Date" means the date of completion of the acquisition and installation of the Facility, as certified to pursuant to Section 4.2 of this Agreement.

"Condemnation" means the taking of title to, or the use of, Property under the exercise of the power of eminent domain by any governmental entity or other Person acting under governmental authority.

"Construction Fund" means the Fund so designated which is created by Section 5.5 of the Indenture.

"Construction Period" means the period beginning on the date of commencement of acquisition of the Land and ending on the Completion Date.

"Cost of the Facility" means all those costs and items of expense necessary and reasonably required to acquire and construct the Facility pursuant to Section 4.1 hereof.

"Debt Service Payment" means, with respect to any Bond Payment Date, (i) the interest payable on such Bond Payment Date on all Bonds then unpaid, plus (ii) the principal, if any, payable on such Bond Payment Date on all such Bonds, plus (iii) the premium, if any, payable on such Bond Payment Date on all such Bonds, plus (iv) the Sinking Fund Installment, if any, payable on such Bond Payment Date with respect to all such Bonds.

"Equipment" means all machinery, equipment and other personal property used in connection with the Project or the Land, purchased from the proceeds of the Bonds, with such additions thereto and substitutions therefor as may exist from time to time, in accordance with the provisions of this Agreement.

"Equipment Fund" means the Fund so designated which is created by Section 5.5 of the Indenture.

"Event of Default" or "Default" means Event of Default or Default as defined in Section 10.1 of this Agreement.

"Facility" means the facility described in the fifth preamble hereof and consisting of the Land, the Project and the Equipment.

"Fiscal Year" means the twelve (12) month period beginning on January 1 in any year or such other fiscal year as the Purchaser may select from time to time.

"Guarantor" means each Person providing a Guaranty of the obligations of the Purchaser under this Sale Agreement to the Issuer.

"Guaranty" means a certain guaranty or guarantees dated as of July 1, 1999 from the Purchaser, Atlantis, James J. Bissett, Jr., James J. Bissett III and Joseph Petrocelli to the Issuer, pursuant to which the aforesaid guarantee to the Issuer the obligations of the Purchaser under this Agreement.

"Indenture" means the Indenture of Trust, dated as of July 1, 1999, by and between the Issuer and the Trustee, as supplemented by any supplemental indenture.

"Inspecting Architect" means an architectural or engineering firm, registered and qualified to practice such profession under the laws of the State and not a full time employee of the Issuer or the Purchaser and retained by the Purchaser to review the Plans and Specifications and contracts for work and/or materials,

monitor the progress of construction and issue certifications in connection therewith.

"Issuer" means (i) Town of Riverhead Industrial Development Agency and (ii) any public benefit corporation or political subdivision resulting from or surviving any consolidation or merger to which the Issuer or its successors may be a party.

"Land" means the real estate sold pursuant to this Agreement, more particularly described in Exhibit A attached hereto, with such additions thereto and substitutions therefor as may exist from time to time in accordance with the provisions of this Agreement.

"Lease" means the lease for the Facility dated as of July 1, 1999 between the Purchaser, as lessor, and Atlantis, as lessee.

"Letter of Credit" means the irrevocable, transferable Letter of Credit, dated July 1, 1999, established by the Bank at the request of the Purchaser in favor of the Trustee to provide for the payment of the principal of, premium, if any, and interest on the Bonds, as the same may be amended from time to time.

"Lien" means any interest in Property securing an obligation owed to a Person whether such interest is based on the common law, statute or contract, and including but not limited to the security interest arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" includes reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other similar title exceptions and encumbrances, including but not limited to mechanics', materialmen's, warehousemen's, carriers' and other similar encumbrances, affecting real property. For the purposes of this Agreement, a Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

"Mortgage" means the Mortgage and Security Agreement, dated as of July 1, 1999 by and among the Issuer and the Purchaser, as mortgagors, and the Bank, as mortgagee, as amended from time to time.

"Net Proceeds" means so much of the gross proceeds with respect to which that term is used as remain after payment of all expenses, costs and taxes (including attorneys' fees) incurred in obtaining such gross proceeds.

"Permitted Encumbrances" means (i) Liens and encumbrances described in Exhibit A attached hereto, (ii) this Agreement, (iii) utility, access and other easements and rights of way,

restrictions and exceptions that do not materially impair the utility or the value of the Property affected thereby for the purposes for which it is intended, (iv) mechanics', materialmen's, warehousemen's, carriers' and other similar Liens to the extent permitted by Section 8.8(b) hereof, (v) Liens for taxes at the time not delinquent; and (vi) the Declaration and covenants made July 26, 1999 by the Purchaser (a copy of which is included in Exhibit A).

"Person" means an individual, partnership, corporation, association, joint venture, trust or unincorporated organization, or a government or any governmental agency, public benefit corporation or political subdivision.

"PILOT Agreement" means the Payment-in-Lieu of Taxes Agreement, dated as of July 1, 1999, by and between the Issuer and the Purchaser relating to the Facility.

"Placement Agent" means ABN AMRO Incorporated.

"Placement Agreement" means the Placement Agreement, dated as of July 21, 1999, by and among the Issuer, ABN AMRO Incorporated and the Purchaser pursuant to which, among other things, ABN AMRO agrees to use its best efforts to place the Bonds with a buyer or buyers, as the same may be amended or supplemented from time to time.

"Plans and Specifications" means the Plans and Specifications for the Facility as delivered to the Issuer and the Bank.

"Pledge and Assignment" means the Pledge and Assignment, dated as of July 1, 1999, by and between the Issuer and the Trustee and the Bank, on a subordinated basis, with respect to the assignment by the Issuer of substantially all of its rights, other than Unassigned Rights, under this Agreement.

"Project" means all those buildings, improvements, structures and other related facilities, including fixtures, affixed or attached to the real estate described on Exhibit A hereto and which are not a part of the Equipment, all as they may exist from time to time.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Purchaser" means Atlantis Holding Company, LLC, a New York limited liability company duly formed and existing under the laws of the State, and its successors and assigns and any surviving, resulting or transferee entity as provided in Section 8.10 hereof.

"Redemption Price" means, when used with respect to the Bond, the principal amount thereof plus the applicable premium, if any, payable upon the prepayment thereof pursuant to the Indenture.

"Reimbursement Agreement" means (i) the Letter of Credit Reimbursement and Loan Agreement, dated as of July 1, 1999 made by the Purchaser in favor of the Bank, with respect to the repayment of any amount paid under the Letter of Credit, as amended from time to time and (ii) any successor Reimbursement Agreement.

"Security Agreement" means the Security Agreement dated as of July 1, 1999 by and among the Issuer and the Purchaser, as debtors and the Bank, as secured party, as amended from time to time.

"SEQR Act" means the State Environmental Quality Review Act and the regulations of the Department of Environmental Conservation promulgated thereunder.

"State" means the State of New York.

"Town" means the Town of Riverhead, Suffolk County, New York.

"Trustee" means Manufacturers and Traders Trust Company, its successors and assigns.

ARTICLE II

REPRESENTATIONS AND COVENANTS

Section 2.1. Representations and Covenants of the Issuer.
The Issuer makes the following representations and covenants as the basis for the undertakings on its part herein contained:

(a) The Issuer is duly established under the provisions of the Act and has the power to enter into the transactions contemplated by this Agreement and to enter into and perform its obligations under this Agreement and to carry out its obligations hereunder and has duly authorized the execution and delivery of this Agreement. The Issuer has determined that the Facility will constitute a "project" within the meaning of the Act. This Agreement is a legally valid, binding and enforceable obligation of the Issuer, except to the extent that the enforceability (but not the validity) may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights.

(b) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this Agreement will conflict with or result in a breach of any of the terms, conditions or provisions of any agreement or instrument to which the Issuer is a party or by which it is bound, or the by-laws of the Issuer, or will constitute a default or result in an acceleration of any indebtedness under any of the foregoing, or result in the creation or imposition of any Lien of any nature upon any of the Property of the Issuer under the terms of any such instrument or agreement.

(c) There is no litigation pending or, to the knowledge of the Issuer, threatened, in any court, either State or federal, calling into question the creation, organization or existence of the Issuer, the validity of this Agreement or the authority of the Issuer to make or perform this Agreement.

(d) The Issuer will acquire the Land and cause the Project to be constructed thereon and the Equipment to be installed in the Project pursuant to this Agreement and will sell the Facility to the Purchaser pursuant to this Agreement, all for the purpose of promoting the health, welfare and general prosperity of the inhabitants of the State and improving their standard of living.

(e) To finance certain Costs of the Facility, the Issuer will issue the Bonds, which Bonds will be issued, bear interest, be redeemable and have such other terms and provisions as are provided in the Bonds and in the Indenture.

(f) The Issuer has been induced to enter into this Agreement by the agreement of the Purchaser to locate the Facility in the Town.

(g) By resolution adopted on July 21, 1999 the Issuer determined that, based upon the review by the Issuer of the materials submitted and the representations made by the Purchaser relating to the Facility, including a review of the Town's "negative declaration" issued with respect to the Facility pursuant to the SEQR Act, the provision of financial assistance for the Facility would not have a "significant effect" on the environment within the meaning of the SEQR Act.

(h) All other actions on the part of the Issuer necessary for the making and performance of this Agreement and the other transactions on the part of the Issuer contemplated hereby or thereby have been duly and effectively taken. No consent, authorization or approval of, or filing or registration with, any governmental or regulatory body is required for the making and performance of this Agreement, and the transactions contemplated hereby or thereby, except the actions described in this Section 2.1 on the part of the Issuer which have been duly and effectively taken.

Section 2.2. Representations and Covenants of the Purchaser. The Purchaser makes the following representations and covenants as the basis for the undertakings on its part herein contained:

(a) The Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State, is duly authorized to do business in the State, has the power to enter into and perform its obligations under this Agreement and to carry out its obligations hereunder and has duly authorized the execution and delivery of this Agreement. This Agreement is a legally valid, binding and enforceable obligation of the Purchaser, except to the extent that the enforceability (but not the validity) may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights.

(b) All action on the part of the Purchaser necessary for the making and performance of this Agreement and the other transactions on the part of the Purchaser contemplated hereby or thereby have been duly and effectively taken. No consent, authorization or approval of, or filing or registration with, any governmental or regulatory body is required for the making and performance of this Agreement and the transactions contemplated hereby or thereby.

(c) There is no litigation pending or, to the knowledge of the Purchaser, threatened, in any court, either state or

federal, calling into question the creation, organization or existence of the Purchaser, the validity of this Agreement or the authority of the Purchaser to make or perform this Agreement.

(d) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this Agreement will conflict with or result in a breach of any of the terms, conditions or provisions of any agreement or instrument to which the Purchaser is a party or by which it is bound, or the partnership agreement of the Purchaser, or will constitute a default or result in an acceleration of any indebtedness under any of the foregoing, or result in the creation or imposition of any Lien of any nature upon any of the Property of the Purchaser under the terms of any such instrument or agreement.

(e) The provision of "financial assistance", as such term is defined in Section 854(14) of the General Municipal Law of the State, for the Facility by the Issuer to the Purchaser will induce the Purchaser to locate the Facility in the Town.

(g) The Facility, as designed, will comply with all presently applicable building, zoning and subdivision laws, ordinances, rules and regulations, except to the extent waived by the appropriate governmental authority. To the best of the Purchaser's knowledge, the Facility will not have a "significant impact" on the environment within the meaning of such term under the SEQRA Act.

(h) So long as any of the Bonds shall be unpaid, the Purchaser will not take any actions, or fail to take any action, which would cause the Facility not to constitute a "project" within the meaning of such quoted term under the Act.

(i) No expense for supervision by any officer or employee of the Purchaser and no expense for work done by any such officer or employee in connection with the Facility is or will be included in the Cost of the Facility, except to the extent any such officer or employee was specially employed or designated by the Purchaser for such particular purpose.

