

SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

AND

FINGER LAKES RAILWAY CORP.

PAYMENT IN-LIEU-OF-TAX AGREEMENT

**Railway Properties
Towns of Dix and Reading and the Village of Watkins Glen**

**Tax Map Numbers:
43.00-1-44, 65.09-1-80 and 65.14-2-33**

Dated as of February 12, 2016

**Affected Tax Jurisdictions:
Schuyler County
Town of Dix
Town of Reading
Village of Watkins Glen
Watkins Glen Central School District**

PAYMENT IN-LIEU-OF-TAX AGREEMENT

THIS PAYMENT IN-LIEU-OF TAX AGREEMENT, dated as of February 12, 2016 (the "PILOT Agreement"), is by and between the **SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, a public benefit corporation duly existing under the laws of the State of New York with offices at 910 South Decatur Street, Watkins Glen, New York 14891 (the "Agency") and **FINGER LAKES RAILWAY CORP.**, a foreign business corporation of the State of Delaware and registered to conduct business within the State of New York with an address of P.O. Box 1099, Geneva, New York 14456 (the "Company").

WITNESSETH:

WHEREAS, the Agency was created by Chapter 21 of the Laws of 1971 of the State of New York pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York (collectively, the "Act"), as a body corporate and politic and as a public benefit corporation of the State of New York; and

WHEREAS, the Agency and Company previously undertook a certain project (herein, the "Project") consisting of the acquisition, operation and maintenance of the "Geneva Cluster" of rail lines located within Yates County, Schuyler County, Seneca County, Cayuga County, Onondaga County and Ontario County, such Project having been primarily undertaken pursuant to a certain Lease Agreement, dated as of July 21, 1995 (the "1995 Lease"), and as a "Railroad Facility" authorized and approved in 1995 by the New York State Department of Transportation ("NYSDOT") pursuant to and in accordance with Section 854(11) of the Act; and

WHEREAS, in connection with the Agency's approval of additional ten (10) year term for the Lease, which is contemplated within the Lease as a second renewal term subject to discretion of the Agency, the Agency and Company have entered into a certain Amended and Restated Lease Agreement (the "Agency Lease Agreement") whereby (i) the Company will continue to undertake the Project; (ii) the Agency reserved a leasehold interest in the Land and Improvements constituting the Facility (as each are defined within the 1995 Lease) pursuant to a Lease Agreement, dated as of the date hereof (the "Lease Agreement"), and (iii) the Agency leased its reserved interest in said Land, Improvements, and Facility back to the Company pursuant to the Agency Lease Agreement; and

WHEREAS, pursuant to Section 874(1) of the Act, the Agency is exempt from the payment of taxes imposed upon real property and improvements owned by it or under its jurisdiction, control or supervision, other than special ad valorem levies, special assessments and service charges against real property which are or may be imposed for special improvements or special district improvements; and

WHEREAS, in addition to the Agency Lease Agreement, the Agency and the Company deem it necessary and proper to enter into an agreement making provisions for payments in lieu of taxes by the Company to the Agency for the benefit of Schuyler County (the "County"), the Towns of Reading and Dix (the "Towns"), the Village of Watkins Glen (the "Village") and the

Watkins Glen Central School District (hereinafter the "School District" or "School" and, collectively with the County, Towns and Village, the "Affected Tax Jurisdictions"); and

NOW, THEREFORE, in consideration of the covenants herein contained, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is mutually agreed as follows:

Section I – Prior Exemption Continued; Payment in lieu of Ad Valorem Taxes:

