

**TOWN OF LOCKPORT INDUSTRIAL DEVELOPMENT AGENCY**

**BOARD OF DIRECTORS  
Meeting Minutes of January 13, 2011  
9:00 AM – Lockport Town Hall**

*REVISED 5/12/11*

**1.0 Public Hearing**

**Present** – Chairman – Al Hamilton, Vice Chairman – Paul Haber, Treasurer – Robert Lipp, Secretary – Duncan Carlson, Directors – Thomas Sy, Thomas Weeks and Eric Connor, Town Supervisor – Marc Smith, Administrative Director – David Kinyon, Legal Counsel - Daniel Seaman; Ali Shams and Eileen Smith of Introl Design, Inc., Glenn Provencher of Spartech Polycom, Inc. and Joe Olenick of the Lockport Union-Sun & Journal.

The meeting was called to order at 9:00 AM by Chairman Alan Hamilton. Mr. Hamilton announced that two Public Hearings had been advertised, and he directed that Legal Counsel Daniel Seaman read the Notice for the Public Hearing regarding the application by Introl Design, Inc. for IDA Assistance. Following a reading of the Legal Notice by Mr. Seaman, Mr. Hamilton requested if any communications had been received regarding the application submitted by Introl Design, Inc. There having been no communications received, Mr. Hamilton inquired whether anyone present wished to make a verbal statement regarding the application submitted by Introl Design, Inc. There being no verbal statements, Mr. Hamilton declared the Public Hearing closed.

Chairman Hamilton directed Legal Counsel Daniel Seaman to read the Legal Notice for the Public Hearing regarding the application for financial assistance from Spartech Polycom, Inc. Following a reading of the Legal Notice by Mr. Seaman, Mr. Hamilton requested if any communications had been received regarding the application submitted by Spartech Polycom, Inc. There having been no communications received, Mr. Hamilton inquired whether anyone present wished to make a verbal statement regarding the application submitted by Spartech Polycom, Inc. Glenn Provencher, Lockport Plant Manager for Spartech Polycom, Inc, provided a brief overview of the company's history in Lockport and plans for re-starting operations at the Lockport site. There being no further statements, Mr. Hamilton declared the Public Hearing closed. Mr. Hamilton announced that the Annual Meeting would immediately be convened in the IDA Conference Room.

**2.0 Annual Meeting**

The Chairman noted that the annual meeting of the Town of Lockport Industrial Development Agency is required to be held in January, and called the meeting to order. The Chairman noted that the meeting has been duly called and noticed to all members, and that the regularly scheduled meeting shall also be the annual meeting.

I. Roll Call:

Members Present:

- NAME:**
- ALAN M. HAMILTON
- PAUL J. HABER
- ROBERT A. LIPP
- DUNCAN N. CARLSON
- ERIC W. CONNOR
- R. THOMAS WEEKS
- THOMAS A. SY

Members Absent: None

**Election of Chairman**

Nomination made by Duncan Carlson, seconded by Thomas Weeks to elect Alan M. Hamilton to be Chairman. No other nominations having been received, nominations were closed by the Chairman.

Roll call vote on the nomination of Alan M. Hamilton as Chairman:

<b>NAME:</b>	<b>VOTE:</b>
ALAN M. HAMILTON	<u>          Aye          </u>
PAUL J. HABER	<u>          Aye          </u>
ROBERT A. LIPP	<u>          Aye          </u>
DUNCAN N. CARLSON	<u>          Aye          </u>
ERIC W. CONNOR	<u>          Aye          </u>
R. THOMAS WEEKS	<u>          Aye          </u>
THOMAS A. SY	<u>          Aye          </u>

**Election of Vice Chairman**

Nomination made by Robert Lipp, seconded by Duncan Carlson to elect Paul J. Haber Vice Chairman. No other nominations having been received, nominations were closed by the Chairman.