(j) The Purchaser shall, prior to or simultaneously with the delivery of the Bonds, cause the delivery of the Letter of Credit to the Trustee. The Purchaser will not, either by its action or inaction, in any way adversely affect the continuation or effectiveness of the Letter of Credit.

Section 2.3. Covenant with Bondholders. The Issuer and the Purchaser agree that this Agreement is executed in part to induce the purchase by others of the Bonds. Accordingly, all covenants

and agreements on the part of the Issuer and the Purchaser set forth in this Agreement are hereby declared to be for the benefit of the Holders from time to time of the Bonds.

ARTICLE III

TRANSFER OF LAND

Section 3.1. Agreement to Convey to Issuer. (a) The Purchaser warrants and represents to the Issuer that it has caused good and marketable title to the Land, including any buildings, structures or improvements affixed or attached thereto and any Equipment therein, to be conveyed to the Issuer and that the Land and such Equipment is free of any Lien, except for Liens described in Exhibit A attached hereto.

(b) The Purchaser will , as agent of the Issuer, construct and equip the entertainment facility as may be necessary for the Issuer to provide the Facility to the Purchaser.

(c) The Purchaser has obtained or will obtain mortgage title insurance for the benefit of the Bank in an amount not less than the stated amount of the Letter of Credit insuring the Lien of the Mortgage on the Land, except for Permitted Encumbrances. To the extent not used to clear title to the Land, the Net Proceeds of such insurance shall be deposited with the Trustee and applied by the Trustee to redeem the Bonds.

(c) Issuer, at the request of Purchaser, will not obtain fee title insurance for the benefit of the Issuer.

(d) The Purchaser agrees that, as agent of the Issuer, it will promptly comply with all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements, ordinary or extraordinary, foreseen or unforeseen, which then or at any time thereafter may be applicable to the acquisition of the Facility or to any use, manner of use or condition of the Project or any part thereof, of all federal, State, county, municipal and other governments, departments, commissions, boards, courts, authorities, officials and officers and companies or associations insuring the Facility having jurisdiction of the Facility or any part thereof, or to any use, manner of use or condition of the Facility or any part thereof.

Section 3.2. Subordination of Sale Agreement. This Sale Agreement, except for Unassigned Rights and any and all modifications, amendments, renewals and extensions thereof is subject and subordinate to the Mortgage and to any and all modifications, amendments, consolidations, extensions, renewals, replacements and increases thereof.

ARTICLE IV

CONSTRUCTION AND EQUIPPING OF THE FACILITY

Section 4.1. Construction and Equipping of the Facility.

(a) The Purchaser agrees that, on behalf of the Issuer, it will acquire, construct and equip the Project in accordance with the Plans and Specifications.

(b) The Purchaser may not revise the Plans and Specifications in any material respect without the prior written consent of the Issuer and the Bank, which consent if forthcoming, may be subject to such reasonable conditions as the Issuer and/or the Bank may deem appropriate, including, without limitation, the requirement that the Issuer and/or the Bank be furnished with an unqualified opinion of Bond Counsel that construction and equipping of the Facility in accordance with the revised Plans and Specifications will not cause the Facility not to be a "project" within the meaning of the Act.

(c) Title to all materials, Equipment and other items of Property intended to be incorporated or installed in the Project shall vest in the Issuer and shall become subject to the lien of the Mortgage and the Security Agreement immediately upon deposit on the Land or incorporation in the Project, whichever shall first occur. The Purchaser shall execute, deliver and record or file all instruments necessary or appropriate to so vest title in the Issuer and shall take all action necessary or appropriate to protect such title against claims of any other Persons.

(d) The Issuer shall enter into, and accept the assignment of, such contracts as the Purchaser may request in order to effectuate the purposes of this Section 4.1.

(e) The Issuer hereby appoints the Purchaser its true and lawful agent, and the Purchaser hereby accepts such agency, (i) to acquire the Land and, upon sale of the Land to the Issuer, to construct and equip the Project in accordance with the Plans and Specifications and with any and all Town building permits or approvals applicable to the Facility, (ii) to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions with any other Persons, and in general to do all things which may be requisite or proper, all for the acquisition, construction and equipping of the Facility with the same powers and with the same validity as the Issuer could do if acting in its own behalf, (iii) to pay all fees, costs and expenses incurred in the acquisition, construction and equipping of the Facility from moneys made available therefor in accordance with this Agreement and (iv) to ask, demand, sue for, levy, recover and receive all such sums or money, debts, dues and other demands whatsoever which may be due and payable to the Issuer under the terms of any contract, order, receipt, or writing in connection with the acquisition, construction and equipping of the Facility, and to enforce the provisions of any contract, agreement,

obligation, bond or other performance security; provided, however, that the appointment of the Purchaser as agent of the Agency hereunder may be terminated, at the option of the Agency, upon delivery of written notice thereof to the Purchaser, on or after two years from the date of execution of this Agreement in the event construction of the Facility is not substantially completed; provided, however, that if such failure to substantially complete construction of the Facility within such period is caused by an event of force majeure the obligation of the Purchaser to complete such construction shall be suspended and tolled during the continuance of such event of force majeure and the appointment of the Purchaser as agent of the Issuer shall not be terminated during such period. The term "force majeure" as used herein shall consist of acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, orders of any kind of the government of the United States of America or of the State or any of their departments, agencies, governmental subdivisions, or officials, or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fire, hurricanes, storms, floods, washouts, arrests, restraint of government and people, civil disturbances, explosions, or partial or entire failure of utilities or other cause or event not reasonably within the control of the Purchaser.

(f) The Purchaser hereby agrees to acquire the Land, sell the Land to the Issuer, deliver a deed to the Land to the Issuer and construct and equip the Project pursuant to and in accordance with the Plans and Specifications and all Town building permits or approvals applicable to the Project, to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions with any other persons, and in general to do all things which may be requisite or proper all for the acquisition of the Land and the construction and equipping of the Project with the same powers and with the same validity as the Issuer could do if acting in its own behalf, to pay all fees, costs and expenses incurred in the acquisition of the Land and the construction and equipping of the Project and to ask, demand, sue for, levy, recover and receive all such sums of money, debts, dues and other demands whatsoever which may be due, owing and payable to the Issuer under the terms of any contract, order, receipt, or writing in connection with the acquisition of the Land and construction and equipping of the Project, and to enforce the provisions of any contract, agreement, obligation, bond or other performance security.

(g) The Purchaser agrees to use the Net Proceeds of the Bonds to pay, and only to pay, Costs of the Facility and as provided in the Indenture. In the event that the Net Proceeds of the Bonds are not sufficient to pay all Costs of the Facility and to pay in full all costs of acquiring the Land, constructing the Project and purchasing and installing the Equipment in the Project, in accordance with the Plans and Specifications, the

Purchaser agrees to pay all such sums in excess of the Net Proceeds of the Bonds required therefor.

(h) The Purchaser agrees that the Issuer shall have no obligation to acquire the Land, perfect title thereto, construct, or complete construction or equipping of the Project or in any manner conserve or protect the Facility or any portion thereof.

(i) The Purchaser agrees not to permit to stand, and will, at its own expense, take all steps reasonably necessary to remove, any mechanics' or other liens against the Project for labor or material furnished in connection with the construction of the Facility.

(j) The Purchaser agrees that, as agent of the Issuer, it will promptly comply with all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements, ordinary or extraordinary, foreseen or unforeseen, which then or at any time thereafter may be applicable to the acquisition of the Land and construction and equipping of the Project or any part thereof, or to any use, manner of use or condition of the Project or any part thereof, of all federal, State, county, municipal and other governments, departments, commissions, boards, courts, authorities, officials and officers and companies or associations insuring the Facility having jurisdiction of the Facility or any part thereof, or to any use, manner of use or condition of the Facility or any part thereof.

Section 4.2. Certificate of Completion. Completion of the Facility shall be evidenced by the filing by the Purchaser with the Issuer and the Bank the following (each a "Completion Certificate" and, collectively, the "Completion Certificates"):

(a) a permanent certificate of occupancy issued for the Facility;

(b) all certificates, permits and licenses required for the Facility, including, without limitation, the electrical, plumbing, heating, insurance and other certificates required by municipal, State or federal governmental departments or agencies having or asserting jurisdiction over the Facility;

(c) a certificate of the Inspecting Architect stating the date of completion of the Facility and certifying that, to the best of its, his or her knowledge, the Facility has been completed substantially in accordance with the Plans and Specifications therefor in a good and workmanlike manner and in conformity with good construction and engineering practice and further certifying that all certificates, permits and licenses which are necessary to permit the use thereof for the purposes for which it was built have been duly obtained and are in full force and effect;

(d) a certificate of the Purchaser and Atlantis to the effect that all unpaid balances due on any construction contract and owing on any equipment, conditional sales contract, chattel mortgage or other security instrument or any other indebtedness pertaining to the Facility have been paid in full at the time of or simultaneously with the filing of the certificate;

(e) UCC and title searches indicating the absence of any Liens or security interests;

(f) Lien waivers from the general contractor and all subcontractors; and

(g) A survey showing the Facility in "as built" condition.

(h) A certificate of the Purchaser to the effect that it has complied with the terms and conditions of the Building Loan Agreement.

The Purchaser shall also file with the Trustee, at the same time as the filing of the Completion Certificates, a Certificate certifying that it has filed the Completion Certificates with the Issuer and the Bank.

Section 4.3. Remedies to be Pursued Against Contractors and Subcontractors and their Sureties. In the event of default of any contractor or subcontractor under any contract made by it in connection with the Facility or in the event of a breach of warranty with respect to any materials, workmanship, or performance guaranty, the Purchaser shall promptly proceed, either separately or in conjunction with others, to exhaust the remedies of the Purchaser and the Issuer against the contractor or subcontractor so in default and against each surety for the performance of such contract. The Purchaser may, in its own name or in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor or surety which the Purchaser deems reasonably necessary, and in such event the Issuer hereby agrees to cooperate fully with the Purchaser and to take all action necessary to effect the substitution of the Purchaser for the Issuer in any such action or proceeding.

ARTICLE V

TERMINATION OF AGREEMENT;
SALE AND PURCHASE OF FACILITY

Section 5.1. Purchase and Sale of Facility; Quiet Enjoyment. (a) The Issuer hereby agrees to sell and the Purchaser hereby agrees to purchase the Facility upon the terms and conditions of this Agreement.

(b) The Issuer shall deliver to the Purchaser on the date of execution of this Agreement sole and exclusive possession of the Facility and the Purchaser agrees to accept such possession on such date. The Issuer shall take no action, other than as authorized pursuant to this Agreement, to prevent the Purchaser from having quiet and peaceable possession and enjoyment of the Facility during the term of this Agreement and will, at the request of the Purchaser and at the Purchaser's expense, cooperate with the Purchaser in order that the Purchaser may have quiet and peaceable possession and enjoyment of the Facility.

(c) Notwithstanding anything to the contrary contained herein, at any time not more than ninety (90) days prior to or at any time following the taxable status date applicable to the tax year during which the Purchaser will be required to make payments in lieu of taxes under the PILOT Agreement equal to 100% of the taxes that would have been owing on the Facility but for the Issuer's ownership of the Facility, the Issuer may convey the Facility by quitclaim deed and bill of sale to the Purchaser, which deed and bill of sale the Purchaser hereby unconditionally agrees to accept, subject to the Lien of this Agreement, the Mortgage and the Security Agreement each of which shall otherwise remain in full force and effect and constitute a Lien against the Facility, and subject to Permitted Encumbrances and to such Liens (i) as existed when the Facility (or the Property constituting any part of the Facility) was acquired by the Issuer, (ii) as were created by the Purchaser, (iii) to the creation of which the Purchaser consented to or in the creation of which the Purchaser acquiesced, and (iv) which the Purchaser was required to remove, but failed to do so. Failure of the Purchaser to so accept such deed and bill of sale shall not be a defense or bar to the validity of conveyance of the Facility from the Issuer to the Purchaser. Delivery of such deed and bill of sale from the Issuer to the Purchaser shall not relieve the Purchaser of any of its obligations under this Agreement. At such time, the Issuer shall, at the sole expense of the Purchaser, execute, deliver and record or file such instruments, and shall take such other action as may be deemed necessary or appropriate by the Purchaser to evidence or confirm such title.

