

AGREEMENT FOR PAYMENT IN LIEU  
OF REAL ESTATE TAXES

This is an agreement dated as of April 1, 2002, between the ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (the "Agency") and GENERAL MOTORS CORPORATION (the "Company") for the making by the Company of certain payments in lieu of real estate taxes, as required by the Agency Lease Agreement between the parties, entered into as of April 1, 2002, by which the Agency has leased certain premises to the Company (the "Lease Agreement"). The Agency and the Company each accept and agree to the following statements or terms. This Agreement will be referred to herein as the "PILOT Agreement."

Section 1. Definitions. Unless otherwise defined herein, the terms used in this PILOT Agreement shall have the meanings specified in the Lease Agreement.

Section 2. Agency Tax Exemption. Subject to the completion and filing of an Application for Tax Exemption by the Taxable Status Date and the approval of the Application for Tax Exemption by the Assessor, the Project shall be exempt from Real Estate Taxes commencing with the 2002-2003 tax fiscal year of the School District and the 2003 tax fiscal years of the County and Town. The Company shall provide the Agency with all information required to complete the Application for Tax Exemption and shall provide such additional information and take such actions as are required by the Assessor in order to process and approve the Application.

Section 3. Obligation of the Company to Make Payments in Lieu of Taxes. Subject to the approval of the Application for Tax Exemption, the Agency shall require and the Company

agrees to make payments in lieu of real estate taxes to the appropriate taxing authorities pursuant to the terms of this PILOT Agreement.

Section 4. Taxing Authorities and Amounts.

(1) Until the commencement of the tax fiscal years set forth in subparagraphs (a), (b) and (c) hereof, the Company shall continue to pay all appropriate taxing authorities all taxes due as if the Project were owned by the Company. As set forth below, the total payments in lieu of taxes required under this PILOT Agreement are allocated among the affected tax jurisdictions in proportion to the amount of real property tax and other taxes which would have been received by each affected tax jurisdiction had the Project not been tax exempt due to the status of the Agency. Thereafter, the Company shall make payments in lieu of taxes to all appropriate taxing authorities on the land and buildings constituting the Project (SBL# 65.18-1-1.111), in accordance with this section. For each taxing authority, such payments in lieu of taxes shall have a land component and a variable component. The land component shall be based upon the then current tax rate for the then current tax fiscal year applied against the then current assessed valuation of the non-depreciable portion of all tax parcels comprising the Project (assessed as land). The variable component shall be based upon the then current tax rate applied against the then current assessed valuation of the depreciable portion of all tax parcels comprising the Project (assessed as buildings or other improvements).

For the periods of time indicated below, the Company shall make the indicated payments in lieu of taxes to the indicated taxing authorities:

- (a) Payments in lieu of general levy real estate taxes to the County of

Erie (the "County") for each of the tax fiscal years 2003 through 2022, or until termination of the Lease Agreement, whichever date occurs first, shall be in an amount equal to the County Land PILOT Payment plus the County Variable PILOT Payment (as such terms are defined below) for each such tax fiscal year. The County Land PILOT Payment for each tax fiscal year shall be an amount equal to the County tax rate then in effect for such tax fiscal year, applied against the then current assessed valuation of the non-depreciable portion of all tax parcels constituting the Project (assessed as land). The County Variable PILOT Payment for each tax fiscal year shall be an amount equal to the County tax rate in effect for such tax fiscal year, applied to the product of (i) the then current assessed valuation of the depreciable portion of all tax parcels comprising the Project (assessed as buildings or other improvements), and (ii) the percentage applicable to such tax fiscal year as shown on Schedule "A" attached hereto and made a part hereof. The tax rates and assessed valuations to be used in the foregoing calculations shall be subject to adjustment, as set forth in subparagraph (d) below, and the time period for such payments to be made shall be subject to extension, as set forth in subparagraph (e) below. Each such payment shall be delivered to County of Erie, Room 100, 95 Franklin Street, Buffalo, New York 14202, or such other place as may be designated from time to time by the County. Payments for each tax fiscal year must be made by February 15 of that year, or such payment shall be considered delinquent.

