

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

INDUCEMENT RESOLUTION

GENERAL MOTORS LLC

The Annual Meeting of the Erie County Industrial Development Agency was convened on Monday, April 12, 2010 at 9:15 a.m.

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

RESOLUTION OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY: (i) ACCEPTING THE APPLICATION OF GENERAL MOTORS LLC (THE "COMPANY") IN CONNECTION WITH A CERTAIN PROJECT DESCRIBED BELOW; (ii) RATIFYING THE SCHEDULING, NOTICING, AND CONDUCTING OF A PUBLIC HEARING IN CONNECTION WITH THE PROJECT; (iii) MAKING A DETERMINATION PURSUANT TO THE STATE ENVIRONMENTAL QUALITY REVIEW ACT; (iv) APPOINTING THE COMPANY, OR ITS DESIGNEE, AS ITS AGENT TO UNDERTAKE THE PROJECT; (v) AUTHORIZING THE UNDERTAKING OF THE PROJECT TO PROVIDE FINANCIAL ASSISTANCE TO THE COMPANY IN THE FORM OF (A) A SALES TAX EXEMPTION FOR PURCHASES AND RENTALS RELATED TO THE ACQUISITION, CONSTRUCTION AND/OR RENOVATION AND EQUIPPING OF THE PROJECT, AND (B) A PARTIAL REAL PROPERTY TAX ABATEMENT THROUGH A PAYMENT-IN-LIEU-OF-TAX AGREEMENT, AND (C) A MORTGAGE RECORDING TAX EXEMPTION FOR FINANCING RELATED TO THE PROJECT; AND (vi) AUTHORIZING THE NEGOTIATION AND EXECUTION OF A LEASE AGREEMENT, LEASEBACK AGREEMENT, PAYMENT-IN-LIEU-OF-TAX AGREEMENT AND RELATED DOCUMENTS

WHEREAS, by Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 293 of the Laws of 1970 of the State of New York, as amended (collectively, the "Act"), the ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (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, commercial and other facilities as authorized by the Act; and

WHEREAS, GENERAL MOTORS LLC, for itself or on behalf of an entity formed or to be formed (the "Company") has submitted an application to the Agency (the "Application") requesting the Agency's assistance with a certain project (the "Project") consisting of: (i) the acquisition of or retention of title to or a leasehold interest in a parcel(s) of land located at 2995 - 2999 River Road in the Town of Tonawanda, Erie County, New York (the "Land") together with the existing improvements thereon (the "Existing Improvements"), (ii) the construction and/or renovation, expansion, upgrading and equipping of the Existing Improvements of up to an approximately 909,000 square foot modification for the production of engines (collectively, the

“Improvements”), and (iii) the acquisition and installation by the Company of certain items of machinery, equipment and other tangible personal property (the “Equipment,” and collectively with the Land, the Existing Improvements and the Improvements, the “Facility”); and

WHEREAS, on or about May 1, 1997, the Agency acquired title to an approximately 150,000 square foot building located at River Road, Tonawanda, New York, and related site improvements and certain machinery and equipment (collectively, the “Plant 1 Addition”) and leased the Plant 1 Addition to the Company pursuant to an Agency Lease Agreement dated as of May 1, 1997; and

WHEREAS, the Plant 1 Addition is currently subject to a PILOT Agreement (the “1997 PILOT Agreement”) that terminates in Town and County Tax Fiscal Year 2012 and School Tax Fiscal Year 2011-2012; and

WHEREAS, on or about April 29, 2002, the Agency acquired title to an approximate 12.4 acre parcel of land located at River Road, Tonawanda, New York and leased same to the Company pursuant to an Agency Lease Agreement dated as of April 1, 2002 which provided for the construction of buildings aggregating approximately 650,000 square feet, the renovation of existing structures and related site improvements and the acquisition and installation of machinery and equipment (collectively, the “Plant 5 Facility”); and

WHEREAS, the Plant 5 Facility is currently subject to a PILOT Agreement (the “2007 PILOT Agreement”) that terminates in Town and County Tax Fiscal Year 2032 and School Tax Fiscal Year 2031-2032; and

WHEREAS, the Project as described above shall be undertaken in two phases, with the first phase consisting of the acquisition and installation by the Company of certain items of machinery, equipment, and other tangible personal property within the Plant 5 Facility (the “Phase I Project”) and the second phase consisting of the acquisition and installation by the Company of certain items of machinery, equipment, and other tangible personal property within Plant 1 (the “Phase 2 Project”); and

WHEREAS, the Company has communicated with the Kenmore-Town of Tonawanda Union Free School District that it intends to explore in good faith a career and education program with potential Qualified Zone Academy Bonds with no financial commitment to the Company.