Section 5.2. Termination of Sale Agreement. (a) The Issuer and the Purchaser shall terminate this Agreement after receipt by the Issuer (with a copy to the Bank) of a written request of the Purchaser to terminate this Agreement and upon

payment by the Purchaser of each amount specified in paragraph (c) hereunder and upon sale and purchase of the Facility as provided in paragraph (d) hereunder.

(b) The Issuer may terminate this Agreement upon (i) the occurrence and continuance of any Event of Default provided in Section 10.1 hereof by delivering a written notice to the Purchaser (with a copy to the Bank) stating that a specified Event of Default has occurred and is continuing and stating that this Agreement is terminated by the Issuer and upon payment by the Purchaser of each amount specified in paragraph (c) hereunder and upon sale and purchase of the Facility as provided in paragraph (d) hereunder, or (ii) after receipt by the Purchaser (with a copy to the Bank) of a written request of the Issuer to terminate this Agreement delivered anytime after July 1, 2019, and upon payment by the Purchaser of each amount specified in paragraph (c) hereunder and upon sale and purchase of the Facility as provided in paragraph (d) hereunder.

(c) In the event the Purchaser exercises its option to terminate this Agreement as provided in paragraph (a) hereunder or is required to terminate the Agreement at the direction of the Issuer as provided in paragraph (b) hereunder, the Purchaser shall, as a condition of termination of this Agreement, make the following payments, calculated as of the date of termination of this Agreement, prior to or on the date of termination of this Agreement:

(i) To the Trustee: an amount certified by the Trustee which, when added to the total amount on deposit with the Trustee for the account of the Issuer and available for such purpose, will be sufficient to pay or defease all of the Bonds then outstanding in accordance with the Indenture;

(ii) To the Trustee: an amount certified by the Trustee as being sufficient to pay all unpaid fees and expenses, including counsel fees and expenses, of the Trustee and any additional paying agents under the Indenture;

(iii) To the Issuer: an amount certified by the Issuer as being sufficient to pay all amounts due and payable, or to become due and payable prior to or on the date on which this Agreement will be terminated, under any provisions of this Agreement or the Indenture, including, without limitation, all unpaid fees and expenses of the Issuer and of its members, officers, employees and agents incurred under this Agreement and the Indenture; and

(iv) To the Bank: an amount certified by the Bank as being sufficient to pay all amounts due and owing to the Bank under the Letter of Credit and the Reimbursement Agreement.

(v) To the appropriate Person: an amount sufficient to pay all other fees, expenses or charges, if any, due and payable or to become due and payable by the Purchaser under this Agreement and the Indenture and not otherwise paid or provided for.

(d) On the date on which this Agreement is terminated, the Issuer shall sell the Land, Building and the Equipment to the Purchaser and convey title to the Facility to the Purchaser, and unless title to the Facility has previously been conveyed to the Purchaser pursuant to Section 5.1(c) hereof or otherwise, the Purchaser shall purchase the Facility from the Issuer and accept such title, subject only to Permitted Encumbrances and such Liens (i) as existed when the Facility (or the Property constituting any part of the Facility) was acquired by the Issuer, (ii) as were created by the Purchaser, (iii) to the creation of which the Purchaser consented or in the creation of which the Purchaser acquiesced and (iv) which the Purchaser was required to remove but failed to do so. Title shall be conveyed by a quitclaim deed and bill of sale from the Issuer conveying the Facility, including the Equipment, to the Purchaser, which deed and bill of sale the Purchaser hereby unconditionally agrees to accept. Failure of the Purchaser to so accept such deed and bill of sale shall not be a defense or bar to the validity of conveyance of the Facility from the Issuer to the Purchaser. Delivery of such deed and bill of sale from the Issuer to the Purchaser shall not relieve the Purchaser of its obligations as provided in Section 6.8 hereof. The Issuer may refuse to convey title to the Facility to the Purchaser until such time as any amount then due and remaining unpaid pursuant to any provision of this Agreement, including all interest as provided in Section 5.3(c) hereof, shall be paid in full.

(e) Notwithstanding anything in this Section 5.2 to the contrary, if the Purchaser is required to terminate this Agreement at the direction of the Issuer as provided in paragraph (b) hereunder and the Purchaser does not, for any reason, make each of the payments specified in paragraph (c) hereunder in the amounts as therein specified within thirty (30) days after the applicable notice of termination, or to terminate, is received by the Purchaser, assuming, for purposes of calculating the amounts to be so paid, that this Agreement will terminate on the date specified in the direction, as required by paragraph (g) hereunder, the Issuer may, nevertheless, sell the Facility to the Purchaser and convey title to the Facility to the Purchaser, and the Purchaser shall purchase the Facility from the Issuer and accept such title, as provided in paragraph (d) hereunder. After such sale and purchase and conveyance of title all other provisions of this Agreement, including, without limitation, the obligation to make the payments specified in paragraph (c) hereunder and any other payments required under any other provision of this Agreement or the Indenture, shall

continue in full force and effect and constitute a lien against the Facility.

(f) The Issuer shall, at the sole expense of the Purchaser, execute, deliver, and record or file such instruments, and shall take such other action as may be deemed necessary or appropriate by the Purchaser to evidence or confirm such title.

(g) Any request of the Purchaser to terminate this Agreement as provided in paragraph (a) hereunder shall state the date on which the Agreement shall terminate, which date shall not be less than thirty (30) days nor more than ninety (90) days after the date on which the Issuer receives such request. Any direction of the Issuer to terminate this Agreement, as provided in paragraph (b) hereunder, shall state the date on which this Agreement shall terminate, which date shall not be less than thirty (30) days nor more than forty-five (45) days after the date on which the Purchaser receives said direction.

Section 5.3. Payment of Purchase Price. (a) The Purchaser shall pay the purchase price of the Facility in installments immediately when due as follows:

(1) to the Trustee (i) for deposit into the Bond Fund amounts of money, which, together with other moneys available under the Indenture therefor, shall be sufficient to enable the Trustee to effect timely payment of the Debt Service Payment to be made on each Bond Payment Date, and (ii) amounts of money as may be required in order to enable the Trustee to timely pay all other amounts payable under the Indenture including, without limitation, (a) the principal of any Bond, together with all accrued interest thereon and premium, if any, (1) presented to the Trustee for payment more than two (2) years following the date on which such Bonds became due, whether by maturity, call for prior redemption or otherwise, (2) with respect to which the Trustee returned to the Purchaser the funds theretofore held by it for the payment of such Bonds and (3) for the payment of which the Issuer is liable at the time of the presentation thereof; (b) the annual fees and expenses of the Trustee (including reasonable counsel fees and expenses) for acting as trustee, paying agent and bond registrar under the Indenture to the extent provided in the Indenture; (c) the amount required by the Trustee, if any, as indemnity from the Issuer pursuant to the Indenture and to the extent provided in the Indenture; (d) the fees and expenses of any Tender Agent appointed pursuant to Section 8.10 of the Indenture; and (e) the annual fees and expenses of any Tender Agent appointed pursuant to Section 8.10 of the Indenture; and

(2) to the Issuer (i) each amount of money due under the PILOT Agreement, (ii) each amount of money due to the Issuer, including any late fee thereon as hereinafter

provided in paragraph (b) of this Section, pursuant to any provision of this Agreement, including without limitations, Sections 5.2, 6.3, 6.7, 8.2, 10.4 and 11.7 hereof, and (iii) an amount of money equal to the sum of the reasonable expenses of the Issuer and the members, officers, employees and agents thereof (including reasonable counsel fees and expenses) incurred (a) by reason of the Issuer's ownership of the Facility, including without limitation any past, present or future litigation relating thereto, and (b) in connection with the carrying out of the Issuer's duties and obligations under this Agreement, and an amount of money equal to any other fees or expenses of the Issuer with respect to the Facility, the payment of which is not otherwise provided for under this Agreement.

(b) The Purchaser agrees to make the above mentioned payments, without any further notice, in lawful money of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts. In the event the Purchaser shall fail to timely make any payment to the Issuer required in this Section 5.3, the Purchaser shall pay the same to the Issuer together with a late fee computed at the rate of four per cent (4%) per month of the overdue installment for each month or part thereof that the same is overdue.

Section 5.4. Amounts to be Credited Toward Amount to be Paid to Trustee. The following amounts (to the extent, if any, which such amounts shall not have previously been the basis for a credit) shall be credited, in the following order, against the payment to be made to the Trustee next required to be made by the Purchaser pursuant to Section 5.3(a) hereof, and such payment to the Trustee shall accordingly be reduced to the extent of any such credit:

(i) any amounts paid to the Trustee under the Letter of Credit and deposited into the Bond Fund and any investment earnings thereon. In the event of failure by the Bank to make payment in accordance with the Letter of Credit, such failure shall be deemed to constitute a demand by the Trustee upon the Purchaser for payment payable under Section 5.3(a) hereof on such date. No failure of either the Bank to pay any amounts under the Letter of Credit nor the Trustee to provide such notice shall relieve or reduce any obligations of the Purchaser hereunder.

(ii) the amount of accrued interest and premium, if any, received upon the issuance of the Bonds and deposited in the Bond Fund.

(iii) the amount of money, if any, transferred from the Construction Fund or the Equipment Fund to the Bond Fund to the extent provided in the Indenture.

(iv) the amount of net income or gain received from the investment of moneys in the Bond Fund to the extent provided in the Indenture.

(v) the amount of money, if any, deposited in the Bond Fund as a prepayment of Bonds pursuant to this Agreement or the Indenture.

Section 5.5. Obligations of Purchaser Hereunder Unconditional; No Release of Obligations of Issuer. (a) The obligations of the Purchaser to make the payments required in Section 5.3 hereof and to perform and observe any and all of the other covenants and agreements on its part contained herein shall be a general obligation of the Purchaser and shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment or counterclaim it may otherwise have against the Issuer, the Bank or the Trustee. The Purchaser agrees that it will not (i) suspend, discontinue or abate any payment required by Section 5.3 hereof, (ii) fail to observe any of its other covenants or agreements in this Agreement or (iii) except as provided in Section 5.2 hereof, terminate this Agreement for any cause whatsoever, including, without limiting the generality of the foregoing, any failure by the Bank to pay any amounts under the Letter of Credit or any failure of the Trustee to provide notice of such failure, failure to complete the acquisition, constructing and equipping of the Facility to be used as contemplated in this Agreement or otherwise, any defect in the title, design, operation, merchantability, fitness or condition of all or any portion of the Facility or in the suitability of all or any portion of the Facility for the Purchaser's purposes or needs, failure of consideration, destruction of or damage to the Facility, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of the Issuer to perform or observe any agreement, express or implied, or any duty, liability or obligation arising out of or in connection with this Agreement. In the event the Purchaser should fail to make any installment payment pursuant to Section 5.3(a) hereof or pay any amount payable pursuant to Section 5.3(b) hereof, the payment in default shall continue as an obligation of the Purchaser until the amount in default shall have been fully paid.

(b) Failure of the Purchaser to comply with this Section 5.5 hereof shall not be construed to release the Issuer from the performance of any of the agreements on its part contained in this Agreement, and, in the event the Issuer should fail to perform any such agreement, the Purchaser may institute in any court of competent jurisdiction located in Suffolk County, New York, such action against the Issuer as the Purchaser may deem necessary to compel performance or recover damages for such non-performance; provided, however, that the Purchaser shall look solely to the Issuer's estate and interest in the Facility for the satisfaction of any right or remedy of the Purchaser for the

collection of a judgment (or other judicial process) requiring the payment of money by the Issuer in the event of any liability on the part of the Issuer, and no other property or assets of the Issuer shall be subject to levy, execution, attachment or other enforcement procedure for the satisfaction of the Purchaser's remedies under or with respect to this Agreement, the relationship of the Issuer and the Purchaser hereunder, the Purchaser's use of the Facility or any other liability of the Issuer to the Purchaser.