(b) Payments in lieu of general levy real estate taxes to the Town of Tonawanda (the "Town") for each of the tax fiscal years 2003 through 2022, or until termination of the Lease Agreement, whichever date occurs first, shall be in an amount equal to the Town Land PILOT Payment plus the Town Variable PILOT Payment (as such terms are defined below)

for each such tax fiscal year. The Town Land PILOT Payment for each tax fiscal year shall be an amount equal to the Town tax rate then in effect for such tax fiscal year, applied against the then current assessed valuation of the non-depreciable portion of all tax parcels comprising the Project (assessed as land). The Town Variable PILOT Payment for each tax fiscal year shall be an amount equal to the Town tax rate in effect for such tax fiscal year applied to the product of (i) the then current assessed valuation of the depreciable portion of all tax parcels comprising the Project (assessed as buildings or other improvements), and (ii) the percentage applicable to such tax fiscal year as shown on Schedule "A" attached hereto and made a part hereof. The tax rates and assessed valuations to be used in the foregoing calculations shall be subject to adjustment, as set forth in subparagraph (d) below, and the time period for such payments to be made shall be subject to extension, as set forth in subparagraph (e) below. Each such payment shall be delivered to the Town of Tonawanda, Tax Receiver, Municipal Building, 2919 Delaware Avenue, Kenmore, New York 14217, or such other place as may be designated from time to time by the Town. Payments for each tax fiscal year must be made by February 15 of that year, or such payments shall be considered delinquent.

(c) Payments in lieu of general levy real estate taxes to the Kenmore-Town of Tonawanda Union Free School District (the "School District") for each of the tax fiscal years 2002-2003 through 2021-2022 or until termination of the Lease Agreement, whichever date occurs first, shall be in an amount equal to the School District Land PILOT Payment plus the School District Variable PILOT Payment (as such terms are defined below) for each such tax fiscal year. The School District Land PILOT Payment for each tax fiscal year shall be an amount

equal to the School District tax rate then in effect for such tax fiscal year, applied against the then current assessed valuation of the non-depreciable portion of all tax parcels comprising the Project (assessed as land). The School District Variable PILOT Payment for each tax fiscal year shall be an amount equal to the School District tax rate in effect for such tax fiscal year applied to the product of (i) the then current assessed valuation of the depreciable portion of all tax parcels comprising the Project (assessed as buildings or other improvements), and (ii) the percentage applicable to such tax fiscal year as shown on Schedule "A" attached hereto and made a part hereof. The tax rates and assessed valuations to be used in the foregoing calculations shall be subject to adjustment, as set forth in subparagraph (d) below, and the time period for such payments to be made shall be subject to extension, as set forth in subparagraph (e) below. Each such payment shall be delivered to Kenmore-Town of Tonawanda Union Free School District, Treasurer, 1500 Colvin Boulevard, Kenmore, New York 14223, or such other place as may be designated from time to time by the School District. Payments for each tax fiscal year must be made by October 15 of that year, or such payments shall be considered delinquent.

(d) For the first seven years of the tax abatement period (School District fiscal year 2002-2003 through 2008-2009 and County and Town fiscal years 2003 through 2009), the payments required under subparagraphs (a), (b) and (c) above shall be calculated by using the greater of (i) the then current tax rates and current tax assessments applicable to the Project, or (ii) the product of the applicable tax rate and tax assessment for the Project in year one (meaning the 2002-2003 fiscal year for the School District, and the 2003 fiscal year for the County and Town), increased cumulatively by 1% per year (i.e., for year two, use the product of year one's tax rate

and tax assessment multiplied by 101%, for year three, multiply year two's minimum amount by 101%, etc.). This method of calculation shall not apply after year seven.

(e) Provided (i) between May 10, 2000 and May 10, 2005, the Company makes an additional \$250,000,000.00 of capital expenditures at the Company's Town of Tonawanda facilities (over and above the expenditures for the Project), which capital expenditures are intended to replace or upgrade portions of the Company's existing facilities for a new product line, and which capital expenditures are made to a portion or portions of the Company's Tonawanda facilities other than the Project and that certain project assisted by the Agency pursuant to a certain Agency Lease Agreement dated as of May 1, 1997, and (ii) overall employment at the Company's Town of Tonawanda facilities on May 10, 2005 is at least 90% of the level of employment as of May 10, 2000, then the Company shall be entitled to an extension of the real property tax abatement period in accordance with this paragraph. In order to qualify for such extension, the Company must deliver documentary evidence reasonably satisfactory to the Agency that the conditions contained in the immediately preceding sentence have been satisfied, on or before June 1, 2005, and failure by the Company to do so shall result in the Company no longer being eligible for such extension of the real property tax abatement period. Should the Agency determine in its reasonable discretion that the Company has satisfied the requirements set forth above, the periods of time for making payments pursuant to subparagraphs (a), (b) and (c) above shall be extended through School District fiscal year 2031-2032 and County and Town fiscal year 2032, and the percentages applicable for the calculation of PILOT payments shall be as shown on Schedule B, attached hereto and made a part hereof, rather than on Schedule A. The Agency shall

notify the Company, the County, the Town and the School District of the Agency's determination with regard to such extension, within sixty (60) days after receipt by the Agency of such documentary evidence from the Company.