Roll call vote on the nomination of Paul J. Haber as Vice Chairman:

<b>NAME:</b>	<b>VOTE:</b>
ALAN M. HAMILTON	<u>          Aye          </u>
PAUL J. HABER	<u>          Aye          </u>
ROBERT A. LIPP	<u>          Aye          </u>
DUNCAN N. CARLSON	<u>          Aye          </u>
ERIC W. CONNOR	<u>          Aye          </u>
R. THOMAS WEEKS	<u>          Aye          </u>
THOMAS A. SY	<u>          Aye          </u>

**Election of Secretary**

The Chairman opened the nominations of Secretary. Nomination of Duncan N. Carlson as Secretary made by Paul Haber, seconded by Thomas Weeks. No further nominations having been made, the Chairman closed the nominations and called for a roll call vote on the nomination of Duncan N. Carlson as Secretary:

<b>NAME:</b>	<b>VOTE:</b>
ALAN M. HAMILTON	<u>          Aye          </u>
PAUL J. HABER	<u>          Aye          </u>
ROBERT A. LIPP	<u>          Aye          </u>
DUNCAN N. CARLSON	<u>          Aye          </u>
ERIC W. CONNOR	<u>          Aye          </u>
R. THOMAS WEEKS	<u>          Aye          </u>
THOMAS A. SY	<u>          Aye          </u>

**Election of Deputy Secretary**

Motion made by Duncan Carlson, seconded by Paul Habor to appoint Daniel E. Seaman, Deputy Secretary and to authorize him to execute any required documents in connection with induced projects of the Agency, including all closing documents.

<b>NAME:</b>	<b>VOTE:</b>
ALAN M. HAMILTON	<u>          Aye          </u>
PAUL J. HABER	<u>          Aye          </u>
ROBERT A. LIPP	<u>          Aye          </u>
DUNCAN N. CARLSON	<u>          Aye          </u>
ERIC W. CONNOR	<u>          Aye          </u>
R. THOMAS WEEKS	<u>          Aye          </u>
THOMAS A. SY	<u>          Aye          </u>

**Election of Treasurer**

Chairman Hamilton opened the nominations for Treasurer. Nomination made by Duncan Carlson, seconded by Paul Haber to elect Robert A. Lipp Treasurer. No other nominations having been received, nominations were closed by the Chairman.

Roll call vote on the nomination of Robert A. Lipp as Treasurer:

<b>NAME:</b>	<b>VOTE:</b>
ALAN M. HAMILTON	<u>Aye</u>
PAUL J. HABER	<u>Aye</u>
ROBERT A. LIPP	<u>Aye</u>
DUNCAN N. CARLSON	<u>Aye</u>
ERIC W. CONNOR	<u>Aye</u>
R. THOMAS WEEKS	<u>Aye</u>
THOMAS A. SY	<u>Aye</u>

**Election of Assistant Treasurer**

Chairman Hamilton opened the nominations for Assistant Treasurer. Nomination made by Robert Lipp, seconded by Duncan Carlson to elect Paul J. Haber Assistant Treasurer. No other nominations having been received, nominations were closed by the Chairman.

Roll call vote on the nomination of Paul J. Haber as Assistant Treasurer:

<b>NAME:</b>	<b>VOTE:</b>
ALAN M. HAMILTON	<u>Aye</u>
PAUL J. HABER	<u>Aye</u>
ROBERT A. LIPP	<u>Aye</u>
DUNCAN N. CARLSON	<u>Aye</u>
ERIC W. CONNOR	<u>Aye</u>
R. THOMAS WEEKS	<u>Aye</u>
THOMAS A. SY	<u>Aye</u>

**Appointment of Chief Executive Officer**

Motion made by Duncan Carlson, seconded by Paul Haber to appoint David R. Kinyon as Chief Executive Officer, known as Administrative Director, (pursuant to an Agreement between the Town of Lockport and the Town of Lockport Industrial Development Agency dated January 13, 2011).Chairman Hamilton called the vote:

<b>NAME:</b>	<b>VOTE:</b>
ALAN M. HAMILTON	<u>Aye</u>
PAUL J. HABER	<u>Aye</u>
ROBERT A. LIPP	<u>Aye</u>
DUNCAN N. CARLSON	<u>Aye</u>
ERIC W. CONNOR	<u>Aye</u>
R. THOMAS WEEKS	<u>Aye</u>
THOMAS A. SY	<u>Aye</u>

**Appointment of Chief Financial Officer**

Motion made by Alan Hamilton, seconded by Paul Haber to appoint Kathleen D. Carter at an annual contract rate of \$1,750 as Chief Financial Officer.