Section 1.1 A. The parties acknowledge and agree that the Facility has been exempt from Real Property taxes (as defined below) due to the Agency's fee ownership of the Facility since July 21, 1995. Pursuant to a certain Quitclaim Deed from the Agency to the Company, dated as of the date hereof, the Agency retained a leasehold interest in the Facility as memorialized within the Lease Agreement. Therefore, the Facility shall remain exempt from Real Property Taxes for the term of the Agency Lease Agreement. For information purposes, and prior to the taxable status date of **March 1, 2016** (the "Taxable Status Date"), the Agency shall file New York State Form RP-412-a Application For Real Property Tax Exemption (the "Exemption Application") under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act to the appropriate assessors to advise regarding the Agency Lease Agreement and this Agreement. The Facility shall continue to be prospectively exempt from Real Estate Taxes. For purposes of the foregoing "Real Estate Taxes" means all general levy real estate taxes levied against the Facility by and County, City, Town, Village and School District. The Company shall provide the Agency with the information necessary for the completion and filing of the Exemption Application and shall provide such additional information and take such actions as are required by the appropriate assessors to process and approve the Exemption Application. Notwithstanding anything contained herein or in the Agency Lease Agreement to the contrary, in the event the exemption from Real Estate Taxes is denied or revoked for any reason, the Company shall pay (and hereby agrees to pay) all Real Estate Taxes levied upon the Facility as they become due. After giving written notice to the Agency, the Company may in good faith contest the denial of the Exemption Application, provided that (i) the overall operating efficiency of the Facility is not impaired and the Facility continues to qualify as a "project" under the Act; (ii) neither the Facility nor any part of or interest in it would be in any danger of being sold, forfeited or lost; or (iii) neither the Company nor the Agency, as a result of such contest, shall be in any danger of any civil or criminal liability. The Company hereby waives any claim or cause of action against the Agency, and releases the Agency from any liability to the Company, arising from the denial of an exemption from Real Estate Taxes except to the extent that such denial results solely from the failure of the Agency to file the Exemption Application with the appropriate assessors or Board of Assessment Review by the Taxable Status Date.

B. Payee. As long as the Facility is owned by the Agency or under its jurisdiction, control or supervision, the Company agrees to pay annually to the Agency, on behalf of the Affected Tax Jurisdictions, as a payment in-lieu-of-taxes, on or before May 15 of each year, commencing on May 15, 2016 an amount equal to the Total PILOT Payment as described on Schedule A attached hereto.

The parties agree and acknowledge that payments made hereunder are to obtain revenues for public purposes, and to provide a revenue source that the Affected Tax Jurisdictions would otherwise lose because the subject parcels are not on the tax rolls.

1.2 Allocation. The Agency shall remit to the Affected Tax Jurisdictions amounts received hereunder, within thirty (30) days of receipt of said payment and shall allocate said payments among the Affected Tax Jurisdictions in the same proportion as ad valorem taxes would have been allocated but for the Agency's involvement, unless the Affected Tax Jurisdictions have consented in writing to a specific allocation.

1.3 Tax Rates. For purposes of determining the allocation of the Total PILOT Payment among the Affected Tax Jurisdictions, the Agency shall use the last tax rate utilized for levy of taxes by each such jurisdiction. For County, Town, and special district purposes, the tax rates used to determine the allocation of the Total PILOT Payment shall be the tax rates relating to the calendar year which includes the PILOT payment due date. For Village and School District purposes, the tax rates used to determine the PILOT payment shall be the rate relating to the Village and School fiscal year which includes the PILOT payment due date.

1.4 RESERVED

1.5 Period of Benefits. The tax benefits provided for herein should be deemed to include (i) the 2016 County and Town tax year through the 2024 County and Town tax year; (ii) the 2016-2017 School tax year through the 2024-2025 School tax year; and (iii) the 2016-2017 Village tax year through the 2024-2025 Village tax year. This PILOT Agreement shall expire on June 30, 2025; provided, however, the Company shall pay the 2025 County and Town tax bills and the 2025-2026 School and Village tax bills on the dates and in the amounts as if the Agency were not in title on the tax status date with respect to said tax years; provided however, and to the extent permitted by law, that the Company shall receive as credits against such tax bills amounts equal to those portions of the 2025 PILOT payment made by the Company and received by the County, City, Town, School, or Village for each of said entities' tax year. In no event shall the Company be entitled to receive tax benefits relative to the Facility for more than the periods provided for herein, unless the period is extended by amendment to this Agreement executed by both parties after any applicable public hearings. The Company agrees that it will not seek any tax exemption for the Facility which could provide benefits for more than the periods provided for herein and specifically agrees that the exemptions provided for herein, to the extent actually received (based on the number of lease years elapsed), supersede and are in substitution of the exemptions provided by RPTL and any other applicable exemption program. It is hereby agreed and understood that the Affected Tax Jurisdictions can rely upon and enforce the above waiver to the same extent as if they were signatories hereto.