(f) In addition to the foregoing, the Company shall pay all special assessments and charges that are levied against the Project as if the Project were owned by the Company.

(2) The payments required under Paragraph (1) of this section shall in no event be more than would be otherwise payable as taxes were the Company the owner of the Project rather than the Agency.

(3) Each of the foregoing payments shall be made on or before the date the particular tax would have been due if the Project were owned by the Company.

(4) Upon the termination of the periods shown in Paragraph (1) of this section, for the respective taxing authorities, the Company shall make full payment in lieu of all taxes on the Project as if the Project were owned by the Company.

#### Section 5. Proration.

During the last year of the term of the Lease Agreement the Company may prorate any of its payments in lieu of taxes on the basis of the actual period of ownership by the Agency so that there shall exist no period of time for which the Company is obliged to make payments in lieu of taxes in addition to the actual tax payments to which the Project is subject, under current law, at the time of reconveyance back to the Company under the Lease Agreement.

Section 6. Obligations and Rights of the Company Relating to Tax Assessments and Levies.

The payments the Company is required to make under this PILOT Agreement are subject to the Company's rights, hereby granted, (a) to obtain reductions in the assessed valuation of the Project or to obtain exemptions and discounts, if any, which would be afforded to a private owner of the Project, and (b) to seek to obtain refunds of any such payments made including payments made pursuant to this PILOT Agreement. The Agency shall join in any procedure for obtaining relief under this paragraph to the extent that the Agency's consent is required for the Company to undertake such procedure; provided, however, that the Company shall continue to make the payments in lieu of taxes required by this PILOT Agreement adjusted for any reduction as provided above so long as the Lease Agreement shall remain in effect.

Section 7. Default in Payment in Lieu of Taxes. In the event the Company fails to make any such payments in lieu of taxes when due, whether for a full tax fiscal year or years or for a portion of a tax fiscal year pursuant to Sections 4 or 5 hereof, the amount or amounts so in default shall continue as an obligation of the Company until fully paid. In addition, the Company shall pay to the appropriate taxing authority or authorities (i) a late payment penalty equal to five (5%) percent of the delinquent amount, and (ii) for each month, or part thereof, that the payment is delinquent beyond the first month, interest on the total amount due plus the late payment penalty, equal to the greater of (a) one (1%) percent per month, or (b) the rate of interest charged by the applicable taxing jurisdiction on delinquent real estate taxes, until such delinquent payment is made in full. The Agency and the Company hereby acknowledge the right of the Town, the



County and the School District as beneficiaries of this PILOT Agreement, to pursue any appropriate remedies, including an action in the courts, to recover directly from the Company any amounts so in default. The Company shall promptly notify the Agency of any action brought, or other measure taken, by a taxing authority to recover such amounts. It is understood that the right of any taxing authority herein acknowledged is in addition to, and shall not impair, the Agency's own rights arising from a breach of this PILOT Agreement. Should the Agency or the Town, the County or the School District commence any action or proceeding to enforce their rights or remedies under this PILOT Agreement, such parties shall be entitled to recover from the Company the amount due, the late payment penalty, interest, expenses, costs and disbursements, together with the reasonable attorneys' fees necessary to prosecute such action or proceeding.

Section 8. Effect of Fulfillment of the Requirement. Once having paid the amounts required by this PILOT Agreement, the Company shall not be required to pay any real estate taxes for which payments in lieu of taxes have been made.

Section 9. Effect of Events of Default.

(1) The following shall constitute "Event(s) of Default" hereunder:

(a) The Company fails to make any payments in lieu of taxes required hereunder, or fails to perform any other obligation imposed on the Company hereunder within ten (10) business days following receipt by the Company of written notice that such payments are due.

(b) The occurrence and continuance of any Event of Default as defined in the Lease Agreement.