Section 5.6. Payment of Additional Moneys in Prepayment of Bonds. In addition to any other moneys required or permitted to be paid pursuant to this Agreement, the Purchaser may, upon at least three (3) days prior written notice to the Trustee as to the purpose thereof, pay moneys to the Trustee at any time for deposit in the Bond Fund (a) as the prepayment of amounts to become due pursuant to Section 5.3(a) hereof or (b) to be used for the purchase or redemption of Bonds as provided in the Indenture.

Section 5.7. Rights and Obligations of the Purchaser Upon Prepayment of Bonds. In the event the principal of, premium, if any, and interest on all the Bonds shall have been paid in full, or provision for such payment in full shall have been made in accordance with Article VI of the Indenture, all references in this Agreement to the Bonds and the Trustee shall be thereafter ineffective.

Section 5.8. Security Interest. The Purchaser acknowledges that this Agreement is intended as security for payment of the principal of, purchase price of and redemption price of and interest on the Bonds. In addition, to secure payment of all installment payments and other sums owing by the Purchaser hereunder and to secure the payment and performance of all debts, liabilities and obligations of the Purchaser under all of the Purchaser's documents relating to the Bonds, the Purchaser hereby grants a security interest to the Issuer in (i) all insurance, now owned or hereafter acquired, insuring the Facility against any loss or damage whatsoever, and all proceeds thereof, (ii) all awards heretofore and hereafter paid or payable to the Purchaser by reason of a taking or condemnation of any part of the Facility or any right of the Purchaser appurtenant thereto by competent authority as a result of the exercise of the power of eminent domain, including but not limited to any awards or payments for use and occupation or for change of grade of streets, together with any and all claims of the Issuer with respect thereto, and the proceeds thereof and (iii) all moneys and securities from time to time held by the Trustee pursuant to and under any of the documents relating to the Bonds, except moneys and securities held for or in the "Excess Earnings Account" created under the Indenture (to the extent necessary to insure proper transfer to the Excess Earnings Account), and all investments and re-investments of any such moneys and securities, and the proceeds thereof. The security interest referred in to

this Section shall be assigned by the Issuer to the Trustee and, on a subordinated basis, to the Bank pursuant to the Pledge and Assignment.

Section 5.9. Financing Statements. The Purchaser hereby irrevocably appoints the Issuer, the Trustee and the Bank, or any of them, as the Purchaser's and Atlantis' lawful attorneys-in-fact and agents, to prepare and execute any UCC-1 Financing Statements or UCC-3 Amendments or Assignments on the Purchaser's behalf in order to protect the Issuer's the Trustee's and the Bank's security interests in payments made pursuant to this Agreement and any assignment thereof and in any Property demised under this Agreement, and on the Purchaser's and on Atlantis' behalf to file such Financing Statements signed by the Issuer, the Trustee and the Bank, or any of them, without the Purchaser's execution thereof, in any appropriate public office.

Section 5.10. Survival of Certain Obligations. Upon termination of this Sale Agreement neither the Issuer nor the Purchaser shall have any further obligation incurred hereunder except for the obligations of the Purchaser to make monetary payments to, for or on behalf of the Issuer or the Trustee as set forth in Sections 5.3 hereof, the hold harmless provisions and special environmental agreement set forth in Section 8.2 hereof and the obligation to provide information set forth in Section 8.4 hereof, which shall survive such termination and shall continue in full force and effect until the expiration of any applicable statute of limitations.

ARTICLE VI

MAINTENANCE, MODIFICATIONS, TAXES AND INSURANCE

Section 6.1. Maintenance and Modifications of Facility by Purchaser. (a) The Purchaser agrees that it will (i) keep the Facility in a safe condition; (ii) make, or cause to be made, all necessary repairs and replacements to the Facility (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen); and (iii) cause the Facility to be operated as an aquarium or similar entertainment facility or for such other uses as the Issuer and the Bank may approve.

(b) The Purchaser from time to time may make any structural additions, modifications or improvements to the Facility or any part thereof which it may deem desirable; provided that no such addition, modification or improvement shall diminish the value of the Facility without the written consent of the Issuer and the Bank; and provided further that no such addition, modification, or improvement shall adversely affect the structural integrity of the Facility. All such structural additions, modifications or improvements so made by the Purchaser shall become a part of the Facility and subject to the Lien of the Mortgage and the Security Agreement. The Purchaser agrees to deliver to the Issuer all documents which may be necessary or appropriate to convey to the Issuer title to, or other satisfactory interest in, such Property.

Section 6.2. Installation of Additional Equipment. Subject to the terms of Section 8.5, the Purchaser from time to time may purchase with moneys other than the proceeds of the Bonds or any other funds held under the Indenture and install additional machinery, equipment or other personal property in the Facility, and such machinery, equipment or other personal property (unless affixed or attached to the Land or any of the structures thereon) shall not become, or be deemed to become, a part of the Facility. The Purchaser from time to time may remove or permit the removal of such machinery, equipment and other personal property installed by itself from the Facility and may, to the extent permitted under the Reimbursement Agreement, create or permit to be created any Lien on such machinery, equipment or other personal property; provided that any such removal of such machinery, equipment or other personal property shall not adversely affect the structural integrity of the Facility and provided further that if any damage is occasioned to the Facility by such removal, the Purchaser agrees to promptly repair such damage at its own expense.

Section 6.3. Taxes, Assessments and Utility Charges. (a) The Purchaser agrees to pay, as the same respectively become due, (i) all taxes and governmental charges of any kind whatsoever, including all amounts due under the PILOT Agreement, which may at any time be lawfully assessed or levied against or with respect to (A) the Facility, (B) any machinery, equipment or other

property installed or brought by the Purchaser therein or thereon (including without limitation any sale or use taxes), (C) the employees of the Purchaser located at or assigned to the Facility, and (D) the income or revenues of the Issuer from the Facility, (ii) all utility and other charges, including "service charges", incurred or imposed for the operation, maintenance, use, occupancy, upkeep and improvement of the Facility, and (iii) all assessments and charges of any kind whatsoever lawfully made by any governmental body for public improvements; provided that, with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Purchaser shall be obligated under this Agreement to pay only such installments as are required to be paid.

(b) The Purchaser may in good faith contest any such taxes, assessments and other charges, other than government charges due or becoming due the PILOT Agreement. In the event of any such contest, the Purchaser may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom, provided that adequate book reserves in accordance with generally accepted accounting principles (in the opinion of the Purchaser's Accountant) have been established with respect thereto. If the Issuer or the Bank shall notify the Purchaser that by nonpayment of any such items the Facility or any part thereof will be subject to loss or forfeiture, or that the Lien of the Mortgage will be impaired, however, such taxes, assessments or charges shall be paid promptly or secured by posting a bond in form and substance satisfactory to the Issuer and the Bank.

Section 6.4. Insurance Required. A. At all times the Purchaser shall maintain, or cause to be maintained, and shall timely pay, or cause to be paid, premiums for, insurance against such risks and for such amounts as are customarily insured against by businesses of like size and type paying, as the same become due and payable, all premiums in respect thereto, including, but not necessarily limited to:

(a) Insurance protecting the interests of the Purchaser, the Issuer and the Bank against loss or damage to the Project and the Equipment by fire, lightning and other casualties, with a uniform standard extended coverage endorsement, such insurance to be in an amount not less than the full insurable value of the Project and the Equipment, exclusive of excavations and foundations, as determined by a recognized appraiser or insurer selected by the Purchaser. During the Construction Period, such policy shall be written in so-called "Builder's Risk Completed Value Non-Reporting Form" and shall contain a provision granting the insured permission to complete and/or occupy. The Project and the Equipment shall be appraised every five (5) years, at the expense of the Purchaser, by a qualified appraiser or insurer selected by the Purchaser in order to determine the

then current replacement value of the Project and the Equipment.

As an alternative to the above requirements in this subsection (a) including the requirement of periodic appraisal, the Purchaser may insure such Property under a blanket insurance policy or policies covering not only the Project and the Equipment but other Properties as well.

(b) Worker's compensation insurance, disability benefits insurance, and such other form of insurance which the Issuer or the Purchaser is required by law to provide, covering loss resulting from injury, sickness, disability or death of employees of the Purchaser who are located at or assigned to the Facility.

(c) Insurance protecting the Purchaser and the Issuer against loss or losses from liabilities imposed by law or assumed in any written contract and arising from personal injury and death or damage to the Property of others caused by any accident or occurrence, with limits of not less than \$1,000,000 per accident or occurrence on account of personal injury, including death resulting therefrom, and \$500,000 per accident or occurrence on account of damage to the Property of others, excluding liability imposed upon the Purchaser by any applicable workmen's compensation law; and a blanket excess liability policy in the amount not less than \$3,000,000, protecting the Purchaser and the Issuer against any loss or liability or damage for personal injury or Property damage.

(d) Flood insurance with respect to the Facility if the Facility is in a designated flood hazard area, as defined in the Flood Disaster Protection Act of 1973.

(e) During the Construction Period, the Purchaser shall cause the general contractor to carry liability insurance of the type and providing the minimum limits set forth below:

(i) Worker's compensation and employer's liability with limits in accordance with applicable law.

(ii) Comprehensive general liability providing coverage for:

Premises and Operations
 Products and Completed Operations
 Owners Protective
 Contractors Protective
 Contractual Liability
 personal Injury Liability
 Broad Form Property Damage (including
 completed operations)

Explosive Hazard
Collapse Hazard
Underground Property Damage Hazard

Such insurance shall have a limit of liability of not less than \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage).

(iii) Business auto liability, including all owned, non-owned and hired autos, with a limit of liability of not less than \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage).

(iv) Excess "umbrella" liability providing liability insurance in excess of the coverages in (i), (ii) and (iii) above with a limit of not less than \$5,000,000.

(f) Rent loss insurance equal to one (1) year's payments due under Section 5.3(a)(1) hereunder.

(B) At all times the Purchaser shall cause the Riverhead Foundation for Marine Research to maintain and timely pay all premiums for insurance with respect to that portion of the Facility subleased by Atlantis to the Riverhead Foundation for Marine Research against such risks and for such amounts as are customarily insured against by entities of like size and type, including, but not necessarily limited to, the types of insurance and in the amounts specified in paragraphs (a), (b), (c) and (d) of this Section 6.4(A) and naming the Issuer and the Bank as additional insured parties.

Section 6.5. Additional Provisions Respecting Insurance.

(a) All insurance required by Section 6.4 hereof shall be procured and maintained in financially sound and generally recognized responsible insurance companies selected by the Purchaser, authorized to write such insurance in the State and reasonably acceptable to the Bank. Such insurance may be written with deductible amounts acceptable to the Issuer and the Bank, but in no event greater than \$25,000. All policies evidencing such insurance shall provide for (i) payment of the losses to the Purchaser and the Issuer and the Bank, as named insureds, as their respective interests may appear; provided, however, that at all times prior to the satisfaction of the Mortgage all such policies shall provide that all losses payable to the Purchaser shall be paid to the Bank, and (ii) at least thirty (30) days written notice of the proposed cancellation or material change thereof to the Purchaser, the Issuer and the Bank. All policies, certificates, and notes given to Issuer shall also be given to the Trustee and the Bank.

(b) All such policies of insurance, or a certificate or certificates of the insurers that such insurance is in force and effect, shall be deposited with the Issuer and the Bank immediately as obtained by the Purchaser. The Purchaser shall deliver to the Issuer and the Bank on or before the first business day of each calendar year thereafter a certificate dated not earlier than the immediately preceding December 1 reciting that there is in full force and effect, with a term covering at least the next succeeding calendar year, insurance in the amounts and of the types required by Sections 6.4 and 6.5 hereof. Prior to expiration of any such policy, the Purchaser shall furnish the Issuer and the Bank evidence that the policy has been renewed or replaced or is no longer required by this Agreement.

