

RESOLUTION

A special meeting of City of Hornell Industrial Development Agency was convened on May 14, 1997 at 9:05 a.m..

The meeting was called to order by the Chairman and, upon roll being called, the following members of the Agency were:

PRESENT:

Samuel Nasca	Chairman
George Prete	Vice Chairman
William Hogan	Secretary
Shawn Hogan	Treasurer

ABSENT:

David Parmley	Assistant Treasurer
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THE FOLLOWING PERSONS WERE ALSO PRESENT:

James W. Griffin	Executive Director
Shawn M. Griffin	Counsel

All members present waived notice of the meeting.

The following resolution was offered by George Prete, seconded by Shawn Hogan to wit:

Resolution No. 5/14/97-1

RESOLUTION AUTHORIZING THE AGENCY TO TERMINATE THE LEASE AGREEMENT WITH AMERICAN PASSENGER RAIL CAR COMPANY, L.L.C. ("AMERAIL"), ENTER INTO A LEASE AGREEMENT WITH GEC ALSTHOM TRANSPORTATION, INC. AND THE EXECUTION OF RELATED DOCUMENTS.

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 670 of the Laws of 1974 of the State of New York, as amended (hereinafter collectively called the "Act"), City of Hornell Industrial Development Agency (hereinafter called "Agency") was created with the authority and power to own, lease and sell property for the purpose of, among other things, acquiring, constructing and equipping manufacturing facilities as authorized by the Act; and

WHEREAS, GEC Alsthom Transportation, Inc. ("the Company") desires to lease equipment

and certain real property and the improvements located thereon commonly known as Transit Drive, City of Hornell, County of Steuben, State of New York as more particularly described on Exhibit A, together with certain personal property, fixtures, and equipment located thereon as more particularly described on Exhibit B (collectively, the "Car Shop"); certain real property and the improvements located thereon in the Shawmut Industrial Park, City of Hornell, County of Steuben, State of New York, as more particularly described on Exhibit C together with certain personal property, fixtures, and equipment located thereon as more particularly described on Exhibit D (collectively, the "Motor Shop"); certain real property and the improvements located thereon located on Horton Street, City of Hornell, County of Steuben, State of New York as more particularly described on Exhibit E together with certain personal property, fixtures, and equipment located thereon as more particularly described on Exhibit F (collectively, the "Apparatus Shop"); certain real property and the improvements located thereon located on Ice House Road, Town of Hornellsville, County of Steuben, State of New York as more particularly described on Exhibit G (the "South Yard"); and the building located at Transit Drive, City of Hornell, County of Steuben, State of New York as more particularly described on Exhibit H (the "Engineering Building"). Each of the above described real property and improvements located thereon are hereinafter referred to as (the "Facility"); and

WHEREAS, pursuant to General Municipal Law Section 859-a, on May 5, 1997 at the Hornellsville Town Hall and Hornell City Hall the Agency held public hearings with respect to the Project and the proposed financial assistance being contemplated by the Agency (the "Public Hearings") whereat interested parties were provided a reasonable opportunity, both orally and in writing, to present their views (a copy of the minutes of said public hearings along with the notices published and forwarded to the affected taxing jurisdictions 10 days prior to said public hearing are attached hereto as Exhibit A); and

WHEREAS, pursuant to Article 18-A of the General Municipal Law the Agency desires to adopt a resolution describing the Project and the financial assistance that the Agency is contemplating with respect to the Project and to authorize the termination of the lease agreement with Amerail and execution of the a lease agreement and related payment in lieu of tax agreement with the Company; and

