

\$10,500,000
Orange County Industrial Development Agency
(New York)
Senior Facility Revenue Bonds
(Tuxedo Place, L.P. Project) Series 1999

BOND PURCHASE AGREEMENT

August 25, 1999

Orange County Industrial Development Agency
County Government Center
Goshen, New York 10924

Ladies and Gentlemen:

On the basis of the representations, warranties and covenants contained in this Bond Purchase Agreement and upon the terms and conditions contained herein, the undersigned, Cain Brothers & Company, LLC acting not as fiduciaries or agents for you, but on their own behalf (the "Underwriter"), offers to enter into the following agreement (the "Bond Purchase Agreement") with you (the "Agency") and approved and agreed to by Tuxedo Place, L.P., a New York limited partnership (the "Company") which, upon acceptance as described herein, will be binding upon the Agency, the Company and the Underwriter. This offer is made subject to your acceptance of this Bond Purchase Agreement on or before 5:00 P.M., Eastern Standard Time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to your office at any time prior to the acceptance hereof by you.

The Bonds (as hereinafter defined) are to be issued pursuant to authority derived from a bond resolution adopted by Agency on August 25, 1999 (the "Bond Resolution"), Title I of Article 18-A of the General Municipal Law of the State of New York, specifically Chapter 390 of the Laws of 1972 of the State of New York (the "Act"), and under the terms of the Trust Indenture, dated as of August 1, 1999 (the "Indenture") by and between the Agency and The Bank of New York, as trustee (the "Trustee"). The Bonds will be offered by means of the Preliminary Official Statement of the Agency, dated August 2, 1999 relating to the Bonds (including the cover page and all exhibits, the "Preliminary Official Statement") and the final Official Statement of the Agency, dated the date of this Bond Purchase Agreement, relating to the Bonds (including the cover page and all exhibits, the "Official Statement"). The Agency and the Company will execute and deliver a tax regulatory agreement (the "Tax Regulatory Agreement") regarding exclusion of interest on the Bonds from gross income for income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). The Bonds, the Bond Resolution, this Bond Purchase Agreement, the Indenture, the Sale Agreement, the Tax Regulatory Agreement, the Assignment, the Assignment of Leases and Rents and the Arbitrage Certificate are sometimes collectively referred to herein as the "Agency Documents." A signed copy of the letter of indemnification and representation, dated the date hereof, from the Company substantially in the form

attached hereto as Exhibit A (the "Letter of Indemnification and Representation") will be delivered to the Underwriter simultaneously with this Bond Purchase Agreement. The Agency consents to the use, prior to the date hereof, of copies of the Preliminary Official Statement and the documents referred to therein by the Underwriter. In addition, the Agency authorizes the distribution of copies of the Official Statement in connection with the public offering and sale of the Bonds by the Underwriter. Terms not otherwise defined in this Bond Purchase Agreement have the meanings given in the Indenture and the Official Statement.

1. PURCHASE AND SALE OF THE BONDS.

(a) The Agency hereby agrees to sell to the Underwriter and the Underwriter agrees to purchase all (but not less than all) of \$10,500,000 aggregate principal amount of the Agency's Senior Facility Revenue Bonds (Tuxedo Place, L.P. Project), Series 1999 (the "Bonds") dated August 1, 1999, such Bonds maturing on the dates and in the amounts, bearing interest at the rates shown in the Official Statement.

The Underwriter will pay for the Bonds a purchase price of \$10,307,535, plus accrued interest on the bonds from August 1, 1999 to the Closing Date (as defined herein) of \$89,833.33. The purchase price represents:

Principal Amount of Bonds	\$10,500,000
(Underwriter's Compensation)	(192,465)
Purchase Price	<u>\$10,307,535</u>

(b) The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable and subject to redemption as provided in the Indenture. The final terms and conditions of the Indenture shall be subject to the approval of the Agency and the Underwriter, and the obligations of the Agency and the Underwriter hereunder are expressly conditioned upon such approval.

2. OFFERING OF THE BONDS.

The Underwriter intends to make a bona fide public offering of the Bonds at the offering prices or yields set forth on the cover page of the Official Statement; however, the Underwriter may offer a portion of the Bonds for sale to selected dealers who are members of the National Association of Securities Dealers, Inc. and who agree to resell the Bonds to the public on terms consistent with this Bond Purchase Agreement and the Underwriter reserves the right to change such offering prices or yields as the Underwriter shall deem necessary in connection with the marketing of the Bonds and to offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices or at yields higher than the initial yields set forth in the Official Statement. The Underwriter also reserves the right to over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time. None of such activities shall affect the principal amounts, maturity dates, interest rates, redemption or other provisions of the Bonds or the amount to be paid by the Underwriter to the Agency for the Bonds.

3. APPROVAL OF OFFICIAL STATEMENT.

(a) The Preliminary Official Statement has been prepared for use in connection with the public offering, sale and distribution of the Bonds by the Underwriter. The Agency hereby represents and warrants that the Preliminary Official Statement was deemed final by the Agency as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule").

(b) The Agency hereby authorizes the Official Statement and the information therein contained to be used by the Underwriter in connection with the public offering and the sale of the Bonds. The Agency shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the Agency's acceptance of this Bond Purchase Agreement (but, in any event, not later than seven business days after the Agency's acceptance of this Bond Purchase Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriter in such quantity as the Underwriter shall request in order for it to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

(c) If, after and from the date of this Bond Purchase Agreement to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities repository, but in no event less than 25 days after the "end of the underwriting period" for the Bonds), the Agency becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein, or necessary to make the statements therein, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Agency will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Agency will forthwith prepare and furnish, or cause to be prepared and furnished, at the Company's own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Agency shall furnish, at the expense of the Company, such legal opinions, certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(d) The Underwriter hereby agrees to file the Official Statement with a nationally recognized municipal securities information repository. Unless otherwise notified in writing by the

Underwriter, the Agency can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

4. REPRESENTATIONS, WARRANTIES, AND AGREEMENTS OF THE AGENCY.

The Agency represents, warrants to and agrees with the Underwriter that:

(a) The Agency is duly organized and validly existing as a political subdivision of the State of New York (the "State") and acting pursuant to the Act, and has full legal right, power and authority (i) to enter into this Bond Purchase Agreement, (ii) to enter into the Agency Documents, (iii) to adopt the Bond Resolution, (iv) to issue, sell and deliver the Bonds to the Underwriter pursuant to the Indenture as provided herein, (v) to pledge and assign all moneys deposited in the various funds established under the Indenture (except as provided in the Indenture), the investments therein and the rights and interest of the Agency in the Indenture as security for the payment of the principal of and interest on the Bonds, all in the manner described in the Bond Resolution, the Official Statement and the Agency Documents, (vi) to approve the delivery of the Preliminary Official Statement and the Official Statement, and the execution of the Official Statement, and (vii) to carry out, give effect to and consummate all the other transactions on its part contemplated by the Bond Resolution, the Official Statement and the Agency Documents; and

(b) The Agency will, at the Closing Date, be in compliance, in all respects, with the Agency Documents and the Bond Resolution; and

(c) The Agency has duly and validly adopted the Bond Resolution, has duly authorized and approved the execution and delivery of the Agency Documents and the Official Statement, and the Agency has duly authorized and approved the performance by the Agency of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions on its part contemplated by each of said documents and the Bond Resolution is in full force and effect; and

(d) The Agency Documents constitute legal, valid and binding obligations of the Agency, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; and

(e) The Agency is not in breach of or in default in any material respect under any applicable constitutional provision, law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Agency is a party or is otherwise subject or bound which in any way, directly or indirectly, materially adversely affects the issuance of the Bonds or the validity thereof, the Agency Documents, the adoption of the Bond Resolution, and the execution and delivery of the Agency Documents, the Mortgage and Security Agreement and the other instruments contemplated by any of such documents to which the Agency is a party, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any applicable

law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Agency is a party or is otherwise subject or bound; and

(f) All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental issuer, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Agency of its obligations hereunder and under the Agency Documents have been obtained and are in full force and effect or will be obtained prior to the Closing; and

(g) The Bonds, when delivered in accordance with the Indenture and paid for by the Underwriter on the Closing Date as provided herein, will be validly issued and outstanding special limited obligations of the Agency entitled to all the benefits and security of the Indenture; and

(h) As of the date thereof, the Preliminary Official Statement under the captions "THE AGENCY," "ABSENCE OF MATERIAL LITIGATION" (with respect to the Agency) and "YEAR 2000 ISSUE" (with respect to the Agency) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(i) At the time of the Agency's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to Section 3 of this Bond Purchase Agreement) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement under the captions "THE AGENCY," "ABSENCE OF MATERIAL LITIGATION" (with respect to the Agency) and "YEAR 2000 ISSUE" (with respect to the Agency) does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(j) If the Official Statement is supplemented or amended pursuant to Section 3 of this Bond Purchase Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement as so supplemented or amended under the captions "THE AGENCY," "ABSENCE OF MATERIAL LITIGATION" (with respect to the Agency) and "YEAR 2000 ISSUE" (with respect to the Agency) will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading; and

(k) On the date hereof the Agency has no information or belief that (i) the amounts received by the Trustee pursuant to the Indenture and the sale of the Bonds are currently subject to any taxes of the State and (ii) there are any transfer or other documentary stamp taxes imposed by the State in connection with the issuance and sale of the Bonds to the Underwriter; and

(l) Not later than the date required, the Agency will prepare and file, or cause to be prepared and filed, with the Internal Revenue Service, IRS Form 8038 as required by Section 149(e) of the Code; and

(m) The Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter which the Underwriter may reasonably request to make any notice filings required in connection with the offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate; provided, however, the Agency will not be required to register as a dealer or broker in any such state or jurisdiction, nor execute a general or special consent to service of process or qualify to do business in connection with any such qualification of the Bonds for sale in any jurisdiction. The Agency ratifies and consents to the use of drafts of the Preliminary Official Statement prior to the availability of the Official Statement, and the use of the Official Statement once it is available, by the Underwriter in obtaining such qualification; and

(n) The Agency will cause the Trustee to apply the proceeds of the Bonds and other moneys in accordance with the Bond Resolution and the Indenture; and

(o) The Mortgage and Security Agreement, upon execution and delivery thereof, will create a valid mortgage lien on and security interest in the Facility and certain rights and other personal property related to the Facility, subject to certain Permitted Encumbrances and in all cases to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein; and

(p) No action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or, to the knowledge of the Agency, threatened, in any way affecting the existence of the Agency or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture, or the collection or application of revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof or of the proceeds of the Bonds, or in any way contesting or affecting the validity or enforceability of the Agency Documents, the Mortgage and Security Agreement, or any action of the Agency contemplated by any of said documents or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or in any way contesting the powers of the Agency or its authority with respect to the Agency Documents, the Mortgage and Security Agreement, or any action of the Agency contemplated by any of these documents or which would adversely affect the exclusion from federal gross income of interest paid on the Bonds, nor, to the knowledge of the Agency, is there any basis therefor; and

(q) Between the date of this Bond Purchase Agreement and the Closing, the Agency will not, without the prior written consent of the Underwriter, issue any bonds, notes or other obligations for borrowed money for the same purposes or payable from the same sources as the Bonds, except as otherwise approved by the Underwriter, and, subsequent to the respective dates as of which information is given in the Official Statement up to and including the date of the Closing, the Company has not

incurred and will not incur any material liabilities, direct or contingent, except as approved by the Underwriter; and

(r) Any certificate signed by an authorized officer of the Agency and delivered by the Agency to the Underwriter shall be deemed a representation and warranty by the Agency to the Underwriter as to the statements made therein; and

(s) The Agency has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

5. CLOSING.

At 1:00 P.M., Eastern Standard Time, on September __, 1999, or on such earlier or later Business Day as shall have been mutually agreed upon by and among the Agency and the Underwriter (the "Closing Date"), the Agency will deliver, through the services of The Depository Trust Company ("DTC"), one Bond for each maturity of the Bonds in the aggregate principal amount of each such maturity to the Underwriter in definitive, registered form, duly executed and authenticated in accordance with the provisions of the Indenture. Upon such delivery of the Bonds, and subject to the compliance with the terms and conditions set forth in this Bond Purchase Agreement, the Underwriter shall accept such delivery and pay the purchase price for the Bonds as is set forth in paragraph (a) of Section 1 of this Bond Purchase Agreement. Payment for the Bonds shall be made by wire transfer in immediately available funds (the foregoing payment and delivery of documents is herein referred to as the "Closing"). The Bonds shall be registered in the name of Cede & Co., as nominee and registered owner for DTC. The Bonds shall be available for examination by the Underwriter in New York, New York (or such other place as may be mutually agreed upon among the Underwriter and the Agency), at least 24 hours prior to the Closing. The Agency and the Underwriter will use their best efforts to cause the Bonds to be delivered to DTC not later than 1:00 p.m., New York City time, on the Closing Date.