Section 6.6. Application of Net Proceeds of Insurance. The Net Proceeds of the insurance carried pursuant to subsections (a) and (d) of Section 6.4 hereof shall be applied as provided in Section 7.1 hereof, and the Net Proceeds of the insurance carried pursuant to subsections (b), (c), (e) and (f) of Section 6.4 hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid. Notwithstanding anything contained in this Section 6.6 to the contrary, at all times prior to the satisfaction of the Mortgage, all Net Proceeds of insurance paid to the Bank, as provided in Section 6.5(a) hereof, shall be expended as provided in, and in accordance with the terms of, the Mortgage.

Section 6.7. Right of Issuer or Bank to Pay Taxes, Insurance Premiums and Other Charges. If the Purchaser fails (i) to pay any tax, assessment or other governmental charge required to be paid by Section 6.3 hereof or (ii) to maintain any insurance required to be maintained by Section 6.4 hereof, either the Issuer or the Bank may pay, but shall have no obligation to pay, such tax, assessment or other governmental charge or the premium for such insurance. No such payment by either the Issuer or the Bank shall affect or impair any rights of the Issuer hereunder arising as a consequence of such failure by the Purchaser. The Purchaser shall reimburse the Issuer or the Bank, respectively, for any amount so paid by the Issuer or the Bank pursuant to this Section 6.7, together with interest thereon from the date of payment at the rate specified in Section 5.3(b) hereof, in the case of amounts so paid by the Issuer, and in the case of amounts so paid by the Bank at the rate specified in Section 2.09(b) of the Reimbursement Agreement. Amounts so paid by the Bank, together with interest thereon, shall be secured by the Mortgage.

ARTICLE VII

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1. Damage or Destruction. (a) If the Facility shall be damaged or destroyed (in whole or in part) at any time;

(i) the Issuer shall have no obligation to replace, repair, rebuild or restore the Facility;

(ii) there shall be no abatement or reduction in the amounts payable by the Purchaser under this Agreement, including, without limitation, the PILOT Agreement (whether or not the Facility is replaced, repaired, rebuilt or restored);

(iii) the Purchaser shall promptly give written notice thereof to the Issuer, the Trustee and the Bank; and

(iv) except as otherwise provided in subsection (b) of this Section 7.1, the Purchaser shall promptly replace, repair, rebuild or restore the Facility to substantially the same condition and value as an operating entity as existed prior to such damage or destruction, with such changes, alterations and modifications as may be desired by the Purchaser, provided that such changes, alterations or modifications do not (x) so change the nature of the Facility that it does not constitute a "project" as such quoted term is defined in the Act, or (y) diminish the usefulness of the Facility for the uses described in the fifth preamble to this Agreement without the written consent of the Issuer.

Except as otherwise provided in subsection (b) of this Section 7.1 and in Section 6.6 hereof, the Purchaser shall apply to the replacement, repair, rebuilding or restoration of the Facility so much as may be necessary of any Net Proceeds of insurance resulting from claims for such losses.

In the event such Net Proceeds are not sufficient to pay in full the costs of such replacement, repair, rebuilding or restoration, the Purchaser shall nonetheless complete the work thereof and pay from its own moneys that portion of the costs thereof in excess of such Net Proceeds. If such damage or destruction shall occur prior to the satisfaction of the Mortgage, the Purchaser shall deposit with the Bank an amount equal to that necessary to so complete such replacement, repair, rebuilding or restoration in accordance with the provisions of the Mortgage and such replacement, repair, rebuilding or restoration shall be paid for as provided in the Mortgage.

All such replacements, repairs, rebuilding or restoration made pursuant to this Section 7.1, whether or not requiring the expenditure of the Purchaser's own money, shall automatically

become a part of the Facility as if and to the extent the same were originally and specifically described herein and shall become subject to the Lien of the Mortgage and the Security Agreement.

Any balance of such Net Proceeds remaining after payment of all the costs of such replacement, repair, rebuilding or restoration shall be the property of the Purchaser.

(b) Unless an Event of Default has occurred and is continuing, the Purchaser may, with the consent of the Bank, adjust all claims under any policies of insurance required by Section 6.4(a), 6.4(b), 6.4(c), 6.4(d), 6.4(e) or 6.4(f) hereof; provided, however, that the Bank, without the consent of the Purchaser, shall have the right to adjust any claim over \$25,000; provided, further, however, that no such claim with respect to an insured event as to which the Issuer may be or is alleged to be liable may be adjusted by either the Purchaser or the Bank without the prior written consent of the Issuer.

Section 7.2. Condemnation. (a) If at any time the whole or any part of title to, or the use of, the Facility shall be taken by Condemnation, the Issuer shall have no obligation to restore or replace the Facility and there shall be no abatement or reduction in the amounts payable by the Purchaser under this Agreement (whether or not the Facility is restored or replaced).

Except as otherwise provided in subsection (b) of this Section 7.2 and in Section 4 of the Mortgage, the Purchaser covenants with the Issuer that it shall promptly either:

(i) restore the Facility (excluding any Land taken by Condemnation) as nearly as practicable to substantially the same condition and value as an operating entity as existed prior to such Condemnation, or

(ii) not later than ninety days after a condemnation vesting order is filed with the Clerk of Suffolk County, identify a site in the Town for the construction of a facility of substantially the same nature and value as an operating entity as the Facility (hereinafter referred to in this Section 7.2 as "Substitute Facilities") and thereafter acquire such site and construct such Substitute Facilities to substantial completion not later than two years after the date of such site identification; provided that (i) such Substitute Facilities shall constitute a "project" as such quoted term is defined in the Act, and (ii) that such Substitute Facilities, including without limitation, the proposed site location, construction plans, costs and overall general feasibility of the proposed Substitute Facilities shall be approved by the Issuer and, prior to the satisfaction of the Mortgage, the Bank.

In the event such Net Proceeds of any Condemnation award paid to Purchaser are not sufficient to pay in full the costs of such restoration of the Facility or such acquisition and construction of Substitute Facilities, the Purchaser shall nonetheless complete such restoration, acquisition and construction and shall pay from its own moneys that portion of the costs thereof in excess of such Net Proceeds. If such Condemnation shall occur prior to the satisfaction of the Mortgage, the Purchaser shall deposit with the Bank such Condemnation award and any additional amount necessary to so restore the Facility or to acquire and construct such Substitute Facilities in accordance with the provisions of the Mortgage and such restoration of the Facility or acquisition and construction of such Substitute Facilities shall be paid for as provided in the Mortgage.

The Facility, as so restored, or the Substitute Facilities, whether or not requiring the expenditure of the Purchaser's own moneys, shall automatically become part of the Facility as if and to the extent the same were originally and specifically described herein and shall be subject to the Lien of the Mortgage and the Security Agreement and the Purchaser and the Issuer shall execute and deliver, at the sole cost and expense of the Purchaser, on demand of the Bank, any mortgages, spreader agreements and related documents required to evidence that the Lien of the Mortgage has been spread to cover the Substitute Facilities, which documents shall be in form suitable for recording and otherwise acceptable to the Bank.

In the event the Purchaser is unable to either restore the Facility, as provided in subsection (i) hereof, or is unable to identify a site and thereafter acquire such site and construct such Substitute Facilities to substantial completion, within the time periods specified in subsection (ii) hereof, then the Net Proceeds of such Condemnation award shall be applied in redemption of the Bonds.

(b) The Issuer shall cooperate fully with the Purchaser and the Bank in the handling and conduct of any Condemnation proceeding with respect to the Facility. In no event shall the Issuer voluntarily settle, or consent to the settlement of, any Condemnation proceeding with respect to the Facility without the written consent of the Purchaser and the Bank.

Section 7.3. Condemnation of Purchaser-Owned Property. The Purchaser shall be entitled to the proceeds of any Condemnation award or portion thereof made for damage to or taking of any Property which, at the time of such damage or taking, is not part of the Facility, not subject to the Lien of the Mortgage and the Security Agreement, and which is owned by the Purchaser.

Section 7.4. Waiver of Real Property Law Section 227. The Purchaser hereby waives the provisions of Section 227 of the Real Property Law of the State or any law of like impact now or hereafter in effect.

ARTICLE VIII

SPECIAL COVENANTS

Section 8.1 No Warranty of Condition or Suitability by the Issuer. (a) THE ISSUER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE FACILITY OR THAT IT IS OR WILL BE SUITABLE FOR THE PURCHASER'S PURPOSES OR NEEDS.

(b) The Purchaser acknowledges that it has negotiated, and that the Issuer has not participated in any negotiation of, the terms, conditions and fees of the Bonds, the Letter of Credit and the Reimbursement Agreement and the Issuer makes no representation that such terms, conditions or fees are either reasonable or appropriate.

Section 8.2. Hold Harmless Provisions and Special Environmental Agreement. (a) The Purchaser hereby releases the Issuer from, agrees that the Issuer shall not be liable for and agrees to indemnify and hold the Issuer and its members, officers, employees and agents harmless from and against any and all (i) claims and liability for loss or damage to Property or any injury to or death of any and all persons that may be occasioned by any cause whatsoever pertaining to the Facility or arising by reason of or in connection with the occupation or the use thereof or the presence on, in or about the Facility or (ii) liability arising from or expense incurred by the Issuer's providing financial assistance, as such term is defined in Section 854(14) of the General Municipal Law of the State, including, without limiting the generality of the foregoing, all claims arising from the issuance of the Bonds, including, without limitation, any allegation that there is any untrue statement of a material fact contained in the Private Placement Memorandum or any allegation that the Private Placement Memorandum omitted to state a material fact required to be stated necessary to make the Private Placement Memorandum not misleading, all claims arising from the exercise by the Purchaser of the authority conferred upon it pursuant to Section 4.1 of this Agreement, any sales or use taxes which are or may be payable with respect to goods supplied or services rendered with respect to the Facility and all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing, provided that any such losses, damages, liabilities or expenses of the Issuer and its members, officers, employees and agents are not incurred or do not result from the intentional or willful wrongdoing of the Issuer or any of its members, agents or employees.

(b) Without limitation by the provisions of Section 8.2(a), and in addition to the provisions of Section 8.2(a); the Purchaser shall not cause or permit the Facility or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials

and Hazardous Substances, except in compliance with all applicable federal, State and local laws or regulations, nor shall the Purchaser cause or permit a release of Hazardous Materials and Hazardous Substances onto the Facility, except in compliance with all applicable federal, State and local laws, ordinances, rules and regulations. The Purchaser shall comply with and ensure compliance by all contractors, subcontractors, tenants and subtenants with all applicable federal, State and local laws, ordinances, rules and regulations, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all contractors, subcontractors, tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Purchaser shall (a) to the extent reasonably required by federal, State and local laws, rules and regulations, conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials and Hazardous Substances, on, from, or affecting the Facility (i) in accordance with all applicable federal, State, and local laws, ordinances, rules, regulations, and policies, (ii) to the satisfaction of the Issuer and (iii) in accordance with the orders and directives of all federal, State, and local governmental authorities; and (b) defend, indemnify, and hold harmless the Issuer, its members, agents and employees from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to (i) the presence, disposal, release, or threatened release of any Hazardous Materials and Hazardous Substances which are on, from or affecting the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise, unless arising from the intentional acts or misconduct of the Issuer, (ii) any bodily injury, personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials and Hazardous Substances, (iii) any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials and Hazardous Substances, and/or (iv) any violation of laws, orders, regulations, requirements, or demands of government authorities, or any policies or requirements of the Issuer which are based upon or in any way related to such Hazardous Materials and Hazardous Substances or in any way related to any other law, rule, regulation, code or order related to the Facility but not related to Hazardous Materials and Hazardous Substances, including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. For purposes of this Section, "Hazardous Materials" and "Hazardous Substances" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Superfund Amendments and Reauthorization Act of 1986 (Pub.L. No. 99-499, 100 state, 1613 (1986), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), and in the regulations adopted and

publications promulgated pursuant thereto, or any other federal, State or local environmental law, ordinance, rule, or regulation. The provisions of this Section shall be in addition to any and all other obligations and liabilities the Purchaser may have to either the Issuer at common law.