Section II - Special District Charges, Special Assessments, Interim Tax Bills and other charges.

2.1 Special district charges, special assessments, and special ad valorem levies ("Special District Charges", specifically including but not limited to any fire district charges or "curb charges"), including any pure water charges, public utility charges and sewer charges are to be paid in full by the Company in accordance with normal billing practices.

Section III - Transfer of Facility.

3.1 In the event that the Facility is transferred from the Agency to the Company (the Lease Agreement is terminated), and the Company is ineligible for a continued tax exemption under some other tax incentive program, or the exemption results in a payment to the Affected Tax Jurisdictions in excess of the payment described in Section I herein, or this Agreement terminates and the property is not timely transferred back to the Company, the Company agrees to pay no later than the next tax lien date (plus any applicable grace period), to each of the Affected Tax Jurisdictions, an amount equal to the taxes and assessments which would have been levied on the Facility if the Facility had been classified as fully taxable as of the date of transfer or loss of eligibility of all or a portion of the exemption described herein or date of termination, subject to the Company's right to grieve or otherwise contest any such assessments pursuant to Section IV below. To the extent permitted by law, the Company shall receive as credits against the tax bills of the Affected Tax Jurisdictions, amounts equal to those portions of the last PILOT payment received by any County, City, Town, School, or Village for each of said entities' tax year.

Section IV - Assessment Challenges.

4.1 The Company shall have all of the rights and remedies of a taxpayer as if and to the same extent as if the Company were the owner of the Facility, with respect to any proposed assessment or change in assessment with respect to the Facility by any of the Affected Tax Jurisdictions and likewise shall be entitled to protest before and be heard by the appropriate assessors or Board of Assessment Review, and shall be entitled to take any and all appropriate appeals or initiate any proceedings to review the validity or amount of any assessment or the validity or amount of any tax equivalent provided for herein as same relate to the payment of Special District Charges. Any such challenge shall not affect or diminish the "Total PILOT Payment", as defined within **Schedule A**, hereto.

4.2 The Company shall (i) request the NYS Office of Real Property Services, Tax and Finance, Rail Ceiling Division, along with appropriate real estate tax assessment office and tax levy officers to assess the Facility and apply tax rates to the respective assessments as if the Facility were owned by the Company, (ii) file any accounts or tax returns required by the appropriate real estate tax assessment office and tax levy officers.

Section V - Changes in Law.

5.1 To the extent the Facility is declared to be subject to taxation or assessment by an amendment to the Act, other legislative change, by final judgment of a Court of competent jurisdiction, or otherwise, the obligations of the Company hereunder shall, to such extent, be null and void.

Section VI - Events of Default.

6.1 The following shall constitute "Events of Default" hereunder. The failure by the Company to: (i) make the payments described in Section I within thirty (30) days of the Payment Date (the "Delinquency Date"); (ii) make any other payments described herein on or before the last day of any applicable cure period within which said payment can be made without penalty; or (iii) the occurrence and continuance of any events of default under the Leaseback Agreement after the expiration of any applicable cure periods. Upon the occurrence of any Event of Default hereunder, in addition to any other right or remedy the Agency and/or the Affected Tax Jurisdictions may have at law or in equity, the Agency and/or Affected Tax Jurisdictions may, immediately and without further notice to the Company (but with notice to the Agency with respect to actions maintained by the Affected Tax Jurisdictions) pursue any action in the courts to enforce payment or to otherwise recover directly from the Company any amounts so in default. The Agency and the Company hereby acknowledge the right of the Affected Tax Jurisdictions to recover directly from the Company any amounts so in default pursuant to Section 874(6) of the General Municipal Law and the Company shall immediately notify the Agency of any action brought, or other measure taken, by any Affected Tax Jurisdiction to recover any such amount.

