



**Economic
Development Center
NOTICE LETTER**

February 10, 2007

Re: Empire State Pipeline - Public Hearing

Ladies and Gentlemen:

On Tuesday, March 13, 2007, at 4:00 p.m. local time, at the Oakfield Town Hall, 3219 Drake Street, Oakfield, New York 14125, the Genesee County Industrial Development Agency d/b/a Genesee County Economic Development Center (the "Agency") will conduct a public hearing regarding the above-referenced project. 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 Daily News* 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,

GENESEE COUNTY INDUSTRIAL
DEVELOPMENT AGENCY D/B/A
GENESEE COUNTY ECONOMIC
DEVELOPMENT CENTER

TAXING JURISDICTIONS

Genesee County Legislature
Attn.: Chair
7 Main Street
Batavia, New York 14020

Director of Real Property Tax Services
Genesee County
15 Main Street
Batavia, New York 14020

Genesee County Manager
Genesee County Courthouse
7 Main Street
Batavia, New York 14020

Superintendent
Oakfield-Alabama Central School District
7001 Lewiston Road
Oakfield, New York 14125

Town Supervisor
Oakfield Town Hall
3219 Drake Street
Oakfield, New York 14125

Town Assessor
Oakfield Town Hall
3219 Drake Street
Oakfield, New York 14125

President of the Board
Oakfield-Alabama Central School District
7001 Lewiston Road
Oakfield, New York 14125

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing pursuant to Article 18-A of the New York General Municipal Law will be held by the Genesee County Industrial Development Agency d/b/a Genesee County Economic Development Center (the "Agency") on the 13th day of March, 2007, at 4:00 p.m. local time, at Oakfield Town Hall, 3219 Drake Street, Oakfield, New York 14125, 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 property located at 3261 Lockport Road, Oakfield, and certain other properties located throughout Genesee County, New York and the existing improvements located thereon (collectively the "Land"), (ii) the construction and equipping on the Land of (1) a 20,620 horsepower compressor station and (2) 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 (the compressor station and the portion of such gas pipeline located in Genesee County, 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 10, 2007

GENESEE COUNTY INDUSTRIAL
DEVELOPMENT AGENCY d/b/a
GENESEE COUNTY ECONOMIC
DEVELOPMENT CENTER