

FINAL RESOLUTION
(Empire State Pipeline/Empire Pipeline, Inc. Project)

A regular meeting of the Yates County Industrial Development Agency was convened on Wednesday, April 18, 2007, at 8:00 a.m.

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

Resolution No. 07/04-____

RESOLUTION OF THE YATES COUNTY INDUSTRIAL DEVELOPMENT AGENCY .(i) ADOPTING FINDINGS PURSUANT TO THE STATE ENVIRONMENTAL QUALITY REVIEW ACT; (ii) AUTHORIZING THE UNDERTAKING OF A CERTAIN PROJECT (AS MORE FULLY DESCRIBED BELOW); AND (iii) AUTHORIZING THE EXECUTION AND DELIVERY OF THE LEASE AGREEMENT, LEASEBACK AGREEMENT, PAYMENT-IN-LIEU-OF-TAX-AGREEMENT AND RELATED DOCUMENTS WITH RESPECT TO THE EMPIRE STATE PIPELINE/EMPIRE PIPELINE, INC. PROJECT.

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 113 of the Laws of 1975 of the State of New York, as amended (hereinafter collectively called the "Act"), the **YATES COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (hereinafter, the "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 civic, industrial, manufacturing and commercial facilities as authorized by the Act; and

WHEREAS, **EMPIRE STATE PIPELINE/EMPIRE PIPELINE, INC.** (the "Company") has submitted an application (the "Application") to the Agency requesting the Agency's assistance with a certain project (the "Project") consisting of (i) the acquisition by the Agency of fee title to or a leasehold or other interest in certain properties located in the Towns of Benton, Milo and Barrington in Yates County, New York and the existing improvements located thereon (collectively the "Land"), (ii) the construction and equipping on the Land of a portion of the Company's 78.3 mile 24-inch diameter natural gas pipeline beginning in Victor, New York and traversing the Finger Lakes region through the counties of Genesee, Ontario, Yates, Schuyler, Chemung and Steuben, and terminating in Corning, New York (hereinafter referred to collectively as the "Improvements"), and (iii) the acquisition in and around the Improvements of certain items of equipment and other tangible personal property including pipes, valves, meters, fittings, and compressors (the "Equipment" and, collectively with the Land and the Improvements, the "Facility; and

WHEREAS, by resolution adopted January 24, 2007 (the "Initial Resolution"), the Agency described the forms of financial assistance contemplated with respect to the Project, directed that a public hearing be held and a lease agreement (the "Lease Agreement"), leaseback agreement (the "Leaseback Agreement"), payment-in-lieu-of-tax agreement (the "PILOT Agreement") and related documents be negotiated; and

WHEREAS, pursuant to General Municipal Law Section 859-a, on March 16, 2007, at (i) 9:00 a.m. at the Benton Town Hall, 1000 Route 14A, Penn Yan, New York 14527; (ii) at 11:00 a.m. at the Torrey Town Hall, 56 Geneva Street, Dresden, New York 14441; (iii) at 1:00 p.m. at the Milo Town Hall, 137 Main Street, Penn Yan, New York 14527; (iv) at 3:00 p.m. at the Barrington Town Hall, 4424 Old Bath Road, Penn Yan, New York 14527; and (v) at 5:00 p.m. at the Starkey Town Hall, 40 Seneca Street, Dundee, New York 14837; 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 the Public Hearings along with the Notices of Public Hearings published and forwarded to the affected taxing jurisdictions thirty (30) days prior to said Public Hearings are attached hereto as **Exhibit A**; and

WHEREAS, subsequent to the adoption by the Agency of this Resolution, the Company requested the Agency to provide benefits under the PILOT Agreement which result in a deviation from the Agency's Uniform Tax Exemption Policy established pursuant to the Act; and

WHEREAS, pursuant to the Act, Notice Letters detailing the proposed deviation from the Policy were mailed or delivered to the chief executive officers of the Affected Tax Jurisdictions on March 7, 2007; and

WHEREAS, pursuant to the Act, the Agency has waited at least thirty (30) days for comments from the Affected Tax Jurisdictions and, no comments on the proposed deviation having been received, the Agency may proceed; and

WHEREAS, the terms of the Lease Agreement, Leaseback Agreement, PILOT Agreement and related documents have been negotiated and are presented to this meeting for approval and execution; and

WHEREAS, in connection with the Project, the Company has applied for and received certain approvals from the Federal Energy Regulatory Commission ("FERC") which, pursuant to the requirements of the National Environmental Policy Act of 1969 ("NEPA"), resulted in the preparation of an Environmental Impact Statement (the "Federal EIS"); and

WHEREAS, in October, 2006, FERC also issued a Final Supplemental EIS for the Project and on December 21, 2006, FERC issued an Order (the "Order") authorizing construction of the Project subject to certain environmental conditions (the "Environmental Conditions"); and

WHEREAS, the Environmental Conditions impose, as a condition to FERC's approval of the Empire Connector Project, the recommended mitigation measures set forth in both the Federal EIS and the Final Supplemental EIS; and

WHEREAS, the Connector Project may be considered exempt from the requirements of the New York State Environmental Quality Review Act ("SEQRA"), Article 8 of the Environmental Conservation Law, and the regulations adopted pursuant thereto, under 6 NYCRR Part 617; and

WHEREAS, although SEQRA may be preempted by NEPA's environmental review, the Company has asked the Genesee County Industrial Development Agency ("GCIDA") to conduct a SEQRA review (as Lead Agency) pursuant to 6 N.Y.C.R.R. § 617.15(a); and

WHEREAS, because the Federal EIS and the Final Supplement EIS have already been prepared for the Project pursuant to NEPA, no separate EIS is required under SEQRA and the Agency may satisfy its SEQRA obligations by making an appropriate SEQRA determination based on the findings made in the NEPA process; and