6.2 If payments pursuant to Section I herein are not made by the Delinquency Dates, or if any other payment required to be made hereunder is not made by the last day of any applicable cure period within which said payment can be made without penalty, the Company shall pay penalties and interest as follows. With respect to payments to be made pursuant to Section I herein, if said payment is not received by the Delinquency Date defined in Section 6.1 herein, Company shall pay, in addition to said payment, (i) a late payment penalty equal to five percent (5%) of the amount due and (ii) for each month, or any part thereof, that any such payment is delinquent beyond the first month, interest on the total amount due plus the late payment penalty, in an amount equal to one percent (1%) per month. With respect to all other payments due hereunder, if said payment is not paid within any applicable cure period, Company shall pay, in addition to said payment, the greater of the applicable penalties and interest or penalties and interest which would have been incurred had payments made hereunder been tax payments to the Affected Tax Jurisdictions.

Section VII - Assignment.

7.1 No portion of any interest in this Agreement may be assigned by the Company, nor shall any person other than the Company be entitled to succeed to or otherwise obtain any benefits of the Company hereunder without the prior written consent of the Agency.

Section VIII - Miscellaneous.

8.1 This Agreement may be executed in any number of counterparts each of which shall be deemed an original but which together shall constitute a single instrument.

8.2 All notices, claims and other communications hereunder shall be in writing and shall be deemed to be duly given if personally delivered or mailed first class, postage prepaid, as follows:

To the Agency: Schuyler County Industrial Development Agency
910 South Decatur Street
Watkins Glen, New York 14891
Attn: CEO

With Copy To: Harris Beach PLLC
677 Broadway, Suite 1101
Albany, New York 12207
Attn: Justin S. Miller, Esq.

To the Company: Finger Lakes Railway Corp.
P.O. Box 1099
Geneva, New York 14456
Attn: Michael Smith, President

With Copy To: Law Offices of Lester A. Sittler, Esq.
P.O.Box 235
Fly Creek, New York 13337

given in accordance with the provisions of this Section. All notices shall be deemed given when mailed or personally delivered in the manner provided in this Section.

8.3 This Agreement shall be governed by, and all matters in connection herewith shall be construed and enforced in accordance with, the laws of the State of New York applicable to agreements executed and to be wholly performed therein and the parties hereto hereby agree to submit to the personal jurisdiction of the federal or state courts located in Schuyler County, New York.

8.4 Notwithstanding any other term or condition contained herein, all obligations of the Agency hereunder shall constitute a special obligation payable solely from the revenues and other monies, if any, derived from the Facility and paid to the Agency by the Company. Neither member of the Agency nor any person executing this Agreement on its behalf shall be liable personally under this Agreement. No recourse shall be had for the payment of the principal or interest on amounts due hereunder or for any claim based upon or in respect of any modification of or supplement hereto against any past, present or future member, officer, agent, servant, or employee, as such, of the Agency, or of any successor or political subdivision, either directly or through the Agency or any such successor, all such liability of such members, officer, agents, servants and employees being, to the extent permitted by law, expressly waived and released by the acceptance hereof and as part of the consideration for the execution of this Agreement.

(Remainder of page intentionally left blank)

SCHEDULE A

**TO PILOT AGREEMENT DATED AS OF FEBRUARY 12, 2016
SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
AND
FINGER LAKES RAILWAY CORP.**

“Total PILOT Payment” shall be calculated as follows:

The Company shall pay to the Agency the sum of one sixth (1/6) of the sum of 2.75% multiplied by Annual Freight Revenue, as defined below, as reported to the Agency pursuant to Section 5.5(b) of the Agency Lease Agreement.