6. PRE-CONDITIONS TO CLOSING.

The Underwriter has entered into this Bond Purchase Agreement in reliance upon the accuracy of the representations and warranties of the Agency contained herein and to be contained in the documents and instruments to be delivered at or prior to the Closing Date and upon the performance by the Agency of its obligations hereunder at or prior to the date of the Closing. Accordingly, the Underwriter's obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be subject to the performance by the Agency of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing Date, and shall also be subject to the following conditions:

(a) The representations and warranties of the Agency contained herein shall be true, complete and correct on the date hereof, and on and as of the Closing Date with the same effect as if made on the Closing Date; and

(b) The Agency shall have performed and complied with all agreements and conditions required by this Bond Purchase Agreement to be performed or complied with by it prior to or at the Closing; and

(c) At the Closing Date, the Agency Documents and the Mortgage and Security Agreement shall have been duly authorized, executed and delivered by the respective parties thereto, shall be in form and content satisfactory to the Underwriter and the Agency, and shall be in full force and effect, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the transactions contemplated thereby and by this Bond Purchase Agreement, all such actions as, in the opinion of Bond Counsel or counsel to the Underwriter, shall be necessary and appropriate; and

(d) At the Closing, the Official Statement shall have been duly and properly executed and delivered by the Agency, and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter; and

(e) At the Closing, all approvals, consents and orders of any governmental issuer or agency having jurisdiction in the matter, which would constitute a condition precedent to the performance by the Agency of its obligations under this Bond Purchase Agreement and the Agency Documents will have been obtained and any consents, approvals and orders so received will be in full force and effect; and

(f) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Company from that set forth in the Official Statement that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the official Statement; and

(g) As a condition to the obligation of the Underwriter to purchase the Bonds, at or prior to the Closing the Underwriter shall have received each of the following documents in form and substance satisfactory to the Underwriter:

(1) The Official Statement of the Agency, and each supplement or amendment thereto, executed on behalf of the Agency by one or more authorized officers, in form and substance satisfactory to the Underwriter;

(2) The Agency Documents duly executed and delivered by an authorized officer of the Agency, and the other parties thereto, in form and substance satisfactory to the Underwriter, with such amendments, modifications or supplements as may have been agreed to by the Underwriter;

(3) The approving opinion of Ruberti, Girvin & Ferlazzo, P.C., Bond Counsel, dated the date of Closing, substantially in the form included in the Official Statement, accompanied by a supplemental opinion, dated the date of Closing and addressed to the Underwriter, to the effect that (a) the Bond Resolution has been duly and lawfully

adopted, and this Bond Purchase Agreement and the Agency Documents have been duly authorized, executed and delivered by the Agency and constitute valid, binding and enforceable agreements of the Agency in accordance with their terms, except to the extent that the enforceability thereof may be limited by bankruptcy, reorganization, moratorium, insolvency or other laws affecting creditors' rights and remedies generally, or by general principles of equity (regardless of whether considered a proceeding at law or in equity); (b) the Agency has consented to the use of the Preliminary Official Statement and has approved the Official Statement and authorized its distribution; (c) the information in the Official Statement, as of the date of Closing, as to legal matters relating to the Agency, the Bond Resolution, the Bonds, the Indenture, the Sale Agreement, the Mortgage and Security Agreement, the Tax Regulatory Agreement, the Act, and under the captions "DESCRIPTION OF THE SERIES 1999 BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 1999 BONDS," and "TAX MATTERS" and Appendices B, C and D to the Official Statement, are correct in all material respects; (d) based upon its participation in the preparation of the Official Statement as Bond Counsel, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, such counsel has no reason to believe that, as of the date thereof or the date of Closing, the Official Statement (except for the financial and statistical data contained therein, and information contained in the sections entitled "THE COMPANY," "THE MANAGER," "THE DEVELOPER," "DESCRIPTION OF THE SERIES 1998 BONDS - Book-Entry-Only System," "FORECASTED DEBT SERVICE COVERAGE" and "YEAR 2000 ISSUE" and in Exhibit A to the Official Statement, as to which no view need be expressed) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (e) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(4) The opinion or opinions, dated the date of Closing and addressed to the Underwriter, of Henry Holley, Esq., counsel to the Agency, (a) to the same effect as clauses (a), (b) and (c) of the supplemental opinion of Bond Counsel (except for the financial and statistical data contained therein, and the information contained under the captions entitled "DESCRIPTION OF THE SERIES 1999 BONDS - Book Entry-Only System" and "TAX MATTERS," and in Exhibits A and D to the Official Statement, as to which no view need be expressed) and (b) to the effect that (1) the execution and delivery of this Bond Purchase Agreement, the Bonds, the Indenture, the Sale Agreement, the Arbitrage Certificate, the Tax Regulatory Agreement, and the adoption of the Bond Resolution and compliance with the provisions of all of them do not conflict with or constitute a breach of or default under any agreement or other instrument known to counsel to which the Agency is a party, or any law, administrative regulation, court order or consent decree known to counsel to which the Agency is subject; (2) to the best of counsel's knowledge, there is no action, suit, proceeding or investigation before or by any court, public board or body, pending or threatened against or affecting the