WHEREAS, the Agency desires to i) ratify the SEQRA findings of GCIDA, adopted March 15, 2007; ii) approve the undertaking of the Project; iii) appoint the Company agent of the Agency in furtherance of same; and iv) approve the terms and conditions of the PILOT Agreement to be entered into by the Agency and the Company.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE AGENCY AS FOLLOWS:

Section 1. The Agency concludes that the Federal EIS and the Final Supplemental EIS are sufficient to make the requisite findings under SEQRA and incorporates hereto the mitigation measures and findings made pursuant to the Federal EIS and the Final Supplemental EIS as part of this SEQRA determination. Based upon the SEQRA findings adopted by GCIDA, the representations made by the Company, and the Agency's review of the Final Supplemental EIS prepared as part of the NEPA review conducted pursuant to the applicable FERC proceedings, the Agency finds that: (1) the requirements of SEQRA have been met; and (2) consistent with social, economic, and other essential considerations, from among the reasonable alternatives available, the Project avoids or minimizes adverse environmental impacts to the maximum extent practicable, and that adverse environmental impacts will be avoided or minimized, to the maximum extent practicable by incorporating as conditions to this resolution those mitigation measures identified above, as well as the additional mitigation measures identified in the Federal EIS and the Final Supplemental EIS. The Agency hereby ratifies the findings of GCIDA and no further SEQRA review is necessary with respect to the Project.

Section 2. Subject to the Company executing the Lease Agreement and Leaseback Agreement and the delivery to the Agency of a binder, certificate or other evidence of liability insurance policy for the Project satisfactory to the Agency, the Agency hereby authorizes the Company to proceed with the undertaking of the Project and hereby appoints the Company as the true and lawful agent of the Agency: (i) to acquire, construct and 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 the Project, all with the same powers and the same validity that the Agency could do if acting in its own behalf; provided, however, the Inducement Agreement shall expire on December 31, 2008 (unless extended for good cause by the Executive Director or other authorized representative of the Agency) if the Lease Agreement, Leaseback Agreement and PILOT Agreement contemplated have not been executed and delivered.

Section 3. The Chairman, Vice Chairman and/or Executive Director of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver the Lease Agreement, Leaseback Agreement and related documents substantially in the forms thereof presented to this meeting with such changes (including without limitation any change in the dated date of such documents), variations, omissions and insertions as the Chairman, Vice Chairman and/or Executive Director shall approve. The execution of the Lease Agreement, Leaseback Agreement and related documents by the Chairman, Vice Chairman and/or Executive Director of the Agency shall constitute conclusive evidence of such approval.

Section 4. The Chairman, Vice Chairman and/or Executive Director of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver the PILOT Agreement and any documents necessary and incidental thereto, including but not limited to NYS Form RP-412-a, "Application for Real Property Tax Exemption," and the Secretary of the Agency is hereby authorized to affix the seal of the Agency thereto where appropriate and to attest the same, all in substantially the forms thereof presented to this meeting with such changes (including without limitation any change in the dated date of such documents), variations, omissions and insertions as the Chairman, Vice Chairman and/or Executive Director shall approve. The execution of the PILOT Agreement and the Application for Real Property Tax Exemption by the Chairman, Vice Chairman and/or Executive Director of the Agency shall constitute conclusive evidence of such approval.

The Agency's approval of the PILOT Agreement, after due consideration, is consistent with the deviation Notice letters transmitted by the Agency on March 7, 2007 to each of the Affected Taxing Jurisdictions and shall provide abatements from real property taxes with respect to the Facility for a term of fifteen (15) years and provide for fixed payments in each year not to exceed the percentage abatement set forth below:

<u>PILOT Years</u>	<u>Percentage Abatement from Real Property Taxes</u>
1-5	75% (estimated fixed payment - \$236,400)
6-10	50% (estimated fixed payment - \$472,800)
11-15	25% (estimated fixed payment - \$709,320)

After year 15, the Facility will be subject to full taxes.

The Agency's approval of the foregoing PILOT Agreement and related deviation from the Agency's UTEP have been provided to induce the Company to undertake the Project in Schuyler County which will result in significant construction jobs and related employment. The Agency's approval of the foregoing PILOT Agreement shall be contingent upon the following:

- 1) Prior to or commensurate with the Company's execution and delivery of the PILOT Agreement, the Company shall execute and delivery a community benefit fund agreement (the "Benefit Agreement") with the Agency or 3rd party community organization designated by the Agency, such Benefit Agreement to be co-terminus with the PILOT Agreement and require the Company to provide fifteen (15) annual payments in an amount of \$163,385.00 per year; and

- 2) The Agency's approval of the foregoing PILOT Agreement and Benefit Agreement shall be subject to modification, at the sole discretion of the Agency, where another industrial development agency providing financial assistance to the Company in connection with the Empire Connector Project grants the Company a PILOT Agreement and/or Benefit Agreement providing enhanced economic incentives from the Company to such other industrial development agency and/or host county at large, the within-approved PILOT Agreement and Benefit Agreement shall be modified accordingly, subject to any necessary deviation notice requirements under the Act.

Section 5. The Chairman, Vice Chairman and/or Executive Director of the Agency are hereby authorized, on behalf of the Agency, to execute and deliver any mortgage, assignment of leases and rents, security agreement, UCC-1 Financing Statements and all documents reasonably contemplated by these resolutions or required by any lender identified by the Company (the "Lender") up to a maximum principal amount necessary to undertake the Project and/or finance or refinance equipment and other personal property and related transactional costs (together with the Lease Agreement, Leaseback Agreement and PILOT Agreement, collectively, the "Agency Documents"); and, where appropriate, the Secretary or Assistant Secretary of the Agency is hereby authorized to affix the seal of the Agency to the Agency Documents and to attest the same, all with such changes, variations, omissions and insertions as the Chairman, Vice Chairman and/or Executive Director of the Agency shall approve; the execution thereof by the Chairman, Vice Chairman and/or Executive Director of the Agency shall constitute conclusive evidence of such approval; *provided*, in all events, recourse against the Agency is limited to the Agency's interest in the Project.