WHEREAS, it is contemplated that the Agency will (i) designate the Company as its agent for the purpose of equipping and making certain improvements to the Facility (the "Project"), (ii) enter into a lease agreement substantially in the form presented at this meeting (the "Lease Agreement") and payment in lieu of tax agreement substantially in the form presented at this meeting (the "PILOT Agreement") each with the Company, (iii) hold title to the land and the improvements and personal property constituting the Facility, and (iv) provide financial assistance to the Company in the form of (a) a sales tax exemption for purchases related to the acquisition, construction and equipping of the Facility for a one year period, (b) a real property tax abatement through the PILOT Agreement, and (c) certain New York State ("State"), local and Federal assistance either through the Agency or by causing grants and assistance to be directly provided to the Company.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1. Based upon the representations made by the Company to the Agency in the Company's application, and otherwise, and a review of the Plans and Specifications for the Project by the members at this meeting, the Agency hereby finds and determines that:

(A) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and

(B) It is desirable and in the public interest for the Agency to (i) continue to hold title to the land and to take title to the improvements and personal property constituting the Project, (ii) appoint the Company as its agent for purposes of acquiring, constructing and equipping the Project and (iii) lease the land, improvements and personal property constituting the Project to the Company pursuant to the Lease Agreement and subject to the PILOT Agreement; and

(C) The Agency has the authority to take the actions contemplated herein under the Act; and

(D) The action to be taken by the Agency will induce the Company to develop the Project by making substantial improvements over the next five years and to operate the Facility, thereby increasing employment opportunities in the City of Hornell and otherwise furthering the purposes of the Agency as set forth in the Act; and

(E) The Project will not result in the removal of a commercial, industrial, or manufacturing plant of the Company or any other proposed occupant of the Project from one area of the State to another area of the State or result in the abandonment of one or more plants or facilities of the Company or any other proposed occupant of the Project located in the State; and

(F) The Project is related to and a continuation of the financial assistance previously provided to Amerail and its predecessors in that it provides employment opportunities at the Facility for the citizens of the City of Hornell and surrounding area.

(G) The Project involves a Type II action as said term is defined in Article 8 of the Environmental Conservation Law and Regulations adopted pursuant thereto by the Department of Environmental Conservation of the State Environmental Quality Review Act (collectively, "SEQR"). Since Type II actions are otherwise precluded from environmental review under SEQR, no further actions are required.

Section 2. The Agent Agreement (in substantially the form presented to this meeting) between the Agency and the Company is hereby approved and the Chairman, Vice Chairman and/or the Executive Director of the Agency are hereby authorized, on behalf of the Agency to negotiate definitive terms to the Agency Agreement and to execute and deliver the Agent Agreement. Subject to the Company executing the Agency Agreement, the Agency hereby authorizes the Company to proceed with the equipping of the Project and hereby appoints the Company as the true and lawful agent of the Agency: (i) to equip the Project; (ii) to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions, as the stated agent for the Agency with the authority to delegate such agency, in whole or in part, to agents, subagents, contractors, and subcontractors of such agents and subagents and to such other parties as the Company chooses; and (iii) in general, to do all things which may be requisite or proper for completing or augmenting the Project, all with the same powers and the same validity that the Agency could do if acting in its own behalf.

Section 3. The form and substance of the Lease Agreement and PILOT Agreement (in substantially the form presented to this meeting) between the Agency and the Company are hereby

approved. The Chairman, Vice Chairman and/or the Executive Director of the Agency are hereby authorized, on behalf of the Agency, to negotiate definitive terms and to execute and deliver the Lease Agreement and PILOT Agreement; provided (i) the rental payments under the Lease Agreement include payments of all costs incurred by the Agency arising out of or related to the Project and indemnification of the Agency by the Company for actions taken by the Company and/or claims arising out of or related to the Project; (ii) the lease term does not exceed 10 years with five options to extend for 3 years each; and (iii) the terms of the PILOT Agreement are consistent with the Agency's Uniform Tax Exemption Policy or the procedures for deviation have been complied with. Upon execution of the foregoing, the Chairman, Vice Chairman and/or Executive Director of the Agency are hereby authorized, on behalf of the Agency, to simultaneously execute and deliver the Lease Termination in favor of Amerail substantially in the form presented to this meeting.