Roll call vote on the nomination of Kathleen D. Carter as Chief Financial Officer:

<b>NAME:</b>	<b>VOTE:</b>
ALAN M. HAMILTON	<u>Aye</u>
PAUL J. HABER	<u>Aye</u>
ROBERT A. LIPP	<u>Aye</u>
DUNCAN N. CARLSON	<u>Aye</u>
ERIC W. CONNOR	<u>Aye</u>
R. THOMAS WEEKS	<u>Aye</u>
THOMAS A. SY	<u>Aye</u>

**Appointment of Legal Counsel**

Motion made by Alan Hamilton, seconded by Thomas Weeks to appoint Daniel E. Seaman, Attorney for the Town of Lockport Industrial Development Agency at an annual contract rate of Fifteen Thousand and 00/100 (\$15,000.00) Dollars, payable in quarterly installments of Three Thousand Seven Hundred Fifty and 00/100 (\$3,750.00) Dollars, and to authorize him, and such associate counsel as he shall deem appropriate to act as IDA counsel in all project closings at the established rate:

<b>NAME:</b>	<b>VOTE:</b>
ALAN M. HAMILTON	<u>Aye</u>
PAUL J. HABER	<u>Aye</u>
ROBERT A. LIPP	<u>Aye</u>
DUNCAN N. CARLSON	<u>Aye</u>
ERIC W. CONNOR	<u>Aye</u>
R. THOMAS WEEKS	<u>Aye</u>
THOMAS A. SY	<u>Aye</u>

**Appointment of Independent Auditor**

Motion made by Alan Hamilton, seconded by Paul Haber to authorize Lumsden & McCormick to perform the annual audit of the Town of Lockport Industrial Development Agency and to cause the filing of all required financial reports with State and local agencies, at an annual contract rate of \$4,000.00:

<b>NAME:</b>	<b>VOTE:</b>
ALAN M. HAMILTON	<u>Aye</u>
PAUL J. HABER	<u>Aye</u>
ROBERT A. LIPP	<u>Aye</u>
DUNCAN N. CARLSON	<u>Aye</u>
ERIC W. CONNOR	<u>Aye</u>
R. THOMAS WEEKS	<u>Aye</u>
THOMAS A. SY	<u>Aye</u>

**Designation of Bank Depositories**

Motion made by Duncan Carlson, seconded by Robert Lipp to authorize the Treasurer to maintain accounts in the following banks in his discretion: HSBC; M&T Bank; KeyBank; First Niagara Bank (Commercial Banking Division); and Citizens Bank:

<b>NAME:</b>	<b>VOTE:</b>
ALAN M. HAMILTON	<u>Aye</u>
PAUL J. HABER	<u>Aye</u>
ROBERT A. LIPP	<u>Aye</u>
DUNCAN N. CARLSON	<u>Aye</u>
ERIC W. CONNOR	<u>Aye</u>
R. THOMAS WEEKS	<u>Aye</u>
THOMAS A. SY	<u>Aye</u>

**Adoption of Fee Schedule**

Motion made by Robert Lipp, seconded by Duncan Carlson to re-adopt the existing Fee Schedule:

<b>NAME:</b>	<b>VOTE:</b>
ALAN M. HAMILTON	<u>Aye</u>
PAUL J. HABER	<u>Aye</u>
ROBERT A. LIPP	<u>Aye</u>
DUNCAN N. CARLSON	<u>Aye</u>
ERIC W. CONNOR	<u>Aye</u>
R. THOMAS WEEKS	<u>Aye</u>
THOMAS A. SY	<u>Aye</u>