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Agency wherein an unfavorable decision, ruling or finding would have a material adverse effect upon the transactions contemplated by the Official Statement and this Bond Purchase Agreement or upon the validity of the Bonds, the enforceability of the Bond Resolution, the Indenture, the Sale Agreement, the Arbitrage Certificate, the Tax Regulatory Agreement or this Bond Purchase Agreement, or the accuracy or completeness of the Official Statement; and (3) all authorizations, consents, approvals and reviews of governmental bodies or regulatory authorities required for the Agency's execution, delivery, acceptance and performance of the Bonds, the Bond Resolution, the Indenture, the Sale Agreement, the Arbitrage Certificate, the Tax Regulatory Agreement and this Bond Purchase Agreement have been obtained or effected, except that the offer and sale of the Bonds in certain jurisdictions may be subject to the provisions of the securities or "Blue Sky" laws of such jurisdictions. In addition, such counsel shall state in such counsel's letter containing the foregoing opinion, or in a separate letter dated the date of Closing and addressed to the Underwriter that, based upon the participation of such counsel in the preparation of the Official Statement as Counsel for the Agency and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, such counsel has no reason to believe that, as of the date of the Official Statement and the date of Closing, the information contained under the captions entitled "THE AGENCY," "ABSENCE OF MATERIAL LITIGATION (with respect to the Agency) and "YEAR 2000 ISSUE" (with respect to the Agency) and the information in the Official Statement relating to the Agency (except for the financial and statistical data contained therein) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(5) The opinion, dated the date of the Closing and addressed to the Underwriter, of Emmet Marvin & Martin, counsel to the Trustee, to the effect that (a) the Trustee is a state banking corporation, duly organized and validly existing in good standing under the laws of the State of New York, with power and authority to exercise corporate trust powers under and as provided in the Indenture; and (b) the execution, delivery and performance of the Indenture, the Arbitrage Certificate, the Tax Regulatory Agreement, the Mortgage and Security Agreement, the Continuing Disclosure Agreement and such other documents as have been executed and delivered by the Trustee in connection with the delivery of the Bonds (collectively, the "Trustee Documents") have been duly authorized by the Trustee and the Trustee has duly executed and delivered the Indenture. Assuming due authorization, execution and delivery of the Trustee Documents by the other parties thereto, the Trustee Documents constitute the legal, valid and binding obligations of the Trustee, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally and to the availability of Equitable relief;

(6) A certificate, dated the Closing Date and signed by an authorized officer of the Agency, to the effect that (a) the representations, warranties and covenants of the Agency contained herein are true and correct in all material respects on and as of the

Closing Date with the same effect as if made on the Closing Date; (b) no action, suit, proceeding, inquiry or investigation before or by any court, regulatory agency, public board or body is pending or, to the best knowledge of such officer, threatened in any way affecting the existence of the Agency or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or the collection of revenues and assets of the Agency pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in, any way contesting or affecting the validity or enforceability of the Agency Documents or the Mortgage and Security Agreement, or contesting in any way the completeness or accuracy of the Official Statement, or contesting the powers of the Agency or its authority with respect to the Agency Documents; (c) to the best knowledge of such officer, the information contained under the captions entitled "THE AGENCY," "ABSENCE OF MATERIAL LITIGATION" (with respect to the Agency) and "YEAR 2000 ISSUE" (with respect to the Agency) and the information in the Official Statement relating to the Agency does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (d) the Agency has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing;

(7) The opinion of Ellenoff Grossman & Schole LLP, counsel to the Company, the Manager and the Developer dated the date of Closing and addressed to the Agency, Bond Counsel and the Underwriter to the effect that: (a) the Company has been duly organized and is validly existing under the laws of the State, and is duly qualified to do business under the laws of the State; (b) the Company has duly approved this Bond Purchase Agreement and has authorized the distribution of the Official Statement; (c) the information in the Official Statement, as of the date of Closing, as to legal matters relating to the Company, the Mortgage and Security Agreement and the Sale Agreement is correct in all material respects; (d) nothing has come to their attention which would lead them to believe that, as of the date of Closing, the information contained in the Official Statement under the captions entitled "THE COMPANY," "THE FACILITY" (except for the financial and statistical data included therein), "ABSENCE OF MATERIAL LITIGATION" (with respect to the Company) and "YEAR 2000 ISSUE" (with respect to the Company) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; the Company has full power and authority to approve the transactions contemplated by the Official Statement and this Bond Purchase Agreement and to execute and deliver the Mortgage and Security Agreement, the Sale Agreement, the Arbitrage Certificate, the Tax Regulatory Agreement and the Letter of Indemnification and Representation, the Continuing Disclosure Agreement and such documents have each been duly authorized, executed and delivered by the Company and constitute valid, binding and enforceable agreements of the Company in accordance with their terms and the Company has duly authorized the inclusion in the Official Statement of the information relating to it and the Facility; (f) except as disclosed in the Official Statement, there is no action, suit, proceeding or

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investigation at law or in equity before or by any court, public board or body, pending or, to the best of their knowledge, threatened or anticipated against or involving the Company wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Official Statement, this Bond Purchase Agreement, the Mortgage and Security Agreement, the Indenture, the Sale Agreement, the Continuing Disclosure Agreement, the Tax Regulatory Agreement and the Letter of Indemnification and Representation; (g) the execution and delivery of the Mortgage and Security Agreement, the Sale Agreement, the Continuing Disclosure Agreement, the Tax Regulatory Agreement, the Letter of Indemnification and Representation, and the approval of this Bond Purchase Agreement and the Official Statement, and compliance with the provisions thereof, under the circumstances contemplated hereby and thereby, do not and will not conflict with the organizational documents of the Company and do not and will not, in any material respect, constitute on the part of the Company a breach of or default under any agreement or other instrument to which the Company is a party or by which it is bound and which are known to them or violate any existing law, regulation, court order or consent decree to which the Company is subject and which are known to them to be applicable to the Company and the transactions contemplated by the Official Statement, this Bond Purchase Agreement, the Mortgage and Security Agreement, the Indenture, the Sale Agreement, the Continuing Disclosure Agreement, the Tax Regulatory Agreement and the Letter of Indemnification and Representation; (h) no approval or other action by any governmental issuer, agency, quasi-governmental agency or private corporation is required in connection with the execution or delivery, as the case may be, by the Company of the Mortgage and Security Agreement, the Sale Agreement, the Continuing Disclosure Agreement, the Tax Regulatory Agreement, or the Letter of Indemnification and Representation or its approval of this Bond Purchase Agreement and the Official Statement, except that the offer and sale of the Bonds in certain jurisdictions may be subject to the provisions of the securities or Blue Sky laws of such jurisdictions. In addition, each of the aforesaid opinions may be qualified to the extent that the enforceability of the Mortgage and Security Agreement, the Sale Agreement, the Continuing Disclosure Agreement, the Tax Regulatory Agreement and the Letter of Indemnification and Representation may be limited by bankruptcy, reorganization, moratorium, insolvency or other laws affecting creditors' rights and remedies generally, or by general principles of equity (regardless of whether considered in a proceeding in equity or at law);

(8) The opinion of Ellenoff Grossman & Schole LLP, counsel to the Manager, dated the date of Closing, in form and substance reasonably satisfactory to the Underwriter and the Agency, to the effect that: (a) the Manager is a duly incorporated New York for-profit corporation, its articles of incorporation has not been amended and there has been no change in its existence, (b) the Manager has duly authorized the execution, delivery and performance of the Management Agreement and such document constitutes a legal, valid and binding agreement of the Manager enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights, (c) the statements and information contained in the Official Statement under the captions