Section 6. 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 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 7. These Resolutions shall take effect immediately upon adoption.

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

	<i>Yea</i>	<i>Nay</i>	<i>Absent</i>	<i>Abstain</i>
Jeff Gifford	[✓]	[]	[]	[]
Taylor Fitch	[✓]	[]	[]	[]
Dave Reeve	[]	[]	[✓]	[]
Jim McMullen	[✓]	[]	[]	[]
Tim Trombley	[✓]	[]	[]	[]
Sue Andersen	[✓]	[]	[]	[]
Jerry Hiller	[✓]	[]	[]	[]

The Resolutions were thereupon duly adopted.

EXHIBIT A

Notice Documents

(Attached hereto)

AFFIDAVIT

STATE OF NEW YORK

SS

YATES COUNTY

Karen L. Morris

being duly sworn, deposes and says that she resides in the **Town of Starkey, County of Yates, and State of New York**, that she is the **General Manager** of *The Chronicle-Express*, a public newspaper, published weekly in the **Village of Penn Yan**, by **Liberty Group New York Holdings, Inc.**, and that a notice, of which the annexed is a printed copy, was published in said weekly newspaper.

said publication therein being on the following date(s):

February 14, 2007

Karen L. Morris General Manager

Subscribed and sworn to before me on this 15th

day of February, 2007

PATRICIA L. CHRISTENSEN
Notary Public, State of New York
Qualified in Yates County
No. 01CHE342773
Commission Expires 06-05-2010

Patricia L. Christensen
NOTARY PUBLIC

2-15-2007
DATED

NOTICE OF PUBLIC
HEARING

NOTICE IS HEREBY GIVEN that a public hearing will be held by the Yates County Industrial Development Agency (the "Agency") at the following places and times:

(i) on Friday, March 16, 2007, at 9:00 a.m. at the Benton Town Hall, 1000 Route 14A, Penn Yan, New York 14527;

(ii) on Friday, March 16, 2007, at 11:00 a.m. at the Torrey Town Hall, 56 Geneva Street, Dresden, New York 14441;

(iii) on Friday, March 16, 2007, at 1:00 p.m. at the Milo Town Hall, 137 Main Street, Penn Yan, New York 14527;

(iv) on Friday, March 16, 2007, at 3:00 p.m. at the Barrington Town Hall, 4424 Old Bath Road, Penn Yan, New York 14527; and

(v) on Friday, March 16, 2007, at 5:00 p.m. at the Starkey Town Hall, 40 Seneca Street, Dundee, New York 14837; each in connection with the following matter:

EMPIRE STATE PIPELINE/EMPIRE PIPELINE, INC. (the "Company") has submitted an application (the "Application") to the Agency requesting the Agency's assistance with a certain project (the "Project") consisting of: (i) the acquisition by the Agency of fee title to or a leasehold or other interest in certain properties located in the Towns of Benton, Milo and Barrington in Yates County, New York and the existing improvements located thereon (collectively the "Land"), (ii) the construction and equipping on the Land of a portion of the Company's 78.3 mile 24-inch diameter natural gas pipeline beginning in Victor, New York and traversing the Finger Lakes region through the counties of Genesee, Ontario, Yates, Schuyler, Chemung and Steuben, and terminating in Corning, New York (hereinafter referred to collectively as the "Improvements"), and (iii) the acquisition in and around the Improvements of certain items of equipment and other tangible personal property including pipes, valves, meters, fittings, and compressors (the "Equipment") and, collectively with the Land and the Improvements, the "Facility"; all in furtherance of providing natural gas service to users located or locating at or in areas surrounding the Land in said Counties.

The Agency is considering whether to undertake the Project and to provide financial assistance (the "Financial Assistance") with respect to the Project in the form of: (1) the financing of the Project and certain necessary and incidental expenditures in connection therewith through a straight lease transaction within the meaning of Section 854(15) of New York General Municipal Law, pursuant to

which the Agency shall take and hold title to the Land (or an interest therein), the Existing Improvements, Improvements and Equipment for a period of time and sell or lease the same back to the Company (the "Straight Lease"), (ii) an exemption from New York 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, renovation or equipping of the Facility, (iii) the grant of one or more mortgage liens on the Land (or such interest therein as is conveyed to the Agency) and the Improvements (the "Mortgages") to secure the indebtedness incurred by or for the benefit of the Company in connection with the Project, which Mortgages would be exempt from all mortgage recording taxes imposed by the State and any political subdivision thereof, and (iv) the retention of fee title to or a leasehold interest in the Facility by the Agency for a period of time so as to enable the Agency and the Company to enter into one or more agreements regarding payments in lieu of real property taxes, pursuant to which the Company would make payments in lieu of real property taxes to each municipality and school district having taxing jurisdiction over the Facility (collectively, the "Affected Taxing Jurisdictions").

The Agency will at said time and place provide a reasonable opportunity to all interested persons to present their views, either orally or in writing, on the nature and location of the proposed Facility and the proposed Financial Assistance to be provided the Company in connection with the Project.

This public hearing is being conducted in accordance with subdivision 2 of Section 859-a of the New York General Municipal Law.

DATED: February 14, 2007

YATES COUNTY

INDUSTRIAL

DEVELOPMENT AGENCY

By: Executive Director

LE04628-07PN1

yc 1DA

Proof of Publication
Dundee Observer
State of New York, County of Yates s.s

George Lawson
Or
Debbie Lawson

Debbie Lawson.

Of Dundee, Yates County, being sworn doth depose and say that he/she is an Officer of THE OBSERVER, a public newspaper published in said County, and that the notice, of which the annexed is a printed copy cut from said newspaper, was printed and published in the regular editions and issues of said newspaper 1 weeks, commencing on 2/14/07 and ending on 2/14/07.