(2) If the Project is not being used in accordance with the Act or the Lease Agreement, or if an Event of Default occurs, the Company shall make payments in lieu of taxes on the Project in such amounts as would be payable as real estate taxes levied on the Project if the Project were owned by the Company. The applicable tax assessment and tax levy rates shall be those in effect in the records of the appropriate taxing authorities.

(3) The period for the payments required by Paragraph (2) of this section shall commence on the date the Agency determines (a) that the use of the Project under the Act or the Lease Agreement is not being complied with, or (b) that an Event of Default has occurred and is continuing.



Section 10. Survival of the Company's Obligations. The obligations of the Company under this PILOT Agreement shall survive the termination or expiration of the Lease Agreement, for whatever reason terminated or expired.

IN WITNESS WHEREOF, the Agency and the Company have caused this PILOT Agreement to be executed by their Authorized Representatives, all as of the date first above written.

ERIE COUNTY INDUSTRIAL DEVELOPMENT  
AGENCY

By:   
David W. Kerchoff, Assistant Treasurer

GENERAL MOTORS CORPORATION

By:   
G.S. Director 

STATE OF NEW YORK )  
 ) SS:  
COUNTY OF ERIE )

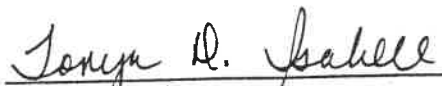
On the 29 day of April, in the year 2002, before me, the undersigned, a Notary Public in and for said state, personally appeared David W. Kerchoff, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged 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 this instrument.

  
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Notary Public

CHRISTOPHER J. HURLEY  
Notary Public, State of New York  
Qualified in Erie County  
My Commission Expires 2-31-05

STATE OF MI )  
 ) SS:  
COUNTY OF Wayne )

On the 25<sup>th</sup> day of April in the year 2002, before me, the undersigned, a Notary Public in and for said state, personally appeared Michael E. Mack, 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 s/he executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed this instrument.

  
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Notary Public  
TONYA D. ISABELL  
NOTARY PUBLIC, WAYNE COUNTY, MICHIGAN  
MY COMMISSION EXPIRES JULY 11, 2004

SCHEDULE "A"

TAX FISCAL YEAR

APPLICABLE PERCENTAGE

<u>Town</u>	<u>County</u>	<u>School</u>	
2003	2003	2002-2003	20%
2004	2004	2003-2004	20%
2005	2005	2004-2005	20%
2006	2006	2005-2006	20%
2007	2007	2006-2007	20%
2008	2008	2007-2008	30%
2009	2009	2008-2009	30%
2010	2010	2009-2010	30%
2011	2011	2010-2011	30%
2012	2012	2011-2012	30%
2013	2013	2012-2013	40%
2014	2014	2013-2014	40%
2015	2015	2014-2015	40%
2016	2016	2015-2016	40%
2017	2017	2016-2017	40%
2018	2018	2017-2018	50%
2019	2019	2018-2019	50%
2020	2020	2019-2020	50%
2021	2021	2020-2021	50%
2022	2022	2021-2022	50%

SCHEDULE B

APPLICABLE PERCENTAGE

TAX FISCAL YEAR

<u>Town</u>	<u>County</u>	<u>School</u>	
2003	2003	2002-2003	20%
2004	2004	2003-2004	20%
2005	2005	2004-2005	20%
2006	2006	2005-2006	20%
2007	2007	2006-2007	30%
2008	2008	2007-2008	30%
2009	2009	2008-2009	30%
2010	2010	2009-2010	30%
2011	2011	2010-2011	30%
2012	2012	2011-2012	40%
2013	2013	2012-2013	40%
2014	2014	2013-2014	40%
2015	2015	2014-2015	40%
2016	2016	2015-2016	40%
2017	2017	2016-2017	50%
2018	2018	2017-2018	50%
2019	2019	2018-2019	50%
2020	2020	2019-2020	50%
2021	2021	2020-2021	50%
2022	2022	2021-2022	70%
2023	2023	2022-2023	70%
2024	2024	2023-2024	70%
2025	2025	2024-2025	70%
2026	2026	2025-2026	70%
2027	2027	2026-2027	70%
2028	2028	2027-2028	70%
2029	2029	2028-2029	70%
2030	2030	2029-2030	70%
2031	2031	2030-2031	70%
2032	2032	2031-2032	70%