"THE MANAGER - The Management Agreement" do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (d) except as disclosed in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best of their knowledge, threatened or anticipated against or involving the Manager wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Official Statement;

(9) The opinion of the Ellenoff Grossman & Schole LLP, counsel to the Developer, dated the date of Closing, in form and substance reasonably satisfactory to the Underwriter and the Agency, to the effect that: (a) the Developer is a duly incorporated New York corporation, its certificate of incorporation has not been amended and there has been no change in its existence, (b) the Developer has duly authorized the execution, delivery and performance of the Development Agreement and such document constitutes a legal, valid and binding agreement of the Developer enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights, (c) the statements and information contained in the Official Statement under the captions "THE DEVELOPER - Development Agreement" do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (d) except as disclosed in the Official Statement, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or, to the best of their knowledge, threatened or anticipated against or involving the Developer wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Official Statement;

(10) The opinion of Harris Beach & Wilcox, LLP, Counsel to the Underwriter, dated the date of Closing and addressed to the Underwriter, to the effect that in connection with the public offering and sale of the Bonds, the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification as Indenture of Trust pursuant to the Trust Indenture Act of 1939, as amended. In addition, such Counsel shall state in its letter containing the foregoing opinion or in a separate letter, dated the date of the Closing and addressed to the Underwriter, that based upon their participation in the preparation of the Official Statement as Counsel for the Underwriter and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, no information has come to their attention which would lead them to believe that, as of the date of Closing, the Official Statement (except for the financial and statistical data contained therein and the information contained under the captions "THE AGENCY," "THE COMPANY," "THE MANAGER," "THE DEVELOPER", "DESCRIPTION OF THE SERIES 1998 BONDS - Book-Entry-Only System" and

"FORECASTED DEBT SERVICE COVERAGE and in Exhibits A and D to the Official Statement, as to which no view need be expressed) contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(11) The certificate of an authorized representative of the Company dated the date of Closing, in form and substance reasonably satisfactory to the Underwriter and the Agency, to the effect that- (a) since inception, no material and adverse change has occurred in the financial position or results of operations of the Company except as set forth in the Official Statement; (b) the Company has not, since inception, incurred any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement; (c) no action, suit, proceeding, inquiry or investigation before or by any court, regulatory agency, public board or body is pending or, to the best of the Company's knowledge, threatened (i) to restrain or enjoin the issuance or delivery of any of the Bonds, the pledge of assets under the Mortgage and Security Agreement and the Indenture or the collection of revenues or assets pledged under the Mortgage and Security Agreement and the Indenture, (ii) in any way contesting or affecting the issuance of the Bonds or the validity of the Bonds, the Mortgage and Security Agreement, the Sale Agreement, the Continuing Disclosure Agreement, the Tax Regulatory Agreement, the Letter of Indemnification and Representation or this Bond Purchase Agreement, or (iii) in any way contesting the legal existence or powers of the Company; (d) to the best of such person's knowledge, no event affecting the Company or the Facility has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect as of the date of delivery thereof, the date of delivery of the Official Statement to the Underwriter and the date of Closing; (e) the Company has taken all requisite action upon advice of Bond Counsel to assure that interest on the Bonds will be excludable from gross income under Sections 103 and 142 of the Code; and (f) the representations of the Company in the Letter of Indemnification and Representation are true and correct in all material respects;

(12) A certificate of an authorized representative of the Manager dated the date of Closing, in form and substance reasonably satisfactory to the Underwriter and the Agency, to the effect that: (a) the Manager is a duly incorporated New York corporation, its certificate of incorporation has not been amended and there has been no change in its existence, (b) the Manager has duly authorized the execution, delivery and performance of the Management Agreement and said document constitutes a legal, valid and binding agreement of the Manager enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and (c) the statements and information contained in the Official Statement under the caption "THE MANAGER," do not contain any untrue statement of a material fact or omit to

state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(13) A certificate of an authorized representative of the Developer dated the date of Closing, in form and substance reasonably satisfactory to the Underwriter and the Agency, to the effect that: (a) the Developer is a duly incorporated New York corporation, its certificate of incorporation has not been amended and there has been no change in its existence, (b) the Developer has duly authorized the execution, delivery and performance of the Development Agreement and said document constitutes a legal, valid and binding agreement of the Developer enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors rights and (c) the statements and information contained in the Official Statement under the caption "THE DEVELOPER" do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(14) The Official Statement in quantities sufficient to comply with the Rule and all applicable rules of the Municipal Securities Rulemaking Board;

(15) A Tax Regulatory Agreement with respect to matters under Sections 142 and 148 of the Code, signed by an authorized officer of the Agency, in form and substance satisfactory to the Underwriter, Underwriter's counsel and Bond Counsel;

(16) An Information Return for Tax-Exempt Private Activity Bond Issues (IRS Form 8038), executed by the Agency and ready for filing with the Internal Revenue Service;

(17) Copies of the Blue Sky Survey indicating the jurisdictions in which the Bonds may be sold in compliance with the "Blue Sky" or securities laws of such jurisdictions;

(18) Evidence of notice and holding of the public hearings and approval of elected representatives pursuant to Section 147(f) of the Code;

(19) One or more fully executed and delivered letters of representations executed by the Agency and the Trustee for the benefit of DTC evidencing that all of the Bonds, are eligible for registration in book-entry form pursuant to the regulations of DTC;

(20) The Mortgage and Security Agreement, the Management Agreement and the Development Agreement duly executed by the parties thereto and evidence of title to the Facility being held by the Agency;

(21) Joint and several guaranty agreements from Marty Irwin and William Helmer in favor of the Trustee and NDC Corporate Equity Fund II, L.P. with respect to completion of construction and maintenance of the operating reserve fund;

(22) A copy of the Company's certificate of limited partnership certified by the Secretary of State of New York;

(23) Such additional legal opinions, certificates, instruments and other documents as the Underwriter, or Bond Counsel may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the Closing Date, of the Agency's representations, warranties and covenants contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Agency and the Company at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the Agency and the Company.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement shall be deemed to be in compliance with the Provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter. Payment for and acceptance of delivery of the Bonds by the Underwriter shall be conclusive evidence that all conditions to the obligation of the Underwriter to accept delivery of and pay for the Bonds have been fulfilled to the satisfaction of, or, to the extent not fulfilled, have been waived by, the Underwriter.