Section 4. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to prepare and submit all necessary applications and related documents to secure, directly or indirectly, grants and other forms of assistance from State, local and Federal agencies and to do all acts and things required and to execute and deliver all such certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing resolutions and to cause compliance by the Agency with all of the terms, covenants and provisions of the documents executed for and on behalf of the Agency.

Section 5. These Resolutions shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

	<u>Yea/Na/Abstain</u>
Samuel Nasca	Yea
George Prete	Yea
William Hogan	Yea
Shawn Hogan	Yea
David Parmley	Absent

The Resolutions were thereupon duly adopted.

EXHIBIT A

Public Hearing Minutes/Notices

AFFIDAVIT

STATE OF NEW YORK
STEUBEN COUNTY

ss.

Stacy Pyer

being duly sworn, disposes and says that she resides in the _____
 _____ City _____ of _____ Hornell _____ County of _____ Steuben _____
 and State of New York, that she is the _____ Classified Manager
 of the _____ Evening Tribune _____, a public newspaper, published
 and printed _____ daily _____ in the _____ City _____ of _____ Hornell _____
 by the _____ American Publishing Co. _____, and that a notice, of which the
 annexed is a printed copy, was published in said newspaper _____

The Evening Tribune

said publication therein being on the following dates:

4/22/97Stacy T. PyerSubscribed and sworn to before me this 7
day of May, 19 97

Rosalie A. Evans #4826355

Notary Public in and for New York

State of New York

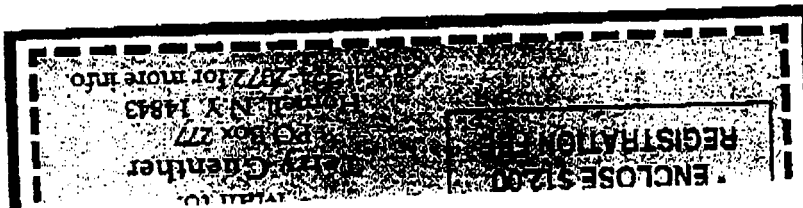
My Comm. Expires 5-31-99

Notary Public

the policies of the Agency.

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17, Connecticut College
16, Hampton-Sydney-B-6
16 Bowdoin
14, Alfred
13, Harwick
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Be Williams



A Public Hearing was held on May 5, 1997, at 11:00 AM, in Town of Hornellsville Offices.

PRESENT: Charles Flanders
Jim Griffin
Jeff Smith
Chuck Tabone

Mr. Griffin stated that the purpose of the Hearing was to discuss the types of financial assistance which CHIDA has offered to GEC Alsthom (GATI) as a result of GATI's application for assistance.

CHIDA may provide the following types of assistance:

- 1 - Sales tax exemption on materials used in construction or renovation.
- 2 - Property Tax stability by having ownership vest in CHIDA and GATI paying an agreed upon Payment in Lieu of Taxes which would be distributed to all affected taxing authorities.
- 3 - Mortgage Tax Exemption if a mortgage is filed.

Mr. Griffin stated in response to a question that the amounts of the above exemptions is yet to be determined, however, CHIDA's policy on property tax is that a project will not generate less taxes than it was generating prior to CHIDA involvement.

There being no further questions, the Hearing was closed at 11:20 AM.

A Public Hearing was held on May 5, 1997, at 10:00 AM, in Room 6 at Hornell City Hall.

PRESENT:	Shawn Hogan	Jim Griffin
	Patrick Buchnowski	Tom Sheedy
	Doug Sick	Chuck Tabone
	Dan Smith	

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Mr. Griffin stated in response to a question that the amounts of the above exemptions is yet to be determined, however, CHIDA's policy on property tax is that a project will not generate less taxes than it was generating prior to CHIDA involvement.

There being no further questions, the Hearing was closed at 10:20 AM.