Annual Freight Revenue shall be limited to: line haul revenue, including the Company’s share of interline freight revenue, and the Company’s intraline freight revenue, assessed fuel charges, haulage charges for the benefit of Ontario Central traffic, minus any freight adjustments.

Total Freight Revenue x 2.75% x 1/6 = Total PILOT Payment.

FACILITY OCCUPATIONS AGREEMENT

THIS FACILITY OCCUPATIONS AGREEMENT (hereinafter the "Facility Occupations Agreement" or "Agreement"), dated as of March 31, 2016, is by and between the **SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, a public benefit corporation duly existing under the laws of the State of New York with offices at 910 South Decatur Street, Watkins Glen, New York, 14891 (the "Agency") and **FINGER LAKES RAILWAY CORP.**, a foreign business corporation of the State of Delaware and registered to conduct business within the State of New York with an address of P.O. Box 1099, Geneva, New York 14456 (the "Company").

WITNESSETH:

WHEREAS, the parties have entered into an Amended and Restated Lease Agreement, dated as of February 12, 2016 (hereinafter the "Agency Lease Agreement") as an amendment and restatement of the 1995 Lease (as defined within the Agency Lease Agreement) whereby (i) the Company will continue to undertake the Project (as defined in the Agency Lease Agreement); and (ii) the Agency leases its reserved interest in the Land and Improvements constituting the Facility (as each are defined within the 1995 Lease) pursuant to a Lease Agreement, dated as of February 12, 2016 (the "Lease Agreement") back to the Company pursuant to the terms and conditions contained within the Agency Lease Agreement; and

WHEREAS, as a condition of the Agency Lease Agreement, in Section 2.6(e), the Agency and Company are required to enter into a written agreement with respect to occupations and crossings across or transverse, but not longitudinal, through and over the Facility containing mutual agreeable terms to be arrived at in good faith by the Agency and the Company; and

WHEREAS, the Company and the Agency have agreed upon the terms and conditions hereinafter set forth in this Facility Occupations Agreement, thereby implementing the terms and conditions of Section 2.6(e) of the Agency Lease Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I **SCOPE OF AGREEMENT**

Section 1.1 Term of Agreement. This agreement shall have a term equal to the term of the leasehold estate as described in Section 2.5 of the Agency Lease Agreement and shall expire without further action by either of the parties hereto upon the expiration date or termination date of the Agency Lease Agreement as described therein.

If Applicant does not have access to railroad milepost information, then the location map shall set forth the distance from centerline of nearest grade crossing or bridge to the proposed Project.

(5) All application and engineering review fees shall be paid and shall accompany the application and these fees are non-refundable. A schedule of fees is attached hereto as **Exhibit "A"**. After December 31, 2016, the Company shall have the right to increase said fees upon thirty (30) days' advance written notice to the Agency, but in no event can fees charged directly by the Company increase more than 5% annually during the term of this Agreement. Any fees charged by agents of the Company shall not be subject to this restriction.

Section 2.2 Processing the Application.

(a) Upon receipt of an application, the Company shall notify the Agency and/or the Applicant within ten (10) business days as to whether the application is complete. No application will be processed by the Company unless the application and engineering review fees have been paid by the Applicant.

(b) The Company shall process applications within forty-five (45) days from the date it is deemed complete. To facilitate the review process, the Company will provide timeline deadlines to the Applicant to respond to additional requests for information.

(c) Any application that involves a Project that exposes the Facility to flammable substances or hazardous materials may take longer for the Company to review for risk assessment and may require extensive review by the Company, its agent, or a third-party engineer, at the Applicant's expense.

(d) All Projects must comply with the Environmental Compliance and Indemnification Agreement given by the Company to the Agency, as of February 12, 2016, and all of its applicable terms.