7. TERMINATION.

The Underwriter shall have the right to terminate its obligations under this Bond Purchase Agreement to purchase, accept delivery of and pay for the Bonds by notifying the Agency of its election to do so if, between the date hereof and the Closing Date, the market price or marketability of the Bonds or the ability of the Underwriter to enforce agreements for the sale of the Bonds shall have been materially adversely affected, in the judgment of the Underwriter (evidenced by the written notice to the Agency terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds) or by reason of any of the following:

(a) A decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States of America, or legislation shall be favorably reported by such a committee or be introduced by amendment or otherwise, in, or be passed by, the House of Representatives or the Senate, or recommended to the Congress of the United States of America for passage by the President of the United States of America, or be enacted by the Congress of the United States of America, or a decision by a court established under Article III of the Constitution of the United States of America, or the Tax Court of the United States of America, shall be rendered, or a ruling, regulation, order, press release, or bulletin of the Treasury Department of the United States of America or the Internal Revenue Service shall be made, proposed or released having the purpose or effect of imposing federal income taxation or any other event shall have occurred which results in the imposition of federal income taxation, upon revenue or other income of the general character to be derived by the owners of the Bonds or by any similar body or upon interest received on obligations of the general character of the Bonds, or the Bonds; or

(b) Any legislation, ordinance, rule, or regulation shall be introduced in or be enacted by any governmental body, department or agency in the State or any interpretation by the Attorney General of the State or a decision by any court of competent jurisdiction within the State shall be rendered which, in the Underwriter's opinion, materially adversely affects the market price of the Bonds or prevents the Closing with the original Bond structure as set forth in the Official Statement; or

(c) A stop order, ruling, regulation, or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering, or sale of the Bonds, including any of the underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or the registration provisions of the Securities Exchange Act of 1934, as amended and as then in effect, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect; or

(d) Legislation shall be enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered to the effect that the offer and sale of obligations of the general character of the Bonds, or the offer and sale of the Bonds, including any of the underlying obligations, may not be made unless such obligations or the Bonds are registered pursuant to the applicable provisions of the Securities Act of 1933, as amended and as then in effect, or

that obligations of the general character of the Bonds, or the Bonds, including any of the underlying obligations, are not exempt securities under the Securities Exchange Act of 1934, as amended and as then in effect, or that the Indenture is not exempt from the qualification requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or

(e) The declaration of war by Congress, any outbreak or escalation of major hostilities in which the United States is involved, or the occurrence of any other national or international emergency or calamity if, in the reasonable judgment of the Underwriter, the effect of such declaration, outbreak, escalation or occurrence makes it impractical or inadvisable to proceed with the completion of the sale of and payment for the Bonds; or

(f) Declaration of a general banking moratorium by federal or New York State authorities, or the general suspension of trading on any national securities exchange; or

(g) The imposition by the New York Stock Exchange or other national securities exchange, or any governmental issuer, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, or the change in the net capital requirements of, the Underwriter; or

(h) Any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body or other issuer materially adversely affecting the tax status of the Company, its property, income, securities (or interest thereon), the validity or enforceability of this Bond Purchase Agreement, the Agency Documents or the Mortgage and Security Agreement; or

(i) Any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or

(j) There shall have occurred any change which, in the reasonable judgment of the Underwriter, makes unreasonable or unreliable any of the assumptions upon which payment of debt service on the Bonds is predicated; or

(k) There shall have occurred an event described in Section 3 hereof which in the opinion of the Underwriter, requires or required an amendment or supplement to the Official Statement and such event, in the reasonable judgment of the Underwriter shall make it impracticable or inadvisable to market or enforce agreements to sell the Bonds; or

(l) There shall have occurred any change which, in the reasonable judgment of the Underwriter make unreasonable or unreliable any of the assumptions upon which yield for purposes of the Code is predicated; or

(m) Any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body shall be instituted, pending or threatened to restrain

or enjoin the issuance, sale or delivery of the Bond or in any way contesting or affecting any issuer for or the validity of the Bonds, any of the proceedings of the Agency taken with respect to the issuance or sale thereof, the pledge or application of any moneys or securities provided for the payment of the Bonds, or the existence or powers of the Agency.

If the Agency shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Bond Purchase Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the Agency shall be under further obligation hereunder.

8. EXPENSES.

(a) Except as otherwise provided herein, the Underwriter shall not be under any obligation to pay, and the Company shall pay solely from amounts available in the Costs of Issuance Fund all expenses incident to the performance of the Agency's obligations hereunder, including, but not limited to: (i) the cost of the preparation and reproduction of the Bond Resolution, the Indenture, the Sale Agreement, the Preliminary Official Statement and the Official Statement (including any amendments or supplements to any such documents); (ii) the cost of the preparation, printing and shipping of the Bonds; (iii) the fees and disbursements of Bond Counsel, counsel to the Agency, and counsel to the Trustee; (iv) the fees and disbursements of the Trustee, the Agency, its accountants and advisors, and any other experts or consultants retained in connection with the Bonds; (v) initial fees of DTC; (vi) fees and disbursements of Underwriter's counsel, expenses of advertising, fees in connection with the qualification of the Bonds under the blue sky laws of any jurisdiction which the Underwriter elect to qualify under, and all other expenses incurred by them in connection with the public offering and distribution of the Bonds; and (vii) any other expenses incurred in connection with the issuance of the Bonds not to be paid by the Underwriter as provided in Section 8(b) below.

(b) The Underwriter shall pay, and the Agency shall not be under any obligation to pay: (i) expenses relating to the public offering and distribution of the Bonds, including commissions, risk and management fees; and (ii) all expenses in relation to the printing of CUSIP numbers on the Bonds and the CUSIP Service Bureau charge for the assignment of such numbers.

9. NOTICES.

Any notice or other communication to be given to the Agency under this Bond Purchase Agreement may be given by delivering the same in writing to: Orange County Industrial Development Agency, County Government Center, Goshen, New York 10924, Attention: Henry Holley. Any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to: Cain Brothers & Company, LLC, 452 Fifth Avenue, New York, New York 10018, Attention: Scott A. James.

10. PARTIES IN INTEREST.

This Bond Purchase Agreement is made solely for the benefit of the Agency, the Company and the Underwriter, including the successors or assigns of the Underwriter, and no other person shall acquire or have any right hereunder or by virtue hereof. All of the Agency's representations, warranties and covenants contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter, or (ii) delivery of and payment for the Bonds pursuant to this Bond Purchase Agreement.