**Establishment of Regular Meeting Dates**

Motion made by Paul Haber, seconded by Duncan Carlson to establish the regular meeting dates as follows: February 17, 2011, March 17, 2011, April 21, 2011, May 19, 2011; June 16, 2011, July 21 2011; August 18, 2011; September 15, 2011; October 20, 2011; November 17, 2011; December 15, 2011; January 19, 2012:

<b>NAME:</b>	<b>VOTE:</b>
ALAN M. HAMILTON	<u>Aye</u>
PAUL J. HABER	<u>Aye</u>
ROBERT A. LIPP	<u>Aye</u>
DUNCAN N. CARLSON	<u>Aye</u>
ERIC W. CONNOR	<u>Aye</u>
R. THOMAS WEEKS	<u>Aye</u>
THOMAS A. SY	<u>Aye</u>

Alan Hamilton requested that proposed changes to the IDA Policy Manual and the proposed Bylaws amendment be held over for further review and consideration at the February meeting.

**Appointments to Committees**

Chairman Hamilton made the following appointments:

- Auditing Committee: Lipp, Haber and Sy.
- Governance Committee: Weeks, Carlson and Connor.
- Finance Committee: Lipp, Haber and Kinyon

**3.0 Commencement of Regular Business**

3.1 Motion made by Thomas Sy, seconded by Robert Lipp to commence the business of the regular meeting:

<b>NAME:</b>	<b>VOTE:</b>
ALAN M. HAMILTON	<u>          Aye          </u>
PAUL J. HABER	<u>          Aye          </u>
ROBERT A. LIPP	<u>          Aye          </u>
DUNCAN N. CARLSON	<u>          Aye          </u>
ERIC W. CONNOR	<u>          Aye          </u>
R. THOMAS WEEKS	<u>          Aye          </u>
THOMAS A. SY	<u>          Aye          </u>

**3.2 Secretary’s Report**

Duncan Carlson presented the Minutes for the December 9, 2010 Board of Directors meeting. Alan Hamilton requested that the Board’s action relative to removing from the table a motion from the November 18, 2010 meeting be added to the Minutes so that the Board could consider the December Minutes for approval at the February meeting.

**3.3 Treasurer’s Report**

Robert Lipp presented the Financial Statements for the period ending December 31, 2010, which were approved on a motion by Thomas Sy seconded by Paul Haber. On a motion by Robert Lipp seconded by Duncan Carlson, the current invoices presented were approved for payment.

**4.0 Administrative Director’s Report**

In addition to his written report, David Kinyon distributed copies of the Buffalo Niagara Enterprise Section of the “2011 Book of Lists”, which contains the Town of Lockport IDA ad. Delta Pro has invited the IDA Board to hold the March Board meeting at its facility at 6747 Akron Road; Alan Hamilton suggested that similar arrangements be made for Yahoo! and Contracts Unlimited. On a motion by Thomas Weeks seconded by Duncan Carlson, Mr. Kinyon’s registration and travel expenses for the January 19-20 IDA Section Conference sponsored by the NYS Economic Development Council was approved.

**5.0 Old Business**

David Kinyon reported that he will update the Board regarding the status of IDA Reform and the IDA Administrative Fee following the IDA Section Conference. Daniel Seaman stated that he has reviewed and approved the content of the motion prepared by the County Attorney regarding the former Electruk Battery Facility; further action by the Lockport Town Board may be required in order to complete the transfer of this property from the County to the Town. Mr. Seaman also reported that the refinancing of Contracts Unlimited had been completed.

