MICHAEL J. ROULAN
ATTORNEY AND COUNSELLOR AT LAW
407 SOUTH MAIN STREET
GENEVA, NEW YORK 14456

(315) 789-8580
FAX: (315) 789-4216

March 25, 2014

John Sheppard
Town of Seneca Supervisor
3675 Flint Road
Stanley, NY 14561

Re: IES

Dear John:

Enclosed please find a copy of a Confidentiality Agreement regarding the IES tax challenge litigation and a form acknowledging this agreement.

Our attorneys are to receive information from IES regarding their business operations, equipment and finances that they think are relevant to the tax challenge case but which IES feels should be confidential and protected information for any purpose other than this litigation. This information may be shared with the Town in one form or another by our attorneys. The enclosed acknowledgement should be signed by yourself, ShanaJo and all Board members. I have reviewed the agreement and do not have any problems with it being signed. Please have ShanaJo and yourself sign and return it to me as soon as possible and request each Board member to sign as soon as convenient.

Any questions, please let me know.

Very truly yours,

Mike Roulan

MICHAEL J. ROULAN

MJR/gh
enc

EXHIBIT A

ACKNOWLEDGEMENT OF CONFIDENTIALITY AGREEMENT

1. My name is _____. I am _____ for Town of Seneca, and my office is located at:

2. I have read the Confidentiality Agreement entered into between Innovative Energy Systems, Inc., and the Town of Seneca, and a copy of it has been given to me. I understand the provisions of the Confidentiality Agreement, and agree to comply with and to be bound by its provisions. I agree that I shall not disclose Information to anyone other than persons permitted to have access to such information pursuant to the terms and restrictions of the Confidentiality Agreement. I further agree that, upon termination of the Tax Challenge (as defined in the Confidentiality Agreement), or sooner if so requested, I shall return all Information provided to me, including all copies and excerpts thereof, pursuant to the terms of the Confidentiality Agreement.

3. I declare under penalty of perjury that the foregoing is true and correct.

_____

Sworn to before me this
____ day of February, 2014.

_____
Notary Public

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement ("Agreement") is entered into this __ day of February, 2014, between **INNOVATIVE ENERGY SYSTEMS, INC. (referred herein as "IES")**, with business offices located at 2999 Judge Oakfield Road, New York 14125, and the **TOWN OF SENECA** (the "Town"), located at 3675 Flint Road, Stanley, New York 14561, relative to any administrative or judicial challenge to the Town's 2010 and 2013 assessment rolls ("Tax Challenge") commenced by IES and pertaining to the landfill gas electric generating facility located at 3555 Post Farm Road, Town of Seneca, Ontario County, identified as Tax Map Parcel No. 102.00-1-35.111/ENG ("Plant").

IT IS HEREBY AGREED as follows:

1. Limited Use of Documents. All information heretofore or hereafter provided to the Town by IES (or its affiliates) pursuant to this Agreement ("Information") shall be treated as being confidential, whether so denominated or not and regardless of the manner in which it is disclosed, and shall be used solely for the Tax Challenge and not for any other purposes.

2. Scope. All Information shall be deemed confidential or proprietary research, development, or commercial information, trade secrets or other information that is entitled to confidential treatment. The Town shall treat all Information as proprietary information and shall not use or disclose the Information to any party, including, without limitation, any of its Board Members, officers, directors, employees and consultants; provided, however, Information may be disclosed to such of the Town's Board Members, officers, directors, employees and consultants who have executed the Acknowledgement of Confidentiality Agreement attached hereto as Exhibit A as set forth in Paragraph 4 hereof.

Notwithstanding the foregoing, the obligations herein shall not apply to Information which:

(a) was or becomes generally available to the public or others in the same business or industry not due to any unauthorized act or omission on the part of the Town or its Board Members, officers, directors, employees and consultants;

(b) is known to the Town or its Board Members, officers, directors, employees and consultants prior to its disclosure (other than from production by IES or its predecessors prior hereto in connection with previous assessment challenges);

(c) is independently developed by the Town or its Board Members, officers, directors, employees and consultants;

(d) is disclosed with the written approval of IES;

(e) becomes known to the Town or its Board Members, officers, directors, employees and consultants without restriction from a source not a party hereto and having no duty not to disclose; or

(f) is disclosed pursuant to governmental or judicial order or request, as provided in Paragraph 8 hereof.

3. Freedom of Information. The Parties acknowledge and agree that all Information shall be treated as "materials acquired or prepared for purposes of litigation" or "trade secret" information or information which if disclosed would cause substantial injury to the competitive position of IES, as these concepts are defined or protected by the New York Public Officer's Law, Article 6, and that such information shall be exempt from disclosure pursuant to said law.

