

INITIAL PROJECT RESOLUTION
(Ontario Midland Railroad Corp. Project)

A regular meeting of the Wayne County Industrial Development Agency was convened on November 16, 2012 at 9:30 a.m.

The following resolution was duly offered and seconded, to wit:

Resolution No. 11/2012 - __

RESOLUTION OF THE WAYNE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (THE "AGENCY") (i) ACCEPTING THE APPLICATION OF ONTARIO MIDLAND RAILROAD CORP. (THE "COMPANY") IN CONNECTION WITH A PROPOSED PROJECT (AS FURTHER DESCRIBED HEREIN) TO BE LOCATED WITHIN THE TOWNS OF SODUS AND ROSE, NEW YORK; (ii) AUTHORIZING THE SCHEDULING AND CONDUCT OF PUBLIC HEARING(S); AND (iii) DESCRIBING THE FORMS OF FINANCIAL ASSISTANCE BEING CONTEMPLATED BY THE AGENCY WITH RESPECT TO THE PROJECT

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 916 of the Laws of 1969 of the State of New York, (the "Act"), the **WAYNE COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (the "Agency") was created with the authority and power to promote, develop, encourage and assist in acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, civic, research, and recreational facilities as authorized by the Act, and in connection therewith to issue its revenue bonds, and/or enter into straight lease transactions and provide other forms of financial assistance; and

WHEREAS, ONTARIO MIDLAND RAILROAD CORP. (the "Company"), has submitted an application to the Agency requesting the Agency's assistance with a certain project (the "Project") consisting of (i) the appointment by the Agency of the Company as agent to undertake the construction, reconstruction and/or rehabilitation of certain existing railroad line improvements located within the Towns of Sodus and Rose, New York leased and operated by the Company as a short line railroad facility (the "Existing Improvements"); (ii) the reconstruction and renovation of certain portions of the Existing Improvements, including (a) the renovation and reconstruction of 5.3 miles of main track line improvements, including rails, ties, rail bed and related improvements within current right of way, (b) the renovation and reconstruction of .32 miles of runaround line improvements, including rails, ties, rail bed and related improvements within current right of way; and (c) the renovation and reconstruction of .26 miles of siding line improvements, including rails, ties, rail bed and related improvements within current right of way (collectively, the "Improvements"); and (iii) and acquisition of and installation in and around the Existing Improvements and Improvements by the Company of machinery, equipment, fixtures and other items of tangible personal property (the "Equipment" and, collectively with, the Existing Improvements and Improvements, the "Facility"); and (iv)

entering into an Agent Agreement memorializing the appointment of the Company as agent of the Agency to effectuate the foregoing Project; and

WHEREAS, the Agency is contemplating providing financial assistance to the Company with respect to the Project (collectively, the "Financial Assistance") in the form of an exemption from all State and local sales and use taxes with respect to qualifying personal property included in or incorporated into the Facility or used in the acquisition, construction or equipping of the Facility; and

WHEREAS, the Agency intends to describe the Project, accept the Application, describe the forms of Financial Assistance contemplated by the Agency and authorize the scheduling and conduct of public hearing(s) pursuant to and in accordance with the Act.

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

Section 1. Based upon the representations made by the Company to the Agency in the Application, 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 appoint the Company as agent of the Agency to undertake the Project pursuant to an Agent Agreement to be negotiated; 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 undertake the Project, thereby increasing employment opportunities within Wayne County, New York, and otherwise furthering the purposes of the Agency as set forth in the Act.

Section 2. The proposed Financial Assistance being contemplated by the Agency includes an exemption from all state and local sales and use taxes with respect to the qualifying personal property included within the Project or used in the acquisition, construction or equipping of the Project.

Section 3. The Agency further authorizes the scheduling and conduct of public hearing(s) as required by Article 18-A of the New York State General Municipal Law.

Section 4. The Agency's formal inducement to undertake the Project and approve the Financial Assistance shall be by one or more further resolutions of the Agency and shall be subject to the terms and conditions as are set forth therein.

Section 5. Harris Beach PLLC, as Transaction Counsel for the Agency, is hereby authorized to work with general counsel to the Agency and counsel to the Company and others to prepare for submission to the Agency all documents necessary to effect the authorization and undertaking of the Project.

Section 6. The Chairman (or Vice Chairman) and/or Executive Director of the Agency are hereby authorized and directed to distribute copies of this Resolution to the Company and to do such further things or perform such acts as may be necessary or convenient to implement the provisions of this Resolution.

Section 7. This Resolution shall take effect immediately.

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

	<i>Yea</i>	<i>Nay</i>	<i>Absent</i>	<i>Abstain</i>
David Spickerman, Sr.	XX			
James Hoffman			XX	
Willard Milliman	XX			
Robert Havrilla	XX			
Pamela Heald	XX			

The resolutions were thereupon duly adopted.

STATE OF NEW YORK)
COUNTY OF WAYNE) ss:

I, the undersigned Secretary of the Wayne County Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the foregoing extract of the minutes of the meeting of the Wayne County Industrial Development Agency (the "Agency") including the resolution contained therein, held on November 16, 2012, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolution set forth therein and of the whole of said original insofar as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that all members of said Agency had due notice of said meeting, that the meeting was in all respects duly held and that, pursuant to Article 7 of the Public Officers Law (Open Meetings Law), said meeting was open to the general public, and that public notice of the time and place of said meeting was duly given in accordance with Article 7.

I FURTHER CERTIFY that there was a quorum of the members of the Agency present throughout said meeting.

I FURTHER CERTIFY that as of the date hereof, the attached resolution is in full force and effect and has not been amended, repealed or modified.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of said Agency this 16th day of November, 2012.

Marie Leisenring, Secretary

[SEAL]