Debbie Lawson Subscribed and sworn to before me this
20th day of FEB. 2007 Notary Public Linda M. Bailey

LINDA M. BAILEY
NOTARY PUBLIC #4904601
STATE OF NY, CO. OF SCHUYLER
COMMISSION EXPIRES SEPT. 8, 2009

Main Street bridge in Penn Yan, is cold enough to produce hypothermia in minutes. impacts of use, particularly by underage drinkers, as well as

Audience member Herb Snyder said, "I'm passionate

through the Finger Lakes Council on Alcoholism said funds from the grant will be used exclusively to advertise issues related to underage drinking. A media campaign which will include a poster contest for Penn Yan Academy students in grades eight through 12 is part of the program. The first state grant focused on the issue was limited to targeting on school district, but the project will be expanded to all county schools in its next phase.

LEGAL NOTICES

LEGAL NOTICES

LEGAL NOTICES

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing will be held by the Yates County Industrial Development Agency (the "Agency") at the following places and times:

- (i) on Friday, March 16, 2007, at 9:00 a.m. at the Benton Town Hall, 1000 Route 14A, Penn Yan, New York 14527;
- (ii) on Friday, March 16, 2007, at 11:00 a.m. at the Torrey Town Hall, 56 Geneva Street, Dresden, New York 14441;
- (iii) on Friday, March 16, 2007, at 1:00 p.m. at the Milo Town Hall, 137 Main Street, Penn Yan, New York 14527;
- (iv) on Friday, March 16, 2007, at 3:00 p.m. at the Barrington Town Hall, 4424 Old Bath Road, Penn Yan, New York 14527; and
- (v) on Friday, March 16, 2007, at 5:00 p.m. at the Starkey Town Hall, 40 Seneca Street, Dundee, New York 14837; each in connection with the following matter:

EMPIRE STATE PIPELINE/EMPIRE PIPELINE, INC. (the "Company") has submitted an application (the "Application") to the Agency requesting the Agency's assistance with a certain project (the "Project") consisting of: (i) the acquisition by the Agency of fee title to or a leasehold or other interest in certain properties located in the Towns of Benton, Milo and Barrington in Yates County, New York and the existing improvements located thereon (collectively the "Land"), (ii) the construction and equipping on the Land of a portion of the Company's 78.3 mile 24-inch diameter natural gas pipeline beginning in Victor, New York and traversing the Finger Lakes region through the counties of Genesee, Ontario, Yates, Schuyler, Chemung and Steuben, and terminating in Corning, New York (hereinafter referred to collectively as the "Improvements"), and (iii) the acquisition in and around the Improvements of certain items of equipment and other tangible personal property including pipes, valves, meters, fittings, and compressors (the "Equipment") and, collectively with the Land and the Improvements, the "Facility"; all in furtherance of providing natural gas service to users located or locating at or in areas surrounding the Land in said Counties.

The Agency is considering whether to undertake the Project and to provide financial assistance (the "Financial Assistance") with respect to the Project in the form of: (1) the financing of the Project and certain necessary and incidental expenditures in connection therewith through a straight lease transaction within the meaning of Section 854(15) of New York General Municipal Law, pursuant to which the Agency shall take and hold title to the Land (or an interest therein), the Existing Improvements, Improvements and Equipment for a period of time and sell or lease the same back to the Company (the "Straight Lease"), (ii) an exemption from New York 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, renovation or equipping of the Facility, (iii) the grant of one or more mortgage liens on the Land (or such interest therein as is conveyed to the Agency) and the Improvements (the "Mortgages") to secure the indebtedness incurred by or for the benefit of the Company in connection with the Project, which Mortgages would be exempt from all mortgage recording taxes imposed by the State and any political subdivision thereof, and (iv) the retention of fee title to or a leasehold interest in the Facility by the Agency for a period of time so as to enable the Agency and the Company to enter into one or more agreements regarding payments in lieu of real property taxes, pursuant to which the Company would make payments in lieu of real property taxes to each municipality and school district having taxing jurisdiction over the Facility (collectively, the "Affected Taxing Jurisdictions").

The Agency will at said time and place provide a reasonable opportunity to all interested persons to present their views, either orally or in writing, on the nature and location of the proposed Facility and the proposed Financial Assistance to be provided the Company in connection with the Project.

This public hearing is being conducted in accordance with subdivision 2 of Section 859-a of the New York General Municipal Law.

DATED: February 14, 2007

YATES COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: Executive Director



Hallett
Surveying & Mapping, PC

Providing Survey Services For The
Southern Finger Lakes Area For Over 25 Years

- No Project Too Large or Small
- Using State Of The Art Equipment-Including GPS
- Boundaries • Topography & Site Surveys
- Aerial Photo-Control
- Sub-Divisions • Pipeline Consultation & Layout

607-243-7770

www.hallettsurvey.com
8 Water Street • Dundee, NY 14837

MACHINERY CONSIGNMENT AUCTION

SATURDAY, MARCH 10, 2007 @ 9:15 AM

FINGER LAKES PRODUCE AUCTION, INC.

3691 STATE RTE. 14A (Dundee-Penn Yan Road)

PENN YAN (YATES CO.) NEW YORK

This established auction place is advertised, managed and scheduled to allow the greatest net return to the seller! Accepting consignments of farm machinery, light construction, lawn and garden utility trailers, recreational vehicles.

Wed.-Thurs.-Fri. March 7, 8, 9 from 9:00 am to 4:00 pm.

(NOTE: Regular Hay Auction on Fri., March 9 at 11:00 am.

Larger Indoor Produce Auction with much more than usual of fresh produce and citrus on Friday starting at 9:30 am **INDOORS!**)

To **ADVERTISE** your items contact us **BEFORE FEBRUARY 25!**

Aaron Martin 315-536-7000

Edwin Zimmerman 315-536-6252

Ivan Zimmerman 315-536-4543


Jim Pirrung 585-728-2520

Auction Sponsored By
Finger Lakes Produce Auction, Inc.
Sale Managed By
Pirrung Auctioneers, Inc.