4. Disclosure of Confidential Information. Subject to the further limitation set forth in Paragraph 4 hereof, access to the Information shall be limited to:

(a) The Town and those of its Board Members, officers, directors, employees and consultants who have executed the attached Acknowledgement of Confidentiality Agreement;

(b) Any other persons who IES agrees may have access thereto and who have executed the attached Acknowledgement of Confidentiality Agreement; and

(c) Any board or court before which the Tax Challenge is proceeding; provided, however, IES may seek a protective order or any other form of relief from disclosure available to it.

5. Notification Of Confidentiality Agreement. Information shall not be disclosed to persons described in Paragraph 4 unless and until such person has been provided a copy of this Agreement and has executed an Acknowledgment of Confidentiality Agreement in substantially the form attached hereto as Exhibit A. This prohibition includes either direct or indirect disclosure, including but not limited to, any disclosure by the Town or any Board Members, officers, directors, employees and consultants who have executed the attached Acknowledgement of Confidentiality Agreement. The originals of the executed Acknowledgments of Confidentiality Agreement shall be maintained by the Town until the Tax Challenge is terminated or final resolution agreed upon. At IES's request, copies of all executed Acknowledgments of Confidentiality Agreement shall be provided to IES within ten (10) days.

6. Return/Destruction of Materials. Unless and to the extent otherwise agreed, within thirty (30) days after the completion of the Tax Challenge and all appeals in regard thereto, the Town, its Board membrs, officers, directors, employees and consultants shall either destroy or return to IES all Information, and shall provide IES a list of all persons who signed acknowledgments in respect thereto. The Town shall certify compliance with this Paragraph 6 within thirty (30) days of the conclusion of the foregoing thirty (30) day retention period set forth in this paragraph. During the term of the foregoing retention period, the Town shall otherwise continue to comply with this Agreement and maintain the Information confidential.

7. Inadvertent Disclosure. Inadvertent disclosure by IES of Information which is the subject of this Agreement shall not constitute a waiver under this Agreement. Once IES

discovers it has inadvertently produced Information, it shall request its return within thirty (30) days of said discovery. The confidential documents, together with all copies thereof and any notes made therefrom, shall be returned forthwith to IES.

8. Process. If the Town receives a subpoena (or other process) from any person (including natural persons, corporations, partnerships, firms, governmental agencies, departments or bodies, boards or associations) who is not a party to this Agreement, which subpoena seeks production or other disclosure of Information, it shall promptly give written notice to IES identifying the materials sought and enclosing a copy of the subpoena or other process. The Town shall also inform the person seeking the Information that such Information is confidential, subject to this Agreement and may not be disclosed without either (i) the consent of IES or (ii) court order. IES may move against the subpoena or other process, or otherwise oppose entry of any order by a court of competent jurisdiction compelling production of the Information. If IES moves against the subpoena or other process, then in no event shall the Town produce the Information in response to the subpoena or other process unless and until such person or party is ordered to do so by a court of competent jurisdiction.

9. Non-Parties. This Agreement shall apply to all non-parties who are afforded access to documents or information produced to the Town during the Tax Challenge, including, without limitation, its Board Members, officers, directors, employees and consultants.

10. Town Information. Nothing in this Agreement prevents the Town or its Board Members, officers, directors, employees and consultants from using or disclosing its own information as it or each may deem appropriate, provided, any such disclosure by the Town its Board Members, officers, directors, employees and consultants shall neither directly or indirectly impair the confidentiality obligations imposed upon the Town, its Board Members, officers, directors, employees and consultants pursuant to this Agreement nor divulge or implicate Information.

11. Term. This Agreement shall remain in force and effect for five years or until modified, superseded, or vacated by consent of the parties or by Order of a court of competent jurisdiction made upon reasonable written request, whichever is sooner. Any Information provided to the Town after expiration of the term hereof shall not be subject to the provisions hereof.

12. Continuing Obligations. After the completion of the Tax Challenge and all appeals in regard thereto or settlement or termination thereof, the provisions hereof in regard to the Information shall continue to be binding upon the Town, its Board Members, officers, directors, employees and consultants to whom such Information was disclosed.

13. Law. This Agreement shall be governed by the laws of the State of New York.

14. Jurisdiction. The state courts of the State of New York shall have exclusive jurisdiction over any claims or actions arising under this Agreement.

15. Notice. Notice pursuant to this Agreement shall be provided in writing to the following:

On behalf of IES:

B. P. Oliverio Esq.
Amigone, Sanchez & Mattery LLP
1300 Main Place Tower
350 Main Street
Buffalo, New York 14202

On behalf of Town:

Karla M. Corpus, Esq.
Hiscock & Barclay, LLP
One Park Place
300 South State Street
Syracuse, New York 13202

AGREED:

INNOVATIVE ENERGY SYSTEMS, INC.

By: _____
B. P. Oliverio
Counsel

TOWN OF SENECA

By: _____
Karla M. Corpus
Counsel