**6.0 New Business**

**6.1 Introl Design.** Daniel Seaman read the inducement resolution (attached) and authorization for purchase of land for Introl Design, Inc. Following a motion by Paul Haber, seconded by Duncan Carlson, the following roll call vote was taken:

<b>NAME:</b>	<b>VOTE:</b>
ALAN M. HAMILTON	<u>          Aye          </u>
PAUL J. HABER	<u>          Aye          </u>
ROBERT A. LIPP	<u>          Aye          </u>
DUNCAN N. CARLSON	<u>          Aye          </u>
ERIC W. CONNOR	<u>          Aye          </u>
R. THOMAS WEEKS	<u>          Aye          </u>
THOMAS A. SY	<u>          Aye          </u>

**6.2 Spartech Polycom.** Daniel Seaman read the inducement resolution for Spartech Polycom, Inc. Following a motion by Paul Haber seconded by Robert Lipp, the following roll call vote was taken:

<b>NAME:</b>	<b>VOTE:</b>
ALAN M. HAMILTON	<u>          Aye          </u>
PAUL J. HABER	<u>          Aye          </u>
ROBERT A. LIPP	<u>          Aye          </u>
DUNCAN N. CARLSON	<u>          Aye          </u>
ERIC W. CONNOR	<u>          Aye          </u>
R. THOMAS WEEKS	<u>          Aye          </u>
THOMAS A. SY	<u>          Aye          </u>

**6.3 IMPLAN Economic Modeling.** On a motion by Paul Haber seconded by Robert Lipp, the Board voted to authorized David Kinyon to attend training on the use of IMPLAN software at a cost of approximately \$850.

**6.4 IDA/Town Agreement.** Daniel Seaman agreed to add a section to the proposed Agreement Between the Town of Lockport Industrial Development Agency and the Town of Lockport regarding the payment of administrative services to provide for an annual review of the Agreement and the ability of the IDA to opt out of the Agreement. This proposal will be presented for approval at the February Board meeting.

**7.0 Executive Session.** On a motion by Paul Haber seconded by Robert Lipp, the Board voted to enter into Executive Session for the purpose of consultation with attorney. On a motion by Mr. Lipp seconded by Thomas Weeks, the Board voted to come out of Executive Session.

**8.0 Adjournment.** On a motion by Duncan Carlson seconded by Paul Haber, the Board voted to adjourn the meeting at 11:14 AM.

Respectfully submitted,  
Duncan N. Carlson  
Secretary

RESOLUTION OF THE TOWN OF LOCKPORT INDUSTRIAL DEVELOPMENT AGENCY (THE AGENCY) AUTHORIZING INTROL DESIGN, INC. (THE LESSEE) TO PURCHASE VACANT LOT LOCATED ON I.D.A. PARK DRIVE, LOCKPORT, NEW YORK, AND CONSTRUCT A 12,000 SQUARE FOOT BUILDING THEREON, AND TO UTILIZE SAID PREMISES AS A MANUFACTURING FACILITY FOR THE PRODUCTION OF MOTION CONTROL DEVICES, BRUSHLESS D/C MOTORS AND RAILWAY SAFETY ELECTRONICS, AND TO ACQUIRE AND INSTALL MACHINERY AND EQUIPMENT REQUIRED IN CONNECTION THEREWITH.

**WHEREAS**, Introl Design, Inc. (the Lessee) has entered into negotiations with the Town of Lockport Industrial Development Agency (the Agency) for assistance to purchase a vacant lot on I.D.A. Drive, Lockport, New York, and for the acquisition and equipment by the Agency with a bond issue or, alternatively, through a Lease only transaction of, and to construct a 12,000 square foot building, and to utilize said premises for a manufacturing facility for the production of motion control devices, brushless d/c motors and railway safety electronics, and to acquire and install machinery and equipment required in connection therewith (the Project) and lease the Project to the Lessee; and

**WHEREAS**, the Lessee has submitted an Eligibility Questionnaire and other materials and information to the Agency (collectively hereinafter the “Eligibility Questionnaire”) to initiate the accomplishment of the above; and