11. GOVERNING LAW.

This Bond Purchase Agreement shall be governed by the laws of the State of New York.

12. EFFECTIVE DATE.

This Bond Purchase Agreement shall become effective upon the execution of the acceptance hereof by the Agency and the Company, and shall be valid and enforceable as of the time of such acceptance.

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13. COUNTERPARTS.

This Bond Purchase Agreement may be executed in counterparts by the parties hereto.

Very truly yours,

CAIN BROTHERS & COMPANY, LLC
as Underwriter

By: Michael J. Simmons
Its: Principal

Accepted:
This 25th day of August, 1999

ORANGE COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: _____
Its: _____

13. COUNTERPARTS.

This Bond Purchase Agreement may be executed in counterparts by the parties hereto.

Very truly yours,

CAIN BROTHERS & COMPANY, LLC
as Underwriter

By: _____
Its: _____

Accepted:
This 25th day of August, 1999

ORANGE COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: _____
Its: _____

Daniel J. Leo

EXHIBIT A

FORM OF
LETTER OF INDEMNIFICATION AND REPRESENTATION

August 25, 1999

Cain Brothers & Company, LLP
452 Fifth Avenue
New York, New York 10018

Orange County Industrial Development Agency
County Government Center
Goshen, New York 10924

Ladies and Gentlemen:

Pursuant to a Bond Purchase Agreement dated August 25, 1999 (the "Bond Purchase Agreement"), Orange County Industrial Development Agency proposes to issue \$10,500,000 aggregate principal amount of its Senior Facility Revenue Bonds (Tuxedo Place, L.P. Project), Series 1999 (the "Bonds"). Terms used herein, unless otherwise defined, have the meanings ascribed in the Bond Purchase Agreement.

In order to induce you to enter into the Bond Purchase Agreement and to make the offering and sale of the Bonds therein contemplated, Tuxedo Place, L.P., a New York limited partnership (the "Company") hereby represents, warrants and agrees with each of you as follows:

The statements and information relating to the Company and the Facility and the statements and information contained under the captions entitled "THE COMPANY," "THE FACILITY," "ABSENCE OF MATERIAL LITIGATION" (with respect to the Company) and "YEAR 2000 ISSUE" (with respect to the Company), included in the Official Statement of the Agency dated August 25, 1999 (the "Official Statement") are, as of this date, true, correct and complete in all material respects. The Company hereby consents to the use of such statements and information in the Preliminary Official Statement and Official Statement and authorizes the distribution of the Preliminary Official Statement and Official Statement and duly approves the Bond Purchase Agreement. With respect to the statements and information relating to the Company and the Facility and the information contained under the captions entitled "THE COMPANY," "THE FACILITY," "ABSENCE OF MATERIAL LITIGATION" (with respect to the Company) and "YEAR 2000 ISSUE" (with respect to the Company), such statements and information included in the preliminary Official Statement and the Official Statement do not contain any statement or information that is untrue or incorrect in any material respect and do not omit any statement or information which should be contained therein for the purposes for which the Preliminary Official

Statement and Official Statement are to be used or which is necessary to make the statements and information therein not misleading.

The Company is duly organized and validly existing as a limited partnership under the laws of the State of New York, with power and authority to conduct its business as described in the Official Statement and to consummate its portion of the transactions contemplated by the Indenture, the Sale Agreement, the Mortgage and Security Agreement, the Continuing Disclosure Agreement, the Tax Regulatory Agreement, this Letter of Indemnification and Representation, and the Bond Purchase Agreement.

When executed and delivered by each of the parties thereto, the Indenture, the Sale Agreement, the Mortgage and Security Agreement, the Continuing Disclosure Agreement, the Tax Regulatory Agreement, this Letter of Indemnification and Representation, the Continuing Disclosure Agreement and the Bond Purchase Agreement will be valid and binding agreements of the Company. There have been no oral modifications or written agreements or understandings which limit, modify or otherwise alter the terms, provisions or conditions of the transactions contemplated by the Indenture, the Sale Agreement, the Mortgage and Security Agreement, the Continuing Disclosure Agreement, the Tax Regulatory Agreement, this Letter of Indemnification and Representation, and the Bond Purchase Agreement.

The Company has received and there remain currently in full force and effect all governmental consents and approvals necessary at this time which would constitute a condition precedent to the closing of this transaction or the commencement of the acquisition, rehabilitation, equipping and operation of the Facility or which the failure to obtain would materially adversely affect the performance by the Company of its obligations under the Indenture, the Sale Agreement, the Mortgage and Security Agreement, the Continuing Disclosure Agreement, the Tax Regulatory Agreement, this Letter of Indemnification and Representation, and the Bond Purchase Agreement to commence the acquisition, rehabilitation, equipping and operation of the Facility and no facts or circumstances exist which would prevent the Company from receiving by Closing all such consents and approvals.

The Company has in effect or will provide for, as of the date of execution of the Mortgage and Security Agreement, all insurance coverages with deductible amounts not in excess of those permitted by the Mortgage and Security Agreement, the Continuing Disclosure Agreement, the Tax Regulatory Agreement, the Indenture and the Sale Agreement.

The approval of the Bond Purchase Agreement and the execution and delivery of the Indenture, the Sale Agreement, the Mortgage and Security Agreement, the Continuing Disclosure Agreement, the Tax Regulatory Agreement, and this Letter of Indemnification and Representation, and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby and hereby, do not and will not in any material respect conflict with or constitute on the part of the Company a breach of or default under any indenture, deed of trust, mortgage, agreement, or other instrument to which the Company is a party or by which it is bound, or conflict with, violate, or result in a breach of any existing law, public administrative rule or regulation, judgment, court order, or consent decree to which the Company is subject or by which it is bound.

The Company hereby represents that compliance with the Mortgage and Security Agreement upon execution and delivery of each such document will not conflict with or constitute on the part of the Company a breach of or default under any indenture, deed of trusts, mortgage, agreement or other instrument to which the Company will be a party at the time of execution of the Mortgage and Security Agreement, on result in a breach of any existing law, public administrative rule or regulation, judgment, court order or consent decree to which the Company is and will continue to be subject.