Section 2.3 Processing of the Draft Agreement.

(a) Upon completion of the processing of the application within the time period required pursuant to Section 2.2(b) above, and provided that the proposed Project complies with the Company's engineering and operational standards, the Company shall within five (5) business days transmit a draft agreement to the Applicant, the terms of which shall not be subject to change by the Company for a period of sixty (60) days from the date of mailing.

(b) The draft agreement submitted to the Applicant by the Company shall waive any annual occupancy charge ("License Fee") for an IDA-Sponsored Project for the term of this Agreement or the term of the PILOT Agreement, whichever is longer, but in no event for longer than 10 years. In the case of a Municipal Project, the License Fee shall be waived for the term of this Agreement.

of entry/access permit from the Company (the "Right of Entry/Access Permit"). Applicant must contact the Company's real estate office to obtain the form.

(b) Execution by the applicant of the Right of Entry/Access Permit and submission of same to the Company along with applicable fee and the acceptance by Company of said permit must be obtained prior to entry upon the Facility.

(c) The Right of Entry/Access Permit shall have a term of thirty (30) days only.

(d) The fees are delineated in the schedule of fees accompanying herewith (Exhibit "A") and said fees are non-refundable.

(e) The issuance of a Right of Entry/Access Permit does not constitute authority from the Company to proceed with any construction. Construction may not begin until the process described in Article II above has been completed and the Applicant has received permission from the designated Company representative to proceed with work.

ARTICLE IV **NOTIFICATIONS TO COMPANY**

Section 4.1 Notifications. The Agency agrees to use its best efforts concerning IDA-Sponsored Projects or Municipal Projects to cause the Company to be notified of meetings and hearings related to the Project that affects its progression, especially concerning the actions of other agencies, boards or bureaus permitting the Project, and to assist in the facilitation of any Project that may benefit from this Agreement.

ARTICLE V **EVENTS OF DEFAULT UNDER THIS AGREEMENT**

Section 5.1 The following shall constitute an Event of Default under this Agreement:

(a) The Company's failure to comply with the terms contained herein and/or the time limitations specified in this Agreement, and the Agency, Agency Applicant and/or Municipality, as the case may be, has made written demand for such compliance, and same has not been responded to within ten (10) business days from date of such written request.

Section 5.2 Remedies upon Default.

(a) Upon the occurrence of any uncured Event of Default hereunder, the Company shall refund to the Applicant all fees paid to the Company in connection with the application within five (5) business days of written demand by the Agency or the Applicant. Furthermore, should the application meet the terms and conditions required by the Company and the Company has failed to sign an agreement with the Applicant, then the Agency may appoint the Applicant its agent to compel performance of this Agreement. Should the Agency and/or the Applicant employ attorneys or incur other expenses for the enforcement or performance or observance of any obligation or agreement on the part of the Company herein contained, the Company shall, on

Section 6.6 Applicable Law. This Facility Occupations Agreement shall be governed, construed and enforced in accordance with the laws of the State of New York for contracts to be wholly performed therein.

Section 6.7 Section Headings Not Controlling. The headings of the several sections in this Facility Occupations Agreement have been prepared for convenience of reference only and shall not control, affect the meaning or be taken as an interpretation of any provisions of this Facility Occupations Agreement.

Section 6.8 No Joint Venture Created. The Agency and the Company mutually agree that by entering into this Facility Occupations Agreement the parties hereto are not entering into a joint venture.

(Remainder of page intentionally left blank)


[Signature Page to Facility Occupations Agreement]

IN WITNESS WHEREOF, the Agency and the Company have caused this Facility Occupations Agreement to be executed in their respective names, all as of the date first above written.

**SCHUYLER COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Name: Judy McKinney-Cherry
Title: Chief Executive Officer

FINGER LAKES RAILWAY CORP.