**WHEREAS**, the Eligibility Questionnaire sets forth certain information with respect to the Lessee, including the following: the Lessee desires Agency financing to purchase and construct the Project for manufacturing and related purposes with resultant increase in employment in the Town of Lockport; the Lessee will employ approximately 15 full-time employees after the Project is fully completed; that but for the availability of financing and/or other assistance by the Agency, the Lessee and any Sub-Lessee would not locate the Project and expand its business within the Town of Lockport, there will be no substantial adverse disruption of existing employment at facilities of a similar nature in the Town of Lockport, and the Project will provide substantial increased employment and substantial capital investment; if Agency financing or other assistance is disapproved, the Lessee and the Sub-Lessee would likely not proceed with the Project; and that, therefore, Agency financing or other assistance is necessary to encourage the Lessee and the Sub-Lessee to proceed with the Project in the Town of Lockport; and

**WHEREAS**, the Agency has held a Public Hearing on the Project pursuant to Section 859-A of the General Municipal Law; and

**WHEREAS**, the Agency desires to further encourage the Lessee with respect to the acquisition and construction of the Project, if by so doing it is able to induce the Lessee, to proceed with the Project in the Town of Lockport; and

**WHEREAS**, the Agency has determined that the Project be limited to the parcel located on I.D.A. Drive, Town of Lockport, New York; and

**WHEREAS**, to finance the Project the Agency intends to execute and deliver a bond, or in the alternative, a mortgage to allow for the construction as aforesaid,

**WHEREAS**, the Project should not be delayed by the requirement of determining the details of a bond issue or a lease only transaction if a mortgage is utilized, which cannot be immediately accomplished, and the Lessee has agreed to extend its own funds with respect to the Project, subject to reimbursement from the proceeds of the bonds, or in the alternative, the mortgage, if applicable;

**NOW, THEREFORE, BE IT RESOLVED BY THE TOWN OF LOCKPORT INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:**

Section 1. The Agency hereby determines that the acquisition, construction and installation of the Project and the financing or other assistance thereof by the Agency pursuant to the New York State Industrial Development Agency Act will promote and is authorized by and will be in furtherance of the policy of the State as set forth in said Act. The Agency further hereby determines, on the basis of the Eligibility Questionnaire and supplemental information furnished by the Lessee as follows: (a) it would not have assisted the Project except to induce the location of the Project in the area to be served by the Project as there is a demonstrable need for the Project and the services it offers; (b) but for the availability of Agency assistance for the Project in such area, the Project would not be economically feasible; (c) there will be no substantial adverse disruption of existing employment or facilities of a similar nature to the Project in such area; and (d) the Project will provide substantial employment and substantial capital investment. The Agency further determines, on the basis of the Lessee's Eligibility Questionnaire that (e) the Project as represented is reasonably necessary to provide the purposes of the Act, and (f) the Project is an integral part of the Lessee's plan to proceed with the Project in the Town of Lockport.

Section 2. The Agency hereby authorizes the Lessee to proceed with the Project as herein authorized, which Project will be financed through the issuance of the bonds, or in the alternative, mortgage financing, will be special obligations of the Agency payable solely from the revenues and other amounts derived pursuant to a lease of the Project or in the alternative through a lease only transaction, or in the alternative the execution and delivery of the Bond, or in the alternative, mortgage financing in the principal amount not to exceed \$850,000.00 and from the Agency and the Lessees or their successors to a bank to be designated, its agents or assigns, (the "Lender") UCC-1 Financing Statements to the Lender and a Lease Agreement between the Agency and the Lessee each in substantially the same form approved by the Agency for prior transactions or in form approved by the Chairman, Treasurer, Administrative Director, Secretary, Assistant Secretary, and any member or officer of the Agency are hereby authorized to execute, acknowledge and deliver each such Instrument and the Chairman, Treasurer, Administrative Director, Secretary and any member or officer of the Agency are hereby authorized to affix the seal

of the Agency on each such instrument, as applicable, and attest the same. All other provisions of the Resolution relating to the Bond, or in the alternative, mortgage financing and the Lease Agreement, shall apply to such Instruments.