AFFIDAVIT OF MAILING

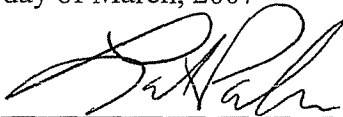
STATE OF NEW YORK)
COUNTY OF MONROE) ss.:

TERESA BURNS, being duly sworn, deposes and says that she resides in Macedon, New York, that she is over the age of eighteen years and is a paralegal in the law firm of Harris Beach PLLC. That on the 9th day of March, 2007, before 6:00 p.m., at the County of Monroe and State of New York, deponent served a copy of the attached, addressed to the address designated by a person for that purpose, by depositing a true copy thereof, properly and securely enclosed in a sealed wrapper, with full postage prepaid thereon, in a U.S. Postal depository maintained under the exclusive care and custody of the United States Postal Service within the state, directed to each of the persons on the attached list.



TERESA BURNS

Sworn to before me this 9th
day of March, 2007



Notary Public

LORI A. PALMER
Notary Public, State of New York
Qualified in Monroe County
Commission Expires May 31, 2007

AFFIDAVIT

STATE OF NEW YORK

SS

YATES COUNTY

Karen L. Morris

being duly sworn, deposes and says that she resides in the **Town of Starkey, County of Yates, and State of New York**, that she is the **General Manager** of *The Chronicle-Express*, a public newspaper, published weekly in the **Village of Penn Yan**, by **Liberty Group New York Holdings, Inc.**, and that a notice, of which the annexed is a printed copy, was published in said weekly newspaper.

said publication therein being on the following date(s):

February 14, 2007

Karen L. Morris General Manager

Subscribed and sworn to before me on this 15th

day of February, 2007

PATRICIA L. CHRISTENSEN
Notary Public, State of New York
Qualified in Yates County
No. 01CHE242773
Commission Expires 06-05-2010

Patricia L. Christensen
NOTARY PUBLIC

2-15-2007
DATED

NOTICE OF PUBLIC
HEARING

NOTICE IS HEREBY GIVEN that a public hearing will be held by the Yates County Industrial Development Agency (the "Agency") at the following places and times:

(i) on Friday, March 16, 2007, at 9:00 a.m. at the Benton Town Hall, 1000 Route 14A, Penn Yan, New York 14527;

(ii) on Friday, March 16, 2007, at 11:00 a.m. at the Torrey Town Hall, 56 Geneva Street, Drasden, New York 14441;

(iii) on Friday, March 16, 2007, at 1:00 p.m. at the Milo Town Hall, 137 Main Street, Penn Yan, New York 14527;

(iv) on Friday, March 16, 2007, at 3:00 p.m. at the Barrington Town Hall, 4424 Old Bath Road, Penn Yan, New York 14527; and

(v) on Friday, March 16, 2007, at 5:00 p.m. at the Starkey Town Hall, 40 Seneca Street, Dundee, New York 14837; each in connection with the following matter:

EMPIRE STATE PIPELINE/EMPIRE PIPELINE, INC. (the "Company") has submitted an application (the "Application") to the Agency requesting the Agency's assistance with a certain project (the "Project") consisting of: (i) the acquisition by the Agency of fee title to or a leasehold or other interest in certain properties located in the Towns of Benton, Milo and Barrington in Yates County, New York and the existing improvements located thereon (collectively the "Land"); (ii) the construction and equipping on the Land of a portion of the Company's 78.3 mile 24-inch diameter natural gas pipeline beginning in Victor, New York and traversing the Finger Lakes region through the counties of Genesee, Ontario, Yates, Schuyler, Chemung and Steuben, and terminating in Corning, New York (hereinafter referred to collectively as the "Improvements"); and (iii) the acquisition in and around the Improvements of certain items of equipment and other tangible personal property including pipes, valves, meters, fittings, and compressors (the "Equipment") and, collectively with the Land and the Improvements, the "Facility"; all in furtherance of providing natural gas service to users located or locating at or in areas surrounding the Land in said Counties.

The Agency is considering whether to undertake the Project and to provide financial assistance (the "Financial Assistance") with respect to the Project in the form of: (i) the financing of the Project and certain necessary and incidental expenditures in connection therewith through a straight lease transaction within the meaning of Section 854(16) of New York General Municipal Law, pursuant to

which the Agency shall take and hold title to the Land (or an interest therein), the existing improvements, improvements and equipment for a period of time and sell or lease the same back to the Company (the "Straight Lease"); (ii) an exemption from New York 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, renovation or equipping of the Facility; (iii) the grant of one or more mortgage liens on the Land (or such interest therein as is conveyed to the Agency) and the Improvements (the "Mortgages") to secure the indebtedness incurred by or for the benefit of the Company in connection with the Project, which Mortgages would be exempt from all mortgage recording taxes imposed by the State and any political subdivision thereof; and (iv) the retention of fee title to or a leasehold interest in the Facility by the Agency for a period of time so as to enable the Agency and the Company to enter into one or more agreements regarding payments in lieu of real property taxes, pursuant to which the Company would make payments in lieu of real property taxes to each municipality and school district having taxing jurisdiction over the Facility (collectively, the "Affected Taxing Jurisdictions").

The Agency will at said time and place provide a reasonable opportunity to all interested persons to present their views, either orally or in writing, on the nature and location of the proposed Facility and the proposed Financial Assistance to be provided the Company in connection with the Project.

This public hearing is being conducted in accordance with subdivision 2 of Section 859-a of the New York General Municipal Law.

DATED: February 14, 2007
YATES COUNTY

INDUSTRIAL
DEVELOPMENT AGENCY
By: Executive Director
LE04628-07PN1

YC 1DA

Proof of Publication
Dundee Observer
State of New York, County of Yates s.s

George Lawson
Or
Debbie Lawson

Debbie Lawson.

Of Dundee, Yates County, being sworn doth depose and say that he/she is an Officer of THE OBSERVER, a public newspaper published in said County, and that the notice, of which the annexed is a printed copy cut from said newspaper, was printed and published in the regular editions and issues of said newspaper 1 weeks, commencing on 2/14/07 and ending on 2/14/07.