Except as disclosed in the Preliminary Official Statement and the Official Statement, there is no claim, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the best of the Company's knowledge, threatened against the Company, (i) in any way contesting the legal existence or power of the Company, or (ii) to restrain or enjoin the collection of revenues or assets pledged by the Company from which the Company will be obligated to make payments under the Sale Agreement and the Mortgage and Security Agreement or the application of the proceeds of the Bonds, or (iii) in any way contesting or affecting the validity or enforceability of the Bond Purchase Agreement, the Sale Agreement, the Mortgage and Security Agreement, the Continuing Disclosure Agreement, the Tax Regulatory Agreement, or this Letter of Indemnification and Representation, or the power of the Company to execute and deliver or to consummate the transactions contemplated in such documents or in the Preliminary Official Statement and the Official Statement, or (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement insofar as applicable to the Company (nor to the best knowledge of the Company, is there any basis therefor), wherein any unfavorable decision, ruling or finding would materially adversely affect the financial position or results of operations of the Company or the validity or enforceability of the Bonds, the Bond Purchase Agreement, the Sale Agreement, the Mortgage and Security Agreement, the Continuing Disclosure Agreement, the Tax Regulatory Agreement or this Letter of Indemnification and Representation.

The Company shall indemnify and hold harmless the Underwriter and the Agency and each person, if any, who controls (as such term is defined in Section 15 of the Securities Act of 1933, as amended) the Underwriter or the Agency (each, an "Indemnified Party") against any and all losses, claims, damages and liabilities (a) arising out of any statement or information relating to the Company or the Facility under the captions "THE COMPANY," "THE FACILITY," "ABSENCE OF MATERIAL LITIGATION" (with respect to the Company) and "YEAR 2000 ISSUE" (with respect to the Company) contained in the Preliminary Official Statement or the Official Statement that is untrue or incorrect or the omission therefrom of any statement or information relating to the Company or the Facility which should be contained therein for the purposes for which the Official Statement is to be used or which is necessary to make the statements or information therein relating to the Company or the Facility not misleading; or (b) to the extent of the aggregate amount paid in settlement of any action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected with the written consent of the Company; or (c) arising from any action or failure to take action on the part of the Company or within control of the Company (unless such action or failure to take action is at the direction of the Agency) with respect to the proceeds of the Series 1999 Bonds or the Facility which adversely affects the exclusion from gross income of interest on the Series 1999 Bonds under Section 103(a) of the Code.

In case any claim shall be made or action brought against the Underwriter or the Agency or any controlling person (as aforesaid) based upon the Official Statement, in respect of which indemnity may be sought against the Company, such affected party shall promptly notify the Company in writing setting forth the particulars of such claim or action and the Company shall assume the defense thereof including the retention of counsel and the payment of all expenses. The Underwriter or the Agency or any such controlling person shall have the right to retain separate counsel in any such action and to participate in the defense thereof.

If the indemnification provided for in this Letter of Indemnification and Representation is unavailable or insufficient to hold harmless an Indemnified Party under the second preceding paragraph, then the Company shall contribute the amount paid or payable by such Indemnified Party as a result of the losses, claims, damages or liabilities referred to in the second preceding paragraph (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriter and/or the Agency, as the case may be, on the other from the offering of the Series 1999 Bonds or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Underwriter and/or Agency, as the case may be, on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriter and/or the Agency, as the case may be, on the other shall be deemed to be in the same proportion as the total gross proceeds from the offering, the benefit deemed received by the company, bear to the total underwriting fees received by the Underwriter, or 1% of the principal amount of the Series 1999 Bonds, the benefit deemed received by the Agency, as the case may be. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriter or the Agency and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an Indemnified Party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this paragraph shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any action or claim which is the subject of this paragraph. Notwithstanding the provisions of this paragraph, (x) the Underwriter shall not be required to contribute any amount in excess of the amount by which the underwriting fee applicable to the Series 1999 Bonds underwritten by it and distributed to the public exceeds the amount of any damages which the Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission and (y) the Agency shall not be required to contribute any amount in excess of 1% of the principal amount of the Series 1999 Bonds. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act of 1933, as amended) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party under this paragraph, notify such party from whom contribution may be sought, but the omission to so notify such party shall not relieve the party from whom contribution may be sought from any other obligation it may have hereunder or otherwise under this paragraph. Nothing in this paragraph shall create an implication that the Company's liability provide for in this paragraph shall be any greater

than that provided for in the second preceding paragraph, assuming the provisions described in such paragraph were held to be enforceable.

During the period from the date hereof to and including the date which is twenty-five (25) days following the end of the underwriting period for the Bonds (as determined in accordance with the Bond Purchase Agreement) (a) if any event occurs as a result of which the statements or information contained in the Official Statement relating to the Company or the Facility contained under the captions entitled "THE COMPANY," "THE FACILITY," "ABSENCE OF MATERIAL LITIGATION" (with respect to the Company) and "YEAR 2000 ISSUE" (with respect to the Company) or statements or information contained in the Official Statement under the captions entitled "ESTIMATED SOURCES AND USES OF FUNDS" or "FORECASTED DEBT SERVICE COVERAGE" would include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Company shall promptly notify the Agency and the Underwriter thereof; and (b) the Company will (i) not participate in the issuance of any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter or the Agency shall reasonably object in writing unless the Agency has obtained the opinion of Bond Counsel stating that such amendment is necessary in order to make the Official Statement not misleading in light of the circumstances existing at the time that it is delivered to a purchaser; and (ii) if any event relating to or affecting the Company or the Facility shall occur as a result of which it is necessary, in the opinion of Harris Beach & Wilcox, LLP, counsel to the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish to the Underwriter (at the expense of the affected party) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter and the Agency) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to purchaser, not misleading. For the purpose of this paragraph, the Company will furnish such information with respect to itself and the Facility as the Agency or the Underwriter may from time to time request.

In the event that the Company shall request that an amendment or supplement to the Official Statement be issued, which amendment or supplement shall not be issued pursuant to the provisions of clause (b)(i) above and a claim or action shall arise specifically out of the failure to issue said amendment or supplement, the indemnification set forth in this Letter of Indemnification and Representation shall not extend to the Agency or to the Underwriter. Three business days prior to Harris Beach & Wilcox, LLP causing an amendment or supplement to the Official Statement with factual information about the Company or the Facility, Harris Beach & Wilcox, LLP shall notify the Company of the nature of such information so that it may submit any written information desired within such three-day period.

The representations, warranties, agreements and indemnifications contained herein shall survive the Closing under the Bond Purchase Agreement and any investigation made by or on behalf of the Underwriter or the Agency or any person who controls the Underwriter or the Agency (as aforesaid) of any matters described in or related to the transactions contemplated hereby and by the Bond Purchase