All covenants, stipulations, obligations and agreements of the Agency contained in this resolution and contained in the Bond, or in the alternative, mortgage financing, UCC-1 Financing Statements and the Lease Agreement shall be deemed to be the covenants, stipulations, obligations and agreements of the Agency to the full extent authorized or permitted by law, and such covenants, stipulations, obligations and agreements shall be binding upon the Agency and its successors from time to time and upon any board or body to which any powers or duties affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law. Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Agency or the members thereof by the provisions of this Resolution, the Bond, or in the alternative, mortgage financing, the UCC-1 Financing Statements and the Lease Agreement, as the case maybe, shall be exercised or performed by the Agency or by such members, officers, board or body as may be required by law to exercise such powers and to perform such duties.

No covenants, stipulation, obligation or agreement herein contained or contained in the Bond, or in the alternative, mortgage financing, the UCC-1 Financing Statements and the Lease Agreement or any other agreement or instrument executed and delivered by the Agency in furtherance of this resolution shall be deemed to be a covenant, stipulation, obligation or agreement of any member, officer, agency or employee of the Agency in his individual capacity and neither the members of the Agency or any officer executing the Bond, or in the alternative, mortgage financing, the UCC-1 Financing Statements and the Lease Agreement shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution and delivery thereof.

The Chairman, Treasurer, Administrative Director, Secretary, Assistant Secretary, and any member or officer of the Agency are hereby designated the authorized representatives of the Agency and each of them is hereby authorized and directed to execute and deliver any and all agreements, papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution, the execution and delivery of the Bond, or in the alternative, mortgage financing, the UCC-1 Financing Statements and the Lease Agreement.

Section 3. The Agency will undertake, as soon as it is furnished with sufficient information as to the particular amount, interest rate, maturities, redemption and other terms, the purchaser, the security and other conditions to permit the authorization, issuance and sale of the bonds, or in the alternative, mortgage financing, to use its best efforts to proceed, subject to agreement among the Agency, the Lessee and the purchaser of the bonds, or in the alternative, mortgage financing, as to terms in all agreements to be entered in to with respect to the Project, with the issuance of the bonds, or in the alternative, mortgage financing, to finance the Project in an amount not to exceed

\$850,000 if bonds, or in the alternative, mortgage financing, are utilized or, in the alternative, undertake as soon as particular terms and conditions of a Lease Agreement are determined to enter into a lease only transaction.

Section 4. The Chairman, Administrative Director, Treasurer, Secretary or Assistant Secretary, of the Agency and other appropriate officials or Board Members of the Agency and its agents and employees are hereby authorized and directed to take whatever steps may be necessary to cooperate with the Lessee to assist in the acquisition and construction of the Project.

Section 5. The Lessee is authorized to purchase a vacant lot located on I.D.A. Drive, Lockport, New York, and construct a 12,000 square foot building thereon, and to utilize said premises for a manufacturing facility for the production of motion control devices, brushless d/c motors and railway safety electronics, and install machinery and equipment required in connection therewith; and to advance such funds as may be necessary to accomplish such purposes, subject to reimbursement for all qualifying expenditures out of the proceeds of the bonds, or in the alternative, mortgage financing, to be issued by the Agency, if applicable. The Agency is hereby authorized to enter into such agreements with the Lessee as the Chairman, or Administrative Director or other officer of the agency may deem necessary in order to accomplish the above.

Section 6. Any such action heretofore taken by the Lessee in construction of the Project is hereby ratified, confirmed and approved.

Section 7. Any expenses incurred by the Agency with respect to the Project and the financing thereof shall be reimbursed out of the proceeds of the bonds, or in the alternative, the mortgage, or in the event such proceeds are insufficient after payment of other costs of the Project or bonds are not issued or a mortgage is not obtained by the Agency due to inability to consummate the transaction herein contemplated (other than by fault of the Agency), shall be paid by the Lessee. By acceptance hereof, the Lessee agrees to pay such expenses and further agrees to indemnify the Agency, its members, directors, officers, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the Project and the financing thereof.