Debbie Lawson Subscribed and sworn to before me this
20th day of FEB. 2007 Notary Public Linda M. Bailey

LINDA M. BAILEY
NOTARY PUBLIC #4904601
STATE OF NY, CO. OF SCHUYLER
COMMISSION EXPIRES SEPT. 8, 2009

Main Street bridge in Penn Yan, is cold enough to produce hypothermia in minutes. impacts of use, particularly by underage drinkers, as well as Audience member Herb Snyder said, "I'm passionate

through the Finger Lakes Council on Alcoholism said fund from the grant will be used exclusively to advertise issue related to underage drinking. A media campaign which will include a poster contest for Penn Yan Academy students in grades eight through 12 is part of the program. The first state grant focused on the issue was limited to targeting on school district, but the project will be expanded to all county schools in its next phase.

LEGAL NOTICES

LEGAL NOTICES

LEGAL NOTICES

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing will be held by the Yates County Industrial Development Agency (the "Agency") at the following places and times:

- (i) on Friday, March 16, 2007, at 9:00 a.m. at the Benton Town Hall, 1000 Route 14A, Penn Yan, New York 14527;
- (ii) on Friday, March 16, 2007, at 11:00 a.m. at the Torrey Town Hall, 56 Geneva Street, Dresden, New York 14441;
- (iii) on Friday, March 16, 2007, at 1:00 p.m. at the Milo-Town Hall, 137 Main Street, Penn Yan, New York 14527;
- (iv) on Friday, March 16, 2007, at 3:00 p.m. at the Barrington Town Hall, 4424 Old Bath Road, Penn Yan, New York 14527; and
- (v) on Friday, March 16, 2007, at 5:00 p.m. at the Starkey Town Hall, 40 Seneca Street, Dundee, New York 14837; each in connection with the following matter:

EMPIRE STATE PIPELINE/EMPIRE PIPELINE, INC. (the "Company") has submitted an application (the "Application") to the Agency requesting the Agency's assistance with a certain project (the "Project") consisting of: (i) the acquisition by the Agency of fee title to or a leasehold or other interest in certain properties located in the Towns of Benton, Milo and Barrington in Yates County, New York and the existing improvements located thereon (collectively the "Land"), (ii) the construction and equipping on the Land of a portion of the Company's 78.3 mile 24-inch diameter natural gas pipeline beginning in Victor, New York and traversing the Finger Lakes region through the counties of Genesee, Ontario, Yates, Schuyler, Chemung and Steuben, and terminating in Corning, New York (hereinafter referred to collectively as the "Improvements"), and (iii) the acquisition in and around the Improvements of certain items of equipment and other tangible personal property including pipes, valves, meters, fittings, and compressors (the "Equipment" and, collectively with the Land and the Improvements, the "Facility"); all in furtherance of providing natural gas service to users located or locating at or in areas surrounding the Land in said Counties.

The Agency is considering whether to undertake the Project and to provide financial assistance (the "Financial Assistance") with respect to the Project in the form of: (1) the financing of the Project and certain necessary and incidental expenditures in connection therewith through a straight lease transaction within the meaning of Section 854(15) of New York General Municipal Law, pursuant to which the Agency shall take and hold title to the Land (or an interest therein), the Existing Improvements, Improvements and Equipment for a period of time and sell or lease the same back to the Company (the "Straight Lease"), (ii) an exemption from New York 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, renovation or equipping of the Facility, (iii) the grant of one or more mortgage liens on the Land (or such interest therein as is conveyed to the Agency) and the Improvements (the "Mortgages") to secure the indebtedness incurred by or for the benefit of the Company in connection with the Project, which Mortgages would be exempt from all mortgage recording taxes imposed by the State and any political subdivision thereof, and (iv) the retention of fee title to or a leasehold interest in the Facility by the Agency for a period of time so as to enable the Agency and the Company to enter into one or more agreements regarding payments in lieu of real property taxes, pursuant to which the Company would make payments in lieu of real property taxes to each municipality and school district having taxing jurisdiction over the Facility (collectively, the "Affected Taxing Jurisdictions").

The Agency will at said time and place provide a reasonable opportunity to all interested persons to present their views, either orally or in writing, on the nature and location of the proposed Facility and the proposed Financial Assistance to be provided the Company in connection with the Project.

This public hearing is being conducted in accordance with subdivision 2 of Section 859-a of the New York General Municipal Law.

DATED: February 14, 2007

YATES COUNTY INDUSTRIAL
DEVELOPMENT AGENCY.

By: Executive Director



Providing Survey Services For The
Southern Finger Lakes Area For Over 25 Years

- No Project Too Large or Small
- Using State Of The Art Equipment-Including GPS
- Boundaries • Topography & Site Surveys
- Aerial Photo-Control
- Sub-Divisions • Pipeline Consultation & Layout

607-243-7770

www.hallettsurvey.com
8 Water Street • Dundee, NY 14837

MACHINERY CONSIGNMENT AUCTION

SATURDAY, MARCH 10, 2007 @ 9:15 AM

FINGER LAKES PRODUCE AUCTION, INC.

3691 STATE RTE. 14A (Dundee-Penn Yan Road)

PENN YAN (YATES CO.) NEW YORK

This established auction place is advertised, managed and scheduled to allow the greatest net return to the seller!

Accepting consignments of farm machinery, light construction, lawn and garden utility trailers, recreational vehicles.

Wed.-Thurs.-Fri. March 7, 8, 9 from 9:00 am to 4:00 pm.

(NOTE: Regular Hay Auction on Fri., March 9 at 11:00 am.

Larger Indoor Produce Auction with much more than usual of fresh produce and citrus on Friday starting at 9:30 am **INDOORS!**

To **ADVERTISE** your items contact us **BEFORE FEBRUARY 25!**

Aaron Martin 315-536-7000

Edwin Zimmerman 315-536-6252

Ivan Zimmerman 315-536-4543

Jim Pirrung 585-728-2520

Auction Sponsored By
Finger Lakes Produce Auction, Inc.
Sale Managed By
Pirrung Auctioneers, Inc.