WHEREAS, based upon the Application, the Company has made its Application to the Agency as a Project qualifying under the Agency’s Uniform Tax Exemption Policy; 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: (1) an exemption from all state and local sales and use taxes with respect to the qualifying personal property included in or incorporated into the Facility or used in the acquisition, construction, renovation or equipping of the Facility, (2) the grant of one or more mortgage liens on the Agency’s interest in the Facility (the “Mortgages”) to secure 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 in the State, and (3) the acquisition of or retention of title to or a leasehold interest in the Facility by the Agency for a period of time so as to enable the

Company to enter into an agreement with the Agency regarding payments in lieu of real property taxes (the "PILOT Agreement") for the benefit of each municipality and school district having taxing jurisdiction over the Project; and

WHEREAS, it is contemplated that the Agency will (i) designate the Company as its agent for the purpose of acquiring, constructing and/or renovating and equipping the Facility pursuant to an agent agreement (the "Agent Agreement"), (ii) negotiate and enter into a lease agreement (the "Lease Agreement") and related leaseback agreement (the "Leaseback Agreement") with the Company, pursuant to which the Agency will retain a leasehold interest in the Land, the Improvements, the Equipment and personal property constituting the Facility; and (iii) provide financial assistance to the Company in the form of (a) an exemption from all New York State and local sales and use taxes with respect to the qualifying personal property included in or incorporated into the Facility or used in the acquisition, construction, reconstruction and/or renovation, rehabilitation or equipping of the Facility, (b) a partial real property tax abatement through the PILOT Agreement (if necessary) for the benefit of each municipality and school district having taxing jurisdiction over the Project, and (c) a mortgage recording tax exemption for the financing related to the Project (collectively, the sales and use tax exemptions, the PILOT Agreement and the mortgage recording tax exemption are hereinafter collectively referred to as the "Financial Assistance"); and

WHEREAS, pursuant to and in accordance with applicable provisions of the State Environmental Quality Review Act ("SEQR"), the Company has submitted to the Agency an Environmental Assessment Form (the "EAF") with respect to the Project; and

WHEREAS, the Company has requested that the Agency deviate from the guidelines and policies with respect to the Project PILOT Agreement under the Agency's Uniform Tax Exemption Policy (the "Policy") for the Project by specifically requesting the Agency, upon implementation of the Phase 2 Project, to: (i) extend the coverage of the existing 1997 PILOT Agreement affecting the Plant 1 Addition to also include Plant 1 itself; and (ii) extend the terms of the 1997 PILOT Agreement now so affecting the Plant 1 Addition and Plant 1 through Town and County Tax year 2032 and School Tax year 2031-2032 at the existing 50% abatement level; and

WHEREAS, Notice Letters detailing the proposed deviation (the "Notice of Deviation") were mailed or delivered to the chief executive officers of each Affected Tax Jurisdiction and to IDAs in Erie County on April 8, 2010; and

WHEREAS, both prior to and after delivery of the Notice of Deviation, the Agency, the Company, and the Affected Tax Jurisdictions met on several occasions to discuss and analyze the proposed deviation request; and

WHEREAS, pursuant to General Municipal Law Section 859-a, on April 8, 2010 at the Tonawanda Municipal Building at 2919 Delaware Avenue, Kenmore, NY 14217, the Agency held a public hearing with respect to the Project and the proposed financial assistance being contemplated by the Agency (the "Public Hearing") whereat interested parties were provided a reasonable opportunity, both orally and in writing, to present their views; and

WHEREAS, pursuant to Article 18-A of the Act, the Agency desires to adopt a resolution describing the Project and the Financial Assistance that the Agency is contemplating with respect to the Project.

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

Section 1. The Company has presented an application in a form acceptable to the Agency. Based upon the representations made by the Company to the Agency in the Company's application and any other correspondence submitted by the Company to the Agency, 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 its agent for purposes of acquiring, constructing and/or renovating and equipping the Project; and

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

(D) The action to be taken by the Agency will induce the Company to develop the Project, will preserve the competitive position of the Company in the automotive industry, will be an important factor for the economic viability of the Facility, will preserve and create jobs at the Facility, and will otherwise contribute to the economic health thereby increasing and/or retaining employment opportunities in Erie County, New York and otherwise further the purposes of the Agency as set forth in the Act; and

(E) The Project will not result in the removal of a civic, commercial, industrial, or manufacturing plant of the Company or any other proposed occupant of the Project from one area of the State of New York (the "State") to another area of the State or result in the abandonment of one or more facilities or plants of the Company or any other proposed occupant of the Project located within the State; and the Agency hereby finds that, based on the Company's application, to the extent occupants are relocating from one facility or plant to another, the Project is reasonably necessary to discourage the Project occupants from removing such other facility or plant to a location outside the State and/or is reasonably necessary to preserve the competitive position of the Project occupants in their respective industries; and

(F) The Project involves an "Unlisted Action" as said term is defined pursuant to 6 N.Y.C.R.R. Section 617.2(ak) of the SEQR regulations. The Agency has conducted an uncoordinated review of the Project pursuant to 6 N.Y.C.R.R. Section 617.6(b)(4)(i). Based upon a comprehensive and thorough review by the Agency of the EAF and related documents delivered by the Company to the Agency, the criteria set forth in 6 N.Y.C.R.R. Section 617.7 of the SEQR regulations, and the additional representations made by the Company to the Agency in connection with the Project, the Agency hereby finds that the Project will not have a potential significant adverse environmental impact warranting the preparation of an environmental impact

statement. The Agency thus issues a "negative declaration" as that term is defined pursuant 6 N.Y.C.R.R. Section 617.2(y).