By:  _____
Name: Michael V. Smith
Title: President

[Acknowledgment Page to Facility Occupations Agreement]

STATE OF NEW HAMPSHIRE)
) ss.:
COUNTY OF BELKNAP)

On the 30th day of March in the year 2016, before me, the undersigned, personally appeared MICHAEL V. SMITH, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public

DEBRA A. CORNETT
State of New Hampshire
Notary Public / Justice of the Peace
My Commission Expires September 17, 2019

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

On the ___ day of March in the year 2016, before me, the undersigned, personally appeared JUDY MCKINNEY-CHERRY, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

EXHIBIT "A"

SCHEDULE OF FEES

The following fees are valid through December 31, 2016:

| | |
|-----------|--|
| \$800 | Application Fee for Pipeline, Wireline, Private Grade-Crossing |
| \$1,500 | Application Fee for Underground Gas or Petroleum Pipeline |
| \$800 | Application Fee for Assignment or Supplemental Agreements |
| \$1,500 | Application for Temporary Right of Entry (30) day term |
| \$1,750 | Per Additional Engineering Review Fee by FGLK |
| \$1,800 | Document Processing Fees |
| \$1,200 | Flagging Fees, per day (max 8 hours) |
| \$500 | Per Dispatch Coordination Fee |
| \$250-500 | Per Inspection Fee |

EXHIBIT "B"
STANDARD INSURANCE REQUIREMENTS

- I. Applicant shall at its own cost and expense, take out and keep in full force and effect:
 - a) Commercial General Liability (CGL) Insurance policy with an inclusive limit of not less than **Two Million Dollars (\$2,000,000)** per occurrence for bodily injury and property damage, or any other increased amount as FGLK may reasonably require upon conducting reviews from time to time. Such insurance shall specifically state by its wording or by endorsement:
 - i) the policy extends to cover the contractual obligations assumed by Applicant under this Agreement with FGLK;
 - ii) the policy shall name FGLK and IDA as additional insureds;
 - iii) the policy shall contain a "cross-liability" clause which shall have the effect of insuring each person firm or corporation insured thereunder in the same manner and to the same extent as if a separate policy had been insured to each;
 - iv) the policy shall not be cancelled or materially altered unless written notice is given by Applicant to FGLK thirty (30) days before the effective date of such cancellation or material alteration.
 - v) the policy must delete exclusion of work within 50' of railroad right of way (Endorsement CG 2417);
 - vi) waiver of subrogation in favor of FGLK and IDA;
 - vii) coverage shall be primary and non-contributory in regards to FGLK;
 - viii) per project aggregate limit
 - b) Commercial Automobile public liability and property damage insurance in an amount not less than **One Million Dollars (\$1,000,000)** all inclusive covering the ownership, use and operation of any motor vehicles and trailers licensed for use on public highways and which are owned, leased or controlled by Applicant and their agents and used in regards to this Agreement.
 - i) combined single limit for bodily injury and property damage per occurrence (can be combined with umbrella/excess)
 - ii) applies to all motor vehicles owned, non-owned or hired
 - iii) the policy shall name FGLK and IDA as additional insureds;
 - iv) coverage for operations with railroads (Endorsement CA 2070 or equivalent);
 - v) the policy shall not be cancelled or materially altered unless written notice is given by Applicant to FGLK thirty (30) days before the effective date of such cancellation or material alteration.
 - vi) waiver of subrogation in favor of FGLK and IDA;
 - vii) coverage shall be primary and non-contributory in regards to FGLK;
 - c) Umbrella
 - i) Limit **One Million Dollars (\$1,000,000)**. The combined CGL Occurrence Limits and Umbrella Occurrence Limits should match the Occurrence Limits on the Railroad Protective Liability Policy.
 - ii) The policy shall name FGLK and IDA as additional insureds
 - iii) waiver of subrogation in favor of FGLK and IDA;
 - iv) coverage shall be primary and non-contributory in regards to FGLK;
 - d) Contractors Pollution Liability Insurance, if applicable
 - i) Limit **One Million Dollars (\$1,000,000)**.
 - e) Professional Liability Insurance, if applicable
 - i) **Two Million Dollars (\$2,000,000)** per occurrence applying to each annual period.
 - f) Worker's Compensation/Employers Liability Insurance
 - i) Employers' Liability and Occupational Diseases Insurance with limits of **One Million Dollars \$1,000,000** each accident, **One Million Dollars (\$1,000,000** policy limit and **\$1,000,000** each employee)
 - ii) waiver of subrogation in favor of FGLK and IDA, if state allowable;