AFFIDAVIT OF MAILING

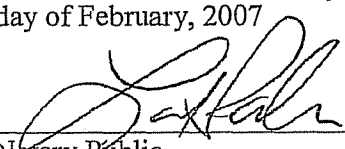
STATE OF NEW YORK)
COUNTY OF MONROE) ss.:

MARIE BRAY, being duly sworn, deposes and says that she resides in Pittsford, New York, that she is over the age of eighteen years and is a paralegal in the law firm of Harris Beach PLLC. That on the 14th day of February, 2007, before 5:30 p.m., at the County of Monroe and State of New York, deponent served a copy of the attached, addressed to the address designated by a person for that purpose, by depositing a true copy thereof, properly and securely enclosed in a sealed wrapper, with full postage prepaid thereon, in a U.S. Postal depository maintained under the exclusive care and custody of the United States Postal Service within the state, directed to each of the persons on the attached list.



MARIE BRAY

Sworn to before me this 14th
day of February, 2007



Notary Public

LORI A. PALMER
Notary Public, State of New York
Qualified in Monroe County
Commission Expires May 31, 2007

AFFECTED TAX JURISDICTION OFFICIALS

Yates County

Yates County Legislature
Attn.: Chairman
417 Liberty Street
Penn Yan, New York 14527

Yates County Real Property Tax Dept.
Attn.: Director
417 Liberty Street
Penn Yan, New York 14527

County Treasurer
417 Liberty Street
Penn Yan, New York 14527

County Administrator
417 Liberty Street
Penn Yan, New York 14527

Town of Benton

Town Supervisor
Benton Town Hall
1000 Route 14A
Penn Yan, New York 14527

Town Assessor
Benton Town Hall
1000 Route 14A
Penn Yan, New York 14527

Town of Torrey

Town Supervisor
Torrey Town Hall
56 Geneva Street
Dresden, New York 14441

Town Assessor
1000 Route 14A
Penn Yan, New York 14527

Town of Milo

Town Supervisor
Milo Town Hall
137 Main Street
Penn Yan, New York 14527

Town Assessor
Milo Town Hall
137 Main Street
Penn Yan, New York 14527

Town of Barrington

Town Supervisor
Barrington Town Hall
4424 Old Bath Road
Penn Yan, New York 14527

Town Assessor
40 Seneca Street
Dundee, New York 14837

Town of Starkey

Town Supervisor
Starkey Town Hall
40 Seneca Street
Dundee, New York 14837

Town Assessor
40 Seneca Street
Dundee, New York 14837

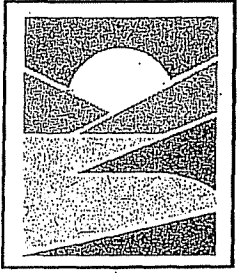
School Districts

Penn Yan Central School District
Attention: Superintendent
One School Drive
Penn Yan, New York 14527

Penn Yan Central School District
Attention: Board President
One School Drive
Penn Yan, New York 14527

Dundee Central School District
Attention: Superintendent
55 Water Street
Dundee, New York 14837

Dundee Central School District
Attention: Board President
55 Water Street
Dundee, New York 14837



Yates County . . . More Finger Lakes Advantages

NOTICE LETTER

February 14, 2007

Re: Empire State Pipeline - Public Hearing

To All on the Attached Distribution List:

The Yates County Industrial Development Agency will conduct public hearings on Friday, March 16, 2007 at the following times and places regarding the above-referenced project:

(i) at 9:00 a.m. at the Benton Town Hall, 1000 Route 14A, Penn Yan, New York 14527;

(ii) at 11:00 a.m. at the Torrey Town Hall, 56 Geneva Street, Dresden, New York 14441;

(iii) at 1:00 p.m. at the Milo Town Hall, 137 Main Street, Penn Yan, New York 14527;

(iv) at 3:00 p.m. at the Barrington Town Hall, 4424 Old Bath Road, Penn Yan, New York 14527; and

(v) at 5:00 p.m. at the Starkey Town Hall, 40 Seneca Street, Dundee, New York 14837.

Attached is a copy of the Notice of Public Hearing describing the project and the financial assistance contemplated by the Agency. The Notice has been submitted to *The Chronicle-Express* and *The Observer* for publication.

You are welcome to attend such hearing at which time you will have an opportunity to review the project application and present your views, both orally and in writing, with respect to the project. We are providing this notice to you, pursuant to General Municipal Law Section 859-(a), as the chief executive officer of an affected tax jurisdiction within which the project is located.

Very truly yours,

YATES COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: Executive Director



Yates County Industrial Development Agency
One Keuka Business Park, Penn Yan, NY 14527
(315) 536-7328 Fax (315) 536-2389



AFFECTED TAX JURISDICTION OFFICIALS

Yates County

Yates County Legislature
Attn.: Chairman
417 Liberty Street
Penn Yan, New York 14527

Yates County Real Property Tax Dept.
Attn.: Director
417 Liberty Street
Penn Yan, New York 14527

County Treasurer
417 Liberty Street
Penn Yan, New York 14527

County Administrator
417 Liberty Street
Penn Yan, New York 14527

Town of Benton

Town Supervisor
Benton Town Hall
1000 Route 14A
Penn Yan, New York 14527

Town Assessor
Benton Town Hall
1000 Route 14A
Penn Yan, New York 14527

Town of Torrey

Town Supervisor
Torrey Town Hall
56 Geneva Street
Dresden, New York 14441

Town Assessor
1000 Route 14A
Penn Yan, New York 14527

Town of Milo

Town Supervisor
Milo Town Hall
137 Main Street
Penn Yan, New York 14527

Town Assessor
Milo Town Hall
137 Main Street
Penn Yan, New York 14527

Town of Barrington

Town Supervisor
Barrington Town Hall
4424 Old Bath Road
Penn Yan, New York 14527

Town Assessor
40 Seneca Street
Dundee, New York 14837

Town of Starkey

Town Supervisor
Starkey Town Hall
40 Seneca Street
Dundee, New York 14837

Town Assessor
40 Seneca Street
Dundee, New York 14837

School Districts

Penn Yan Central School District
Attention: Superintendent
One School Drive
Penn Yan, New York 14527