(c) Notwithstanding the provisions of the foregoing, the Purchaser may in good faith contest the validity or the applicability of any requirement of the nature referred to in paragraph (a) or (b) hereof by appropriate legal proceedings conducted in good faith and with due diligence. Notwithstanding the provisions of this paragraph, if, because of a breach or violation of the provisions of paragraph (a) or (b) hereof (without giving effect to this paragraph), the Issuer or any of its members, agents, or employees, shall be threatened with a fine, liability, expense or imprisonment, then, upon notice from the Issuer, the Purchasers shall immediately provide legal protection and/or pay amounts necessary to the extent permitted by applicable law, to remove the threat of such fine, liability, expense or imprisonment.

(d) If any action shall be brought against the Issuer based upon any cause of action in respect of which indemnity may be sought by the Issuer against the Purchaser, the Issuer shall promptly notify the Purchaser in writing, and the Purchaser will assume the defense thereof, including the employment of counsel reasonably satisfactory to the Issuer and the payment of all expenses and the right to negotiate and consent to settlement; provided, however, the Issuer shall have the right to defend itself in any such action but the fees and expenses of such defense including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses, shall be at the expense of the Issuer unless (i) the defense of itself by the Issuer has been authorized in writing by the Purchaser, (ii) the Issuer shall have reasonably concluded that there may be a conflict of interest between the Issuer and the Purchaser or Atlantis in the conduct of the defense of such action or (iii) the Purchaser shall not in fact have employed counsel and other defense experts reasonably satisfactory to the Issuer for the assumption of the defense of such action. The Purchaser shall not be liable for any settlement of any action or claim effected without the consent of the Purchaser which consent shall not be unreasonably withheld.

(e) The Purchaser hereby agrees to indemnify and hold the Trustee and its directors, officers, agents and employees (collectively, the "Indemnitees") harmless from and against any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out-of-pocket, incidental expenses, legal fees and expenses, and the allocated costs and expenses of in-house counsel and legal staff ("Losses") that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any instruction or other direction upon which the Trustee is authorized to rely pursuant to the terms of this Agreement or the Indenture. In addition to and not in limitation of the

immediately preceding sentence, the Purchaser also agrees to indemnify and hold the Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by, or asserted against the Indemnitees or any of them in connection with or arising out of the Trustee's performance under this Agreement and the Indenture, provided the Trustee had not acted with gross negligence or engaged in willful misconduct. The provisions of this Section 8.2(e) shall survive the termination of this Agreement and the Indenture and the resignation or removal of the Trustee for any reason.

(f) The indemnity agreements contained in this Section 8.2 shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of either the Issuer or the termination of this Agreement and until the expiration of any applicable statute of limitations.

Section 8.3. Right to Inspect the Facility. The Issuer and its duly authorized agents shall have the right at all reasonable times to inspect the Facility.

Section 8.4. Agreement to Provide Information. The Purchaser agrees, whenever requested by the Issuer, to provide and certify or cause to be provided and certified such information concerning the Purchaser, its finances, and other topics as the Issuer from time to time reasonably considers necessary or appropriate, including, but not limited to, such information as to enable it to make any reports required by law or governmental regulation. Without limiting the foregoing, the Purchaser acknowledges and affirms to the Issuer that it has read and understands the Issuer's annual financial reporting requirements contained in Section 859 of the General Municipal Law and the Issuer's filing requirement contained in Section 874(9) of the General Municipal Law, acknowledges that the Issuer cannot comply with said annual reporting requirements and filing requirements without necessary information being provided by the Purchaser and agrees to provide to the Issuer, not later than February 1 of each year, the name and address of the then current owner of the Facility, the number of jobs at the Facility, the estimated value of the financial assistance provided by the Issuer to the Purchaser during the preceding calendar year and such other information as the Issuer may reasonably request which may be necessary for the Issuer to comply with its annual financial reporting requirement. The Purchaser further acknowledges and affirms to the Issuer that it has read and understands the Purchaser's annual financial reporting requirement contained in Section 874(8) of the General Municipal Law and agrees to file a statement with the State Department of Taxation and Finance, on a form and in such manner as is prescribed by the Commissioner of Taxation and Finance, of the value of all sales and use tax exemptions claimed by the Purchaser as agent of the Agency with respect to the Facility.

Section 8.5. Identification of Equipment. All Equipment which is or may become the property of the Issuer shall be properly identified by the Purchaser by such appropriate records, including computerized records, as may be approved by the Issuer and the Bank. In this regard all improvements, machinery, equipment and other Property of whatever nature affixed or attached to the Land or used by the Purchaser in connection with the Land or the Project shall be deemed presumptively to be owned by the Issuer rather than the Purchaser, unless the same were installed by the Purchaser and title thereto was retained by the Purchaser as provided in Section 6.2 of this Agreement and such improvements, machinery, equipment and other Property were properly identified by such appropriate records as were approved by the Issuer.

Section 8.6. Books of Record and Account; Financial Statements. The Purchaser agrees to maintain, and to cause each Guarantor to maintain, proper accounts, records and books in which full and correct entries shall be made, in accordance with generally accepted accounting principles, of all financial affairs of the Purchaser and of each Guarantor. Financial statements are to be prepared using straight line depreciation over the useful life of any asset.

Section 8.7. Compliance With Orders, Ordinances, Etc. (a) The Purchaser agrees with the Issuer that it will promptly comply with all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements, ordinary or extraordinary, foreseen or unforeseen, of all federal, State, county, municipal and other governments, departments, commissions, boards, courts, authorities, officials and officers and companies or associations insuring the Facility, which now or at any time hereafter may be applicable to the Facility or any part thereof, or to any use, manner of use or condition of the Facility or any part thereof. The Purchaser shall furnish or cause to be furnished to the Issuer reasonable evidence of receipt by the Purchaser of all required and available governmental permits and licenses, if any, related to the Facility.

(b) Notwithstanding the provisions of subsection (a) of this Section 8.7, the Purchaser may in good faith actively contest the validity or the applicability of any requirement of the nature referred to in such subsection (a). In such event, the Purchaser may fail to comply with the requirement or requirements so contested during the period of such contest and any appeal therefrom, provided that adequate book reserves in accordance with generally accepted accounting principles (in the opinion of the Accountant and the Bank) have been established with respect thereto and an amount reasonably satisfactory to the Bank is deposited with the Bank as security therefor. If the Issuer or the Bank shall notify the Purchaser that by failure to comply with such requirement or requirements the Facility or any

part thereof may be subject to loss or forfeiture, or the Lien of the Mortgage or the Security Agreement may be impaired, the Purchaser shall promptly take such action with respect thereto as shall be satisfactory to the Issuer and, or, the Bank.

Section 8.8. Discharge of Liens and Encumbrances. (a) The Purchaser agrees with the Issuer that it shall not permit or create or suffer to be permitted or created any Lien, except for Permitted Encumbrances, upon the Facility or any part thereof by reason of any labor, services or materials rendered or supplied or claimed to be rendered or supplied with respect to the Facility or any part thereof.

(b) Notwithstanding the provisions of subsection (a) of this Section 8.8, the Purchaser may in good faith actively contest any such Lien. In such event, the Purchaser may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, provided that adequate book reserves in accordance with generally accepted accounting principles (in the opinion of the Accountant and the Bank) have been established with respect thereto and an amount reasonably satisfactory to the Bank is deposited with the Bank as security therefor. If the Issuer or the Bank shall notify the Purchaser that by nonpayment of any such item or items the Facility or any part thereof may be subject to loss or forfeiture, or the Lien of the Mortgage or the Security Agreement may be impaired, however, the Purchaser shall promptly secure payment of all such unpaid items by filing the requisite bond.

Section 8.9. Purchaser to File Statements With Internal Revenue Service. The Purchaser agrees with the Issuer to file, and to cause each Guarantor to file, with the Internal Revenue Service of the United States Treasury Department or any other authorized governmental agency any and all statements or other instruments which may be required by the Code at the times required therein.

Section 8.10. Purchaser to Maintain Its Legal Existence; Conditions Under Which Exceptions Permitted. The Purchaser agrees that it will maintain, and will cause each Guarantor to maintain, its and their legal existence, not dissolve or otherwise dispose of all or substantially all of its or their assets, and not consolidate with or merge into another entity or permit one or more entities to consolidate with or merge into it or them without the prior written consent of the Issuer.

Section 8.11. Depreciation Deductions and Investment Tax Credit. The Issuer and the Purchaser agree that, as between them, the Purchaser shall be entitled to all depreciation deductions with respect to any depreciable property comprising a part of the Facility pursuant to Section 167 or Section 168 of the Code and to any investment tax credit pursuant to Section 38 of the Code with respect to any part of the Facility that constitutes "Section 38 Property."

Section 8.12. Employment Opportunities, Notice of Jobs. The Purchaser covenants and agrees that, in consideration of the participation of the Issuer in the transactions contemplated herein, it will, except as otherwise provided by collective bargaining contracts or agreements to which it is a party, cause any new employment opportunities created in connection with the Facility to be listed with the New York State Department of Labor, Community Services Division and with the administrative entity of the service delivery area created pursuant to the Job Training Partnership Act (PL 97-300) in which the Facility is located (collectively, the "Referral Agencies"). The Purchaser also agrees that it will, except as otherwise provided by collective bargaining contracts or agreements to which it is a party, first consider for such new employment opportunities persons eligible to participate in federal job training partnership (PL 97-300) programs who shall be referred by the Referral Agencies.

Section 8.13. Further Assurances. The Purchaser hereby agrees to execute and deliver to the Issuer all such documents and instruments and do all such other acts and things as may be necessary or required by the Issuer to enable the Issuer to exercise and enforce its rights under this Agreement, and to record and file and re-record and re-file all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be necessary or required by the Issuer to validate, preserve and protect the rights of the Issuer under this Agreement.

ARTICLE IX

TRANSFER OF CERTAIN LAND;
ASSIGNMENTS AND LEASING; PLEDGE OF CERTAIN INTERESTS

Section 9.1. Restriction on Transfer of Facility; Transfer of Certain Land. (a) Neither the Issuer nor the Purchaser nor Atlantis shall sell, convey, transfer, lease, encumber or otherwise dispose of the Facility or any part thereof or any interest therein, except for Permitted Encumbrances and except as otherwise provided in Sections 5.2, 9.1(b), 9.2 and 9.3 of this Agreement.

(b) So long as no Event of Default shall have occurred and be continuing, the Purchaser, with the consent of the Bank, which the Bank may withhold in its sole and absolute discretion, may sell, transfer or otherwise dispose of any part of, or interest in, the Land which is not necessary, desirable or useful for the Facility. The Issuer, at the sole expense of the Purchaser, shall execute and deliver all instruments necessary or appropriate to enable the Purchaser to transfer such title thereto or interest therein, upon receipt by the Issuer of the following:

(i) A copy of the instrument transferring such title to or interest in such Land;

(ii) A certificate of the Purchaser stating that (i) the Purchaser is not then in Default under this Agreement and (ii) such Land is not necessary, desirable or useful for the Facility; and

(iii) A certificate of an independent engineer, dated not more than sixty (60) days prior to the date of the proposed transfer, stating that, in the opinion of such engineer, the proposed transfer will not materially impair the efficient operation of the Facility or the means of ingress thereto or egress therefrom.

(c) No conveyance of any Land or interest therein effected under the provisions of this Section 9.1 shall entitle the Purchaser to any abatement or diminution of the amounts payable under Section 5.3 hereof.