Section 8. This resolution is subject to Agency approval of payment in lieu of taxes agreement for municipal services. Should the Lessee or any of its subtenants vacate the premises prior to the expiration of the arrangement for payment in lieu of taxes, the Lessee shall use its best efforts to obtain new subtenants, so that no application will be necessary for reduction in assessed value, it being the intent of the Agency that payments in lieu of taxes will be maintained at the level called for by its standard policy at all times while it holds title to the Project.

Section 9. The provisions of this resolution shall continue to be effective until one year from the date hereof whereupon this resolution shall cease to be effective

(except with respect to matters contained in Section 7 hereof) unless prior to the expiration of such period (a) the Agency shall by subsequent resolution extend the effective date of this resolution or (b) the Agency shall adopt a resolution authorizing the issuance of the Agency's bonds or notes to finance the costs of the Project as herein authorized or enters into a lease only transaction or (c) the Lessee shall continue to take affirmative steps to secure financing for the Project.

Section 10. This resolution is also subject to (a) the acquisition of vacant land on I.D.A. Drive, Lockport, New York, (b) the construction of space suitable for the purpose authorized herein (c) approval by the Agency of the Sublease including any information that the Agency deems necessary to verify compliance with the New York State Industrial Development Agency Act and (d) provision in any Sublease for use of the Project only for those purposes specified above or otherwise permitted by the New York State Industrial Development Agency Act and approved by the Agency.

Section 11. The execution and delivery of a Lease or a Lease and Leaseback between the Agency and the Lessee, and a mortgage in an amount not to exceed \$850,000.00, being substantially in the form approved by the Agency for prior transactions or in form approved by the Chairman, Administrative Director or any member of the Board of Directors or the Agency attorney is hereby authorized. The appropriate officers of the Agency are hereby authorized to execute, seal, acknowledge and deliver such agreement and any and all papers, instruments, opinions, certificates, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this resolution. The execution and delivery of each such instrument shall be conclusive evidence of due authorization and approval.

Section 12. The Agency hereby determines, based upon information furnished to the Agency by the Lessee and such other information as the Agency has deemed necessary to make this determination, that the Project does not require the preparation of an environmental impact statement under the State Environmental Quality Review Act, being Article 8 of the New York State Environmental Conservation law, as the contemplated actions will not have a significant effect on the environment.

Section 13. The bond or bonds to be issued shall not be exempt from Federal Income Taxation. Therefore, this resolution is not subject to compliance with the provisions of Section 103 of the Internal Revenue Code of 1954 as amended (the "Code") or to an appropriate allocation under the State law pursuant to the Deficit Reduction Act of 1984.

Section 14. The Agency has made and makes no representation or warranty whatsoever, either express or implied, with respect to the merchantability, condition, environmental status, fitness, design, operation or workmanship of any part of the Project, its fitness for any particular purpose, the quality or capacity of the materials in the Project, or the suitability of the Project for the Lessee's purposes or needs or the extent to which proceeds derived from the sale of the bonds will be sufficient to pay the cost of the acquisition, construction, renovation and installation of the Project. The

Lessee is satisfied that the Project is suitable and fit for Lessee's purposes. The Agency shall not be liable in any manner whatsoever to anyone for any loss, damage or expense of any kind or nature caused, directly or indirectly, by the Project property or the use or maintenance thereof or the failure of operation thereof, or the repair, service or adjustment thereof, or by any delay or failure to provide any such maintenance, repairs, service or adjustment, or by any interruption of service or loss of use thereof or for any loss of business howsoever caused and the Lessee hereby indemnifies and holds the Agency harmless from any such loss, damage or expense.

Section 15. The Project will result in the abandonment of the Lessee's present facility in the City of Lockport, New York. It is hereby determined by the Agency that from the Application before it that the Project is reasonably necessary to discourage the Project occupant from removing such facility to a location outside the State and to preserve the competitive position of the Lessee in its respective industry, because the present facility is outmoded and too small and not suitable for the Lessee's needs, and the Lessee has found no suitable method to renovate the existing facility, or to relocate in the City of Lockport.

Section 16. This resolution is subject to compliance with all local building and zoning requirements.

Section 17. This resolution shall take effect immediately.