The coverages above shall be noted on an Acord Certificate of Insurance, and insurance carriers shall be A rated. Larger Projects shall require higher limits of \$5 Million Per Occurrence and \$10 Million Aggregate.

EXTENSION TO TOLLING AGREEMENT

THIS EXTENSION TO TOLLING AGREEMENT (herein, the "Agreement"), made as of September 30, 2015, by and between SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY, SENECA COUNTY INDUSTRIAL DEVELOPMENT AGENCY, YATES COUNTY INDUSTRIAL DEVELOPMENT AGENCY, CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY, and ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY, each a public benefit corporation duly existing under the laws of the State of New York and collectively herein, the "Agencies", and FINGER LAKES RAILWAY CORP., a foreign business corporation registered to do business within the State of New York having an address of P.O. Box 1099, Geneva, New York 14436 (the "Company").

WITNESSETH:

WHEREAS, reference is made to those certain Lease Agreements, each dated as of July 21, 1995 (the "Leases"), and entered into by the Agencies and the Company; and

WHEREAS, pursuant to and in accordance with Section 5.2(d) of the Leases, each of the Agencies previously transmitted written notices of intent to renegotiate terms of the Leases in connection with a possible second renewal term (the "Renewal Term", as further defined herein) that would commence on July 22, 2015, however in the absence of agreement on new terms before the end of the first renewal term (as defined within the Leases), the leasehold estate of the Leases shall terminate at the end of the first renewal term (at 11:59 p.m. on July 21, 2015); and

WHEREAS, the Agencies and the Company entered into a certain Tolling Agreement, dated as of July 21, 2015 (the "Tolling Agreement"), wherein the parties allowed additional time to complete negotiations relating to Renewal Term and tolled the July 21, 2015 termination of the Leases and extended the leasehold estates thereof until 11:59 p.m. on September 30, 2015 for the exclusive purpose of providing additional time to negotiate mutually agreeable terms for a Renewal Term and execute documents and agreements relating thereto (collectively, the "Tolling"); and

WHEREAS, the parties desire to further toll the termination of Leases through amendment to the Tolling Agreement to allow additional time to complete due diligence, negotiations and, upon mutual agreement of the parties, authorize and document a Renewal Term, all as set forth herein (collectively, the "Extension").

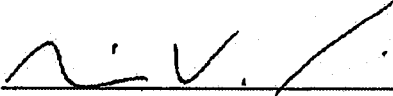
NOW THEREFORE, in consideration of the covenants herein contained and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is mutually agreed as follows:

1. Extension of Tolling; Termination of Leasehold Estate. (a) Subject to the terms and conditions contained within the Tolling Agreement, the Agencies and Company hereby authorize the Tolling and extension of the leasehold estate of the Leases as follows:

[Signature Page to Extension to Tolling Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Tolling Agreement as of the day and year first above written.

FINGER LAKES RAILWAY CORP.

By: 
Name: _____
Title:

**SCHUYLER COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Name: Judy McKinney-Cherry
Title: Chief Executive Officer

**SENECA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Name: Robert Aronson
Title: Executive Director

**YATES COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Name: Steve Griffin
Title: Chief Executive Officer

**CAYUGA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Name: Andrew Fish
Title: Executive Director

**ONONDAGA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
Name: Julie Cerio
Title: Executive Director