Section 2. The Agency hereby approves the provision of Financial Assistance with respect to the Project and specifically, with respect to the Phase 2 Project deviation request in order to assist the Company in updating and renovating the Facility, to facilitate the proposed investment in the Phase 2 Project to ensure that the Facility can remain competitive with alternative sites being considered for the same investment by the Company, and because the proposed Project will promote employment opportunities and will provide stability for the Company and the taxing jurisdictions. In the event that the Phase 2 Project is implemented and undertaken by the Company as so contemplated, if Plant 1 is thereafter abandoned or employment numbers with respect to the Phase 2 Project are substantially reduced, the Agency maintains the right to cease the PILOT benefits associated with the Phase 2 Project PILOT agreement deviation requested herein so approved of.

Section 3. In the event that the Project results in the hiring of non-management employees not covered by collective bargaining agreements or other contractual or legal requirements, then the Company will use reasonable efforts to give preference to qualified residents of the Town of Tonawanda.

Section 4. Subject to the Company executing an Agent 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 acquisition, construction and equipping of the Project and hereby appoints the Company as the true and lawful agent of the Agency: (i) to acquire, construct and/or renovate 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 Agent Agreement, if utilized, shall expire one year from the date of this resolution (unless extended for good cause by the Chairman, the Vice Chairman, the Chief Executive Officer, the Chief Operating Officer, the Assistant Treasurer, the Treasurer and/or the Chief Financial Officer).

Section 5. Subject to the terms of this Inducement Resolution, the Chairman, the Vice Chairman, the Chief Executive Officer, the Chief Operating Officer, the Assistant Treasurer, the Treasurer and/or the Chief Financial Officer, are hereby authorized, on behalf of the Agency, to negotiate, execute and deliver (A) the Lease Agreement whereby the Company leases the Project to the Agency, (B) the related Leaseback Agreement conveying the Land and Project back to the Company, and (C) the PILOT Agreement (if necessary) and related documents; provided, however, that (i) the rental payments under the Leaseback Agreement to the Company include payments of all costs incurred by the Agency arising out of or related to the Project and indemnification of the Agency by the Company for actions taken by the Company and/or claims arising out of or related to the Project; and (ii) the terms of the PILOT Agreement are consistent with the Agency's Uniform Tax Exemption Policy, or procedures for deviation have been complied with accordingly.

Section 6. Subject to the terms of this Inducement Resolution, the Chairman, the Vice Chairman, the Chief Executive Officer, the Chief Operating Officer, the Assistant Treasurer, the Treasurer and/or the Chief Financial Officer, are hereby authorized, on behalf of the Agency, to negotiate, 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, acquire the Facility and/or finance or refinance acquisition and Project costs or equipment and other personal property and related transactional costs (hereinafter, with the Lease Agreement, Leaseback Agreement, PILOT Agreement (if necessary) and related documents, collectively called the "Agency Documents"); and, where appropriate, the Secretary or the 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, the Vice Chairman, the Chief Executive Officer, the Chief Operating Officer, the Assistant Treasurer, the Treasurer and/or the Chief Financial Officer of the Agency shall approve, the execution thereof by the Chairman, the Vice Chairman, the Chief Executive Officer, the Chief Operating Officer, the Assistant Treasurer, the Treasurer and/or the Chief Financial Officer of the Agency to 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 7. 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 negotiate, 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 8. The provision by the Agency of Financial Assistance with respect to the Project as described herein is subject to the execution and delivery of the Agency's Administrative Fee Agreement (the "Fee Agreement") and payment by the Company of an administrative fee calculated in accordance with the Fee Agreement, all within sixty (60) days of the date of this resolution. In the event the Agency has not received the executed Fee Agreement and the appropriate fee within such sixty (60) day period, this resolution shall become automatically null and void and of no further effect and the Agency shall have no liability to the Company hereunder or otherwise, unless extended in the discretion of the Chairman, the Vice Chairman, the Chief Executive Officer, the Chief Operating Officer, the Assistant Treasurer, the Treasurer and/or the Chief Financial Officer for good cause shown.

Section 9. This resolution shall take effect immediately and shall expire one year from the date hereof unless extended for good cause by the Chairman, the Vice Chairman, the Chief Executive Officer, the Chief Operating Officer, the Assistant Treasurer, the Treasurer and/or the Chief Financial Officer.

Dated: April 12, 2010

STATE OF NEW YORK)
COUNTY OF ERIE) SS:

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

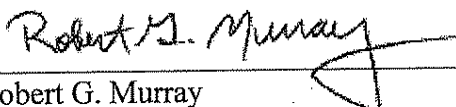
That I have compared the annexed extract of minutes of the meeting of the Erie County Industrial Development Agency (the "Agency"), including the resolution contained therein, held on April 12, 2010 with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings 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 the 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 affixed the seal of the Agency on this April 12, 2010.



Robert G. Murray
Assistant Secretary

[SEAL]