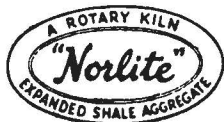


Norlite Corporation



Donald W. Faul
Vice President

P.O. BOX 694

628 SO. SARATOGA ST.

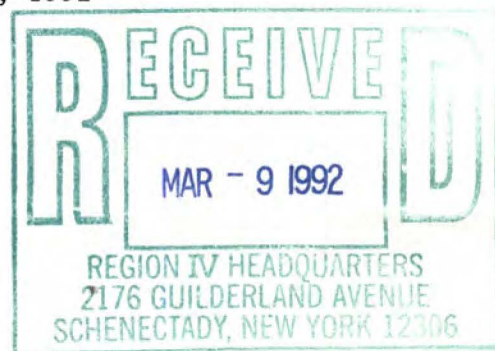
COHOES, N.Y. 12047

TEL.: (518) 235-0401

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March 4, 1992

Mr. William J. Clarke
Regional Permit Administrator
Region 4
New York State Department of
Environmental Conservation
2176 Guilderland Avenue
Schenectady, New York 12306



Dear Bill:

In discussions with NYDEC, you have urged us to address the dust and noise concerns raised by Norlite's neighbors. These issues and our corrective action program were discussed in detail with Mayor Signoracci in a recent meeting. In addition to the corrective actions agreed to with NYDEC, we will also pursue the use of special infra-red motion detectors on the site vehicles and a revised mining plan for the quarry to reduce noise. Truck traffic on Saratoga Street will also be reduced.

Attached is a copy of a press release from the Mayor wherein he discusses these corrective actions and the City's support of an Industrial Development Revenue Bond financing program for Norlite. The Cohoes Industrial Development Agency passed a resolution in a meeting on February 27 supporting such project financing. Also attached is an article from The Daily Gazette describing the meeting.

We appreciate your emphasizing to us the importance and necessity for addressing the concerns that Norlite's neighbors have had regarding dust and noise from its operations. Be assured that we are addressing those issues.

If you have any questions on the above or on our activities at Norlite, please call me.

Very truly yours,

Norlite Corporation

Donald W. Faul

DWF/ntf
Attachments

STATEMENT BY MAYOR ROBERT D. SIGNORACCI

TO THE IDA BOARD OF DIRECTORS REGARDING

NORLITE CORPORATION

February 27, 1992

Good morning. As you are aware, the Norlite Corporation has been sold to American Nu Kem Corporation. During the course of this transaction the City established contact with the new owners in order to assure that the concerns of the City regarding the operations of this facility were adequately addressed. These concerns encompassed all phases of the operation, but focused primarily in the following areas: environmental impact generally and on the adjoining neighborhoods specifically; economic impact, particularly regarding any change in the level of jobs; public safety, especially in the area of adequate integration with Cohoes' emergency response plans; determination of the plans for operation and development of the facility by the new owners.

During these discussions the City obtained an agreement from the new management of Norlite to install new dust suppression systems as well as modifying operations so as to reduce and nearly totally eliminate truck traffic from the plant onto Saratoga Street. Additionally, the company has honored our request to investigate alternative warning devices which signal when heavy equipment is backing up. Federal OSHA regulations require the use of warning devices on heavy equipment to prevent injuries to personnel when the equipment is moving backward. The new infrared back-up devices would reduce the noise associated with the movement of heavy equipment by giving off the alarm only when a person was detected behind the vehicle. Further, the company will be hiring a mining consultant to investigate new methods of mining the quarry on the site which hopefully will reduce the noise and violations associated with that aspect of the operation.

In the areas of economic development and public safety, Norlite has agreed to contribute over \$50,000 a year for the next ten years in order to assist the City in upgrading and maintaining adequate hazardous material response equipment and training as well as to help offset the cost of the community wide economic development program which the City is initiating as part of its revised Master Plan.

Further, Norlite has agreed to establish with the City an ongoing program to resolve safety concerns as they arise and have pledged full cooperation with the Fire Chief in complying with all required safety standards. In addition, the City has been successful in having stringent dust, noise and safety requirements included as conditions of Norlite's ongoing Burn permit application.

At its peak, Norlite employed more than 50 full time employees. During the past few years this has declined to just 30 people. Obviously, reversing this trend is a priority, as is seeking to improve the overall economic climate of Cohoes particularly and the area generally. As a result of the major upgrade in safety, pollution control and efficiency of the operation which Norlite will be undertaking, which in significant part, will address the many concerns expressed by the City, long-term full time employment at the facility is projected to rise to 68 people. In the immediate future the improvements at the facility will provide employment for over 100 workers. Norlite has agreed in all phases of its operation to use local contractors and workers wherever possible and to give priority to Cohoesians where they are qualified for positions in the Company.

Norlite has selected Clifford H. Quay & Sons, Inc., a local contractor, as the General Contractor for its project. Among the craftsmen who will be employed on the project are workers from Local #12 - International Association of Bridge, Structural and Ornamental Ironworkers; Local #294 - International Brotherhood of Teamsters; Local #6 - Bricklayers and Allied Craftsmen; Local #370 United Brotherhood of Carpenters and Joiners; Local #106 - International Union of Operating Engineers; Local #452 - Laborers International Union of North America; Local #438 - International Brotherhood of Electrical Workers; and Local #7 - United Association of Journeymen and Apprentices of the Plumbing and Pipefitters Industry.

In order to undertake the improvements necessary to implement these higher standards of operation, Norlite will be expending approximately \$20 million dollars.

in order to obtain financing for this project, Norlite is seeking the assistance of the Industrial Development Agency. The purpose of this meeting is to consider that request. The new owners of Norlite have requested that the Agency consider refinancing the approximately \$4.2 million outstanding on existing bonds and approve the issuance of \$20 million, which would be used to upgrade the quality and lessen the impact of the operation of the facility. I wish to state unequivocally that this authorization in no way represents a cost to the taxpayers of Cohoes. The benefit of these bonds is their tax exempt status, which reflects that they are issued by a public authority. This makes them more attractive to potential purchasers and reduces the cost of financing them. All costs of repayment and processing these bonds are paid by the Company. In fact, the IDA is entitled to receive an administrative fee which will be used to assist in other economic development projects in the City. Further, the City faces no risk in the unlikely event of default. These Bonds are secured solely by the assets of the Company.

In light of the highly cooperative response the City has received from the new owners of Norlite regarding the ongoing concerns I have set forth, I have indicated that I was willing to have this request presented to this Board for its consideration. I recognize that while Norlite is a large employer within the City and represents a significant economic asset in our community, the nature of its operation in a populated area has negative aspects. Given the reality that the facility exists and will continue to operate, I believe that we have a responsibility to constantly work to make sure that it operates in a safe and acceptable manner. We also have