Section 9.2. Assignment and Leasing. (a) This Agreement may not be assigned in whole or in part and the Facility may not be sold, conveyed, transferred, leased, except for a lease of the Facility to Atlantis and a sublease of a portion of the Facility by Atlantis to the Riverhead Foundation for Marine Research, which leasing and subleasing are specifically approved, subleased, or otherwise disposed of, as a whole or in part by the Purchaser, without the prior consent of the Issuer and the Bank. In addition, any such assignment, sale, conveyance, transfer or leasing as the case may be, shall be subject to the following conditions:

(1) No assignment or lease shall relieve the Purchaser from primary liability for any of its obligations hereunder;

(2) The assignee or lessee of the Purchaser, as the case may be, shall assume the obligations of the Purchaser hereunder to the extent of the interest assigned or leased;

(3) The Purchaser shall, within ten (10) days after the delivery thereof, furnish or cause to be furnished to the Issuer a true and complete copy of each such assignment, lease or sublease, as the case may be, and the instrument of assumption;

(4) Neither the validity nor the enforceability of the Bonds or any Bond document shall be adversely affected thereby;

(5) The exclusion of the interest on the Bonds from gross income for federal income tax purposes will not be adversely affected;

(6) The Facility shall continue to constitute a "project" as such quoted term is defined in the Act; and

(7) Any assignment or lease shall be subordinate to the Lien of the Mortgage and otherwise in form satisfactory to the Bank.

Section 9.3. Merger of Issuer. (a) Nothing contained in this Agreement shall prevent the consolidation of the Issuer with, or merger of the Issuer into, or transfer of title to the Facility as an entirety to, any other public benefit corporation or political subdivision which has the legal authority to own the Facility, provided that upon any such consolidation, merger or transfer, the due and punctual performance and observance of all the agreements and conditions of this Agreement to be kept and performed by the Issuer shall be expressly assumed in writing by the public benefit corporation or political subdivision resulting from such consolidation or surviving such merger or to which the Facility shall be transferred.

(b) Within thirty (30) days after the consummation of any such consolidation, merger or transfer of title, the Issuer shall give notice thereof in reasonable detail to the Purchaser and the Bank. The Issuer promptly shall furnish such additional information with respect to any such transaction as the Purchaser or the Bank reasonably may request.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.1. Events of Default Defined. (a) The following shall each be an "Events of Default" under this Agreement and the terms "Event of Default" or "Default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(1) The failure of the Purchaser to pay, or cause to be paid, at the time and on the date due the amounts specified to be paid pursuant to Section 5.3 hereof.

(2) The failure by the Purchaser to observe and perform any covenant, condition or agreement hereunder on its part to be observed or performed for a period of thirty (30) days after written notice (except obligations referred to in Sections 8.10 and 10.1(a)(1)), specifying such failure and requesting that it be remedied, given to the Purchaser by the Issuer, unless such covenant, condition or agreement cannot reasonably be observed or performed within thirty (30) days in which case such time period shall be suspended so long as Purchaser is diligently proceeding to cure such failure;

(3) Any representation or warranty of the Purchaser set forth in this Agreement is untrue or incorrect in any material respect;

(4) The occurrence of an Act of Bankruptcy with respect to either the Purchaser or any Guarantor;

(5) The occurrence of an "Event of Default" under either the Indenture, the Guaranty or the Reimbursement Agreement; or

(6) The failure of the Purchaser to observe and perform any covenant contained in the PILOT Agreement.

(b) Notwithstanding the provisions of Section 10.1(a), if by reason of force majeure either party hereto shall be unable in whole or in part to carry out its obligations under this Agreement and if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after the occurrence of the event or cause relied upon, the obligations under this Agreement of the party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of the inability which shall include a reasonable time for the removal of the effect thereof. The suspension of such obligations for such period pursuant to this subsection (b) shall not be deemed an Event of Default under this Section 10.1. Notwithstanding

anything to the contrary in this subsection (b), an event of force majeure shall not excuse, delay or in any way diminish the obligations of the Purchaser to make the payments required by Section 5.3 hereof, to obtain and continue in full force and effect the insurance required by Section 6.4 hereof or to provide the indemnity required by Section 8.2 hereof. The term "force majeure" as used herein shall include, without limitation, acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, orders of any kind of the government of the United States of America or of the State or any of their departments, agencies, governmental subdivisions, or officials, or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fire, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accident to machinery, transmission pipes or canals, partial or entire failure of utilities, or any other cause or event not reasonably within the control of the party claiming such inability. It is agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the party having difficulty, and the party having difficulty shall not be required to settle any strike, lockout and other industrial disturbances by acceding to the demands of the opposing party or parties.

Section 10.2. Remedies on Default. Whenever any Event of Default shall have occurred and be continuing, the Issuer may take any one or more of the following remedial steps:

(i) Terminate all rights of the Purchaser under this Agreement.

(ii) Take any other action at law or in equity which may appear necessary or desirable to collect the payments then due or thereafter to become due hereunder, and to enforce the obligations, agreements or covenants of the Purchaser under this Agreement.

Section 10.3. Remedies Cumulative. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article X to the extent permitted by law, it shall not be necessary to give any notice, other than such notice as may be herein expressly required in this Agreement. Notwithstanding anything in this Agreement to the contrary, the rights and remedies of the Issuer provided herein shall only be exercised to the extent permitted by law.

Section 10.4. Agreement to Pay Attorneys' Fees and Expenses. In the event the Purchaser should Default under any of the provisions of this Agreement and the Issuer or Bank employ attorneys or incur other expenses for the collection of amounts payable hereunder or the enforcement of performance or observance of any obligations or agreements on the part of the Purchaser herein contained, the Purchaser shall, on demand therefor, pay, to the extent permitted by law, to the Issuer or Bank the reasonable fees and expenses of such attorneys and such other expenses so incurred.

Section 10.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 10.6. Waiver of Jury Trial. In any action arising hereunder the parties mutually waive trial by jury and that they agree the venue shall be Suffolk County, New York.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Notices. All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when delivered and, if delivered by mail, shall be addressed as follows:

To the Issuer:

Town of Riverhead Industrial Development Agency
Town of Riverhead Town Hall
200 Howell Avenue
Riverhead, New York 11901
Attention: Executive Director

To the Purchaser:

Atlantis Holding Company, LLC
323 Long Island Avenue
P.O. Box 386
Holtsville, New York 11742
Attention: James Bissett
Telecopy No. (516) 289-3521

With a Copy to:

Eric J. Russo, Esq.
VanBrunt, Juzwiak & Russo, P.C.
150 Main Street
Sayville, New York 11782
Telecopy No. (516) 589-5003

The Issuer and the Purchaser may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates and other communications shall be sent.

Section 11.2. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Issuer and the Purchaser and their respective successors and assigns.

Section 11.3. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 11.4. Execution of Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.5. Applicable Law. This Agreement shall be governed exclusively by the applicable laws of the State.

Section 11.6. Issuer not Liable. Notwithstanding any other provision of this Agreement, (a) the Issuer shall not be liable to the Purchaser or any other Person for any failure of the Issuer to take action under this Agreement unless the Issuer (i) is reasonably requested in writing by an appropriate Person to take such action and (ii) is assured of payment of or reimbursement for any expenses in such action, and (b) neither the Issuer nor any member of the Issuer or any other officer or employee or agent of the Issuer shall be liable to the Purchaser or any other Person for any action taken by the Issuer or by its officers, agents or employees, or for any failure to take action under this Agreement, except that the Issuer agrees to take, or refrain from, any action required by an injunction and to comply with any final judgment for specific performance. In acting under this Agreement the Issuer may conclusively rely on the advice of its counsel.

Section 11.7. Recording and Filing. This Agreement (or a memorandum thereof) may be recorded or filed, as the case may be, in such office or offices as may at the time be provided by law as the proper place or places for the recordation or filing thereof.

Section 11.8. Table of Contents and Section Headings not Controlling. The Table of Contents and the Headings of the several Sections in this Agreement have been prepared for convenience of reference only and shall not control, affect the meaning or be taken as an interpretation of any provision of this Agreement.

Section 11.9. Amendments. This Agreement may not be amended, modified or terminated except in a writing executed by the parties hereto and with the concurring written consent of the Trustee and the Bank.

IN WITNESS WHEREOF, the Issuer and the Purchaser have caused this Sale Agreement to be executed in their respective names and their respective seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

(SEAL)

TOWN OF RIVERHEAD INDUSTRIAL
DEVELOPMENT AGENCY

ATTEST:

By Robert C. Dick
Robert C. Dick
Chair

Monique J. Gablenz
Assistant Secretary

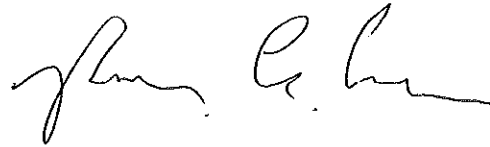
ATLANTIS HOLDING COMPANY, LLC

By James J. Bissett .III
Managing Member

By Joseph Petrocelli
Managing Member

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

On this 21st day of July, 1999, before me personally came Robert C. Dick, to me known, who, being by me duly sworn, did depose and say that he resides at 127 Ackerly Street, Riverhead, New York; that he is the Chair of TOWN OF RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY, the public benefit corporation described in and which executed the within Sale Agreement; that he knows the seal of such public benefit corporation; that the seal affixed to such Sale Agreement is such seal; that it was so affixed by authority of such public benefit corporation; and that he signed his name thereto by like authority.



Notary Public

RICHARD A. EHLERS
Notary Public, State of New York
Suffolk County No. 02EH4738288
Commission Expires February 28, 1999

2000

IN WITNESS WHEREOF, the Issuer and the Purchaser have caused this Sale Agreement to be executed in their respective names and their respective seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

(SEAL)

TOWN OF RIVERHEAD INDUSTRIAL
DEVELOPMENT AGENCY

ATTEST:

By _____
Robert C. Dick
Chair

Monique J. Gablenz
Assistant Secretary

ATLANTIS HOLDING COMPANY, LLC

By _____
James J. Bissett III
Managing Member

By _____
Joseph Petrocelli
Managing Member

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

On this 29th day of July, 1999, before me personally came James J. Bissett III and Joseph Petrocelli, to me known, who, being by me duly sworn, did depose and say that they reside at 112 Roslyn Court, Port Jefferson, New York _____, and 41 Stony Hill Path, Smithtown, New York _____, respectively; that they are the Managing Members of ATLANTIS HOLDING COMPANY, LLC, the limited liability company described in and which executed the within Sale Agreement; and that they acknowledged to me that they executed the same on behalf of ATLANTIS HOLDING COMPANY, LLC for the uses and purposes therein mentioned.