Penn Yan Central School District
Attention: Board President
One School Drive
Penn Yan, New York 14527

Dundee Central School District
Attention: Superintendent
55 Water Street
Dundee, New York 14837

Dundee Central School District
Attention: Board President
55 Water Street
Dundee, New York 14837

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing will be held by the Yates County Industrial Development Agency (the "Agency") at the following places and times:

(i) on Friday, March 16, 2007, at 9:00 a.m. at the Benton Town Hall, 1000 Route 14A, Penn Yan, New York 14527;

(ii) on Friday, March 16, 2007, at 11:00 a.m. at the Torrey Town Hall, 56 Geneva Street, Dresden, New York 14441;

(iii) on Friday, March 16, 2007, at 1:00 p.m. at the Milo Town Hall, 137 Main Street, Penn Yan, New York 14527;

(iv) on Friday, March 16, 2007, at 3:00 p.m. at the Barrington Town Hall, 4424 Old Bath Road, Penn Yan, New York 14527; and

(v) on Friday, March 16, 2007, at 5:00 p.m. at the Starkey Town Hall, 40 Seneca Street, Dundee, New York 14837; each in connection with the following matter:

EMPIRE STATE PIPELINE/EMPIRE PIPELINE, INC. (the "Company") has submitted an application (the "Application") to the Agency requesting the Agency's assistance with a certain project (the "Project") consisting of: (i) the acquisition by the Agency of fee title to or a leasehold or other interest in certain properties located in the Towns of Benton, Milo and Barrington in Yates County, New York and the existing improvements located thereon (collectively the "Land"), (ii) the construction and equipping on the Land of a portion of the Company's 78.3 mile 24-inch diameter natural gas pipeline beginning in Victor, New York and traversing the Finger Lakes region through the counties of Genesee, Ontario, Yates, Schuyler, Chemung and Steuben, and terminating in Corning, New York (hereinafter referred to collectively as the "Improvements"), and (iii) the acquisition in and around the Improvements of certain items of equipment and other tangible personal property including pipes, valves, meters, fittings, and compressors (the "Equipment" and, collectively with the Land and the Improvements, the "Facility"); all in furtherance of providing natural gas service to users located or locating at or in areas surrounding the Land in said Counties.

The Agency is considering whether to undertake the Project and to provide financial assistance (the "Financial Assistance") with respect to the Project in the form of: (1) the financing of the Project and certain necessary and incidental expenditures in connection therewith through a straight lease transaction within the meaning of Section 854(15) of New York General Municipal Law, pursuant to which the Agency shall take and hold title to the Land (or an interest therein), the Existing Improvements, Improvements and Equipment for a period of time and sell or lease the same back to the Company (the "Straight Lease"), (ii) an exemption from New York 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, renovation or equipping of the Facility, (iii) the grant of one or more mortgage liens on the Land (or such interest therein as is conveyed to the Agency) and the Improvements (the "Mortgages") to secure

the indebtedness incurred by or for the benefit of the Company in connection with the Project, which Mortgages would be exempt from all mortgage recording taxes imposed by the State and any political subdivision thereof), and (iv) the retention of fee title to or a leasehold interest in the Facility by the Agency for a period of time so as to enable the Agency and the Company to enter into one or more agreements regarding payments in lieu of real property taxes, pursuant to which the Company would make payments in lieu of real property taxes to each municipality and school district having taxing jurisdiction over the Facility (collectively, the "Affected Taxing Jurisdictions").

The Agency will at said time and place provide a reasonable opportunity to all interested persons to present their views, either orally or in writing, on the nature and location of the proposed Facility and the proposed Financial Assistance to be provided the Company in connection with the Project.

This public hearing is being conducted in accordance with subdivision 2 of Section 859-a of the New York General Municipal Law.

DATED: February 14, 2007

YATES COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: Executive Director

YATES COUNTY INDUSTRIAL DEVELOPMENT AGENCY

One Keuka Business Park

Penn Yan, NY 14527

Public Hearing - 2007 Empire Pipeline Project

Friday, March 16, 2007

Location: TOWN OF BENTONTime: 9:00 AM

Attendance List - Sign In Please

Name	Address
BOB CLARK Town Supervisor	
ALAN TOWN	
Steen Quackelbush	
Darryl E. Dilyea	Penn Yan
Michael Caldwell	Penn Yan
Carvin Stauffer	Penn Yan
FRED EDWICK	Penn Yan
DAVID K INGRAM	Penn Yan
Roger K Jensen	Benton Center
Timothy Dennis	Penn Yan
Karen Hudson	Penn Yan
By Chubert	Penn Yan
Bob Maise	Penn Yan
Daniel H. Nite	Penn Yan

Penn Yan, NY 14527

Friday, March 16, 2007

Time: 1:03 PM

[illegible]

YATES COUNTY INDUSTRIAL DEVELOPMENT AGENCY

One Keuka Business Park

Penn Yan, NY 14527

Public Hearing – 2007 Empire Pipeline Project

Friday, March 16, 2007

Location: TOWN OF BARRINGTON

Time: 3:00 PM

Attendance List - Sign In Please

[illegible]

YATES COUNTY INDUSTRIAL DEVELOPMENT AGENCY

One Keuka Business Park

Penn Yan, NY 14527

Public Hearing – 2007 Empire Pipeline Project

Friday, March 16, 2007

Location:

TOWN OF STARKEY

Time:

5:00 PM

Attendance List - Sign In Please

[illegible]