Rita Buckley
 Notary Public

RITA BUCKLEY
 Notary Public, State of New York
 No. 62-5509118
 Qualified in Suffolk County
 Commission Expires November 30, 192000

EXHIBIT A

[Description of Land and Permitted
Encumbrances - To be supplied by the Purchaser]

CHICAGO TITLE INSURANCE COMPANY

EXHIBIT "A"

Title No.: 9908-00642

LEGAL DESCRIPTION

PARCEL 6:

ALL THAT CERTAIN PLOT, PIECE, OR PARCEL OF LAND, SITUATE, LYING, AND BEING IN THE TOWN OF RIVERHEAD, COUNTY OF SUFFOLK AND STATE OF NEW YORK, BEING MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHERLY SIDE OF EAST MAIN STREET (N.Y.S. ROUTE 25) DISTANT 773.74 FEET WESTERLY FROM THE CORNER FORMED BY THE INTERSECTION OF THE SOUTHERLY SIDE OF EAST MAIN STREET WITH THE WESTERLY SIDE OF HOWELL LANE; SAID POINT BEING WHERE THE WESTERLY SIDE OF LAND NOW AND FORMERLY OF J.L. AND G.Z. BASHAW INTERSECTS THE SOUTHERLY SIDE OF EAST MAIN STREET;

RUNNING THENCE SOUTH 14 DEGREES 09 MINUTES 30 SECONDS EAST ALONG LAST MENTIONED LAND AND ALONG LAND NOW OR FORMERLY OF PECONIC RIVER BOAT BASIN CORP. 535.67 FEET TO THE MEAN HIGH WATER LINE OF THE PECONIC RIVER;

THENCE THE MEAN HIGH WATER LINE OF THE PECONIC RIVER THE FOLLOWING NINE COURSES AND DISTANCES:

1. SOUTH 76 DEGREES, 31 MINUTES 50 SECONDS WEST, 75.17 FEET;
2. SOUTH 14 DEGREES, 02 MINUTES 20 SECONDS EAST, 29.54 FEET;
3. SOUTH 86 DEGREES, 33 MINUTES 20 SECONDS WEST, 47.01 FEET;
4. NORTH 16 DEGREES, 15 MINUTES 43 SECONDS WEST, 103.90 FEET;
5. NORTH 62 DEGREES, 39 MINUTES 42 SECONDS WEST, 43.34 FEET;
6. SOUTH 49 DEGREES, 21 MINUTES 48 SECONDS WEST, 32.15 FEET;
7. SOUTH 7 DEGREES, 13 MINUTES 59 SECONDS WEST, 68.38 FEET;
8. SOUTH 83 DEGREES, 52 MINUTES 40 SECONDS WEST, 101.23 FEET;
9. NORTH 32 DEGREES, 50 MINUTES 21 SECONDS WEST, 26.61 FEET TO LANDS NOW OR FORMERLY OF RIVERHEAD PUBLIC PARKING DISTRICT NO. 1;

THENCE NORTH 14 DEGREES 26 MINUTES 30 SECONDS WEST ALONG LAST MENTIONED LAND AND ALONG LAND NOW OR FORMERLY OF P.C. AND E.M. HANCOCK 294.88 FEET TO LAND NOW OR FORMERLY OF RIVERFLO CORP.,

RUNNING THENCE ALONG LAST MENTIONED LAND THE FOLLOWING TWO COURSES AND DISTANCES:

1. NORTH 75 DEGREES 33 MINUTES 30 SECONDS EAST 74.86 FEET;
2. NORTH 14 DEGREES 29 MINUTES 30 SECONDS WEST, 54.00 FEET TO LAND NOW OR FORMERLY OF 7400 MAIN ROAD REALTY CORP.,

CHICAGO TITLE INSURANCE COMPANY

Title No.: 9908-00642

LEGAL DESCRIPTION

THENCE ALONG LAST MENTIONED LAND THE FOLLOWING TWO COURSES AND DISTANCES:

1. NORTH 75 DEGREES 30 MINUTES 30 SECONDS EAST, 115.00 FEET;
2. NORTH 14 DEGREES 29 MINUTES 30 SECONDS WEST, 105.05 FEET TO THE SOUTHERLY SIDE OF EAST MAIN STREET;

THENCE NORTH 72 DEGREES 57 MINUTES 00 SECONDS EAST ALONG THE SOUTHERLY SIDE OF EAST MAIN STREET 132.86 FEET TO THE POINT OR PLACE OF BEGINNING

FOR INFORMATION ONLY: DISTRICT 0600 SECTION 129.00 BLOCK 04.00 LOT 018.000
019.000

DECLARATION AND COVENANTS

THIS DECLARATION, made ^{as of} the 31 day of August 1999, by **Atlantis Holding Company, LLC**, with offices at 323 Long Island Avenue, Holtsville, New York, ~~Declarant~~ and Riverhead Industrial Development Agency, 200 Howell Avenue, Riverhead, New York 11901, Declarants:

WITNESSETH;

WHEREAS, Declarant is the owner of certain real property situate in the Town of Riverhead, Suffolk County, New York, more particularly bounded and described as set forth in SCHEDULE "A" annexed hereto, as provided by Declarant; and

WHEREAS, for and in consideration of the granting of said site plan, the Town Board of the Town of Riverhead has deemed it in the best interests of the Town of Riverhead, and the owner and prospective owners of said parcel, that the within covenants and restrictions be imposed on said parcel, and as a condition of granting said site plan and said Town Board has required that the within Declaration be recorded in the Suffolk County Clerk's Office; and

WHEREAS, Declarant has considered the foregoing and determined that same will be in the best interest of the Declarant and subsequent owners of said parcel.

NOW, THEREFORE, THIS DECLARANT WITNESSETH:

That Declarant, for the purpose of carrying out the intentions above expressed, does hereby make known, admit, publish, covenant and agree that the said premises herein described shall hereafter be subject to the following covenants which shall run with the land, and shall be binding upon all purchasers and holders of said premises, their heirs, executors, legal representatives, distributees, successors and assigns, to wit:

1. That the provisions of the Riverhead Town Code, which are not addressed by this resolution, or other official action of the Town shall, at all times, be complied with by the owner of the property covered by this site plan.
2. That the form, design, location, and color of all signage shall be submitted to the Town Board for its review and approval pursuant to the site plan process and the sign permit procedure prior to being installed at the property; that all signage so proposed shall be coordinated in appearance and design; and that all provisions of Section 108-56 of the Riverhead

Town Code shall be complied with, and that all tenants shall be apprised of said requirements as well as those of Section 108-110.7 and any restrictions imposed as a condition of the site plan approval granted herein;

3. That no lighting shall be installed or adjusted in such a way as to cause direct glare on neighboring properties or adjoining highways;
4. That the applicant is familiar with the Riverhead Town Code, Chapter 96, entitled, "Trash, Rubbish and Refuse Disposal," and Chapter 98, prohibiting the accumulation of litter, and requiring the enclosure of dumpsters, and agrees to abide by same;
5. That receptacles of a decorative design, approved by the Planning Department prior to their installation at the site, shall be maintained on the premises;
6. Parking, paving and drainage shall be provided pursuant to specifications outlined in the Riverhead Town Code;
7. That the parking area shall be maintained pursuant to specifications outlined in the Riverhead Town Code;
8. That adequate parking for the handicapped, pursuant to State and Federal law and the Code of the Town of Riverhead, shall be provided and that each handicap stall shall be designated by an individual sign erected on a stanchion stating "No Parking, Handicap Only," and the universal symbol affixed thereto. Further, by execution and filing of this document, Atlantis Marine World, LLC hereby authorizes and consents to the Town of Riverhead to enter premises at Route 25, Riverhead, New York, to enforce said handicapped parking regulations;
9. That any and all landscaped and paved areas shall be regularly maintained in an orderly and professional manner and kept free of weeds and litter, and that any planters, planter boxes, window boxes, or other container plantings shall likewise be maintained on a year-round basis.
10. That all utilities shall be constructed underground.
11. That pursuant to Section 108-133I of the Code of the Town of Riverhead, the applicant, upon approval of a final site plan by this resolution and prior to the issuance of a building permit, shall pose a performance bond or other equivalent security. The performance bond or other security assures the performance of all the conditions of the building permit in

accordance with the site plan approval. The Supervisor, upon approval from the Town Attorney, as to form, is hereby authorized to accept said performance bond or other security, which shall be filed with the Town Clerk subsequent to approval of the site plan herein. The building permit shall not be issued until the Town Clerk certifies that the performance bond or other security has been filed in the Office of the Town Clerk of the Town of Riverhead. Security shall be in full force and effect for the term of the building permit or any renewal thereof;

12. That the topsoil shall conform to the specifications of the New York State Department of Transportation in regard to pH, organic content, and gradation;
13. That all nursery stock and installation methods thereof shall meet the latest "American Standards for Nursery Stock," as published by the American Association of Nurserymen;

Declarant has hereunto set his hand and seal the day and year above first written.

ATLANTIS HOLDING COMPANY, LLC

By

James J. Bissett III, Managing Member

James J. Bissett, Member Jr., Member

Joseph Petrocelli, Managing Member

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY

By

Monique J. Gablenz, Executive Director

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

On this 30th day of August, 1999, before me personally came MONIQUE J. GABLENZ, Executive Director of the Riverhead Industrial Development Agency, who executed the foregoing instrument, and she acknowledged to me that she executed the same as and for the act and deed of said Agency.

JAMES R. HART
 Notary Public, State of New York
 No. 4802053
 (Qualified in Nassau County)
 Commission Expires August 17, 2001
 Notary Public

2001

STATE OF NEW YORK)

: SS.:
COUNTY OF ~~SUFFOLK~~)

On this 30th day of July, 1999, before me personally came ATLANTIS HOLDING COMPANY, LLC, to me known and known to be the individual who executed the foregoing instrument; that it is the owner of certain real property located at Route 25, Riverhead, New York the subject property of this Declaration and Covenant, and the Managing Member understands the contents thereof; and that the Managing Member did swear to me that he executed the same on behalf of said company.


Notary Public

JAMES R. HART
Notary Public, State of New York
No. 4802053
Qualified in Nassau County
Commission Expires August 17, 2001

STATE OF NEW YORK)

: SS.:
COUNTY OF ~~SUFFOLK~~)

and JAMES J. BISSETT, JR.,

On this 30th day of July, 1999, before me personally came JAMES J. BISSETT III to me known and known to me to be one of the members of ATLANTIS HOLDING COMPANY, LLC, described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same as and for the act and deed of said company.


Notary Public

JAMES R. HART
Notary Public, State of New York
No. 4802053
Qualified in Nassau County
Commission Expires August 17, 2001

STATE OF NEW YORK)

: SS.:
COUNTY OF ~~SUFFOLK~~)

On this 30th day of July, 1999, before me personally came JOSEPH PETROCELLI to me known and known to me to be one of the members of ATLANTIS HOLDING COMPANY, LLC, described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same as and for the act and deed of said company.


Notary Public

JAMES R. HART
Notary Public, State of New York
No. 4802053
Qualified in Nassau County
Commission Expires August 17, 2001

R + R
Richard Ehlers, Esq.
456 Griffing Ave.
Riverhead, NY 11901

Dist: 900

Sect: 129

Blk: 4

L.A.: 18.005 + 19

First American Title Insurance Company of New York

TITLE NO. 151-S-7932

SCHEDULE "A"

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

BEGINNING at a point on the Southerly side of East Main Street (N.Y.S. Route 25) distant 773.74 feet Westerly from the corner formed by the intersection of the Southerly side of East Main Street with the Westerly side of Howell Lane said point being where the Westerly side of land now and formerly of J.L. and G.Z. Bagshaw intersects the Southerly side of East Main Street:

RUNNING THENCE South 14 degrees 09 minutes 30 seconds East along last mentioned land and along land now or formerly of Peconic River Boat Basin Corp. 535.67 feet to the mean high water line of the Peconic River;

THENCE the mean high water line of the Peconic River the following nine courses and distances:

1. South 76 degrees 31 minutes 50 seconds West, 75.17 feet;
 2. South 14 degrees 02 minutes 20 seconds East, 29.54 feet;
 3. South 86 degrees 33 minutes 20 seconds West, 47.01 feet;
 4. North 16 degrees 15 minutes 43 seconds West, 103.90 feet;
 5. North 62 degrees 39 minutes 42 seconds West, 43.34 feet;
 6. South 49 degrees 21 minutes 48 seconds West, 32.15 feet;
 7. South 07 degrees 13 minutes 59 seconds West, 68.38 feet;
 8. South 83 degrees 52 minutes 40 seconds West, 101.23 feet;
 9. North 32 degrees 50 minutes 21 seconds West, 26.61 feet
- to lands now or formerly of Riverhead Public Parking District No. 1.

THENCE North 14 degrees 26 minutes 30 seconds West along last mentioned land and along land now or formerly of P.C and E.M. Hancock 294.88 to land now or formerly of Riverflo Corp.;

RUNNING THENCE along last mentioned land the following two courses and distances:

1. North 75 degrees 33 minutes 30 seconds East, 74.86 feet;
2. North 14 degrees 29 minutes 30 seconds West, 54.00 feet to land now or formerly of 7400 Main Road Realty Corp.

THENCE along last mentioned land the following two courses and distances:

1. North 75 degrees 30 minutes 30 seconds East 115.00 feet;
2. North 14 degrees 29 minutes 30 seconds West 105.05 feet to the Southerly side of East Main Street.

THENCE North 72 degrees 57 minutes 00 seconds East along the southerly side of East Main Street 132.86 feet to the point or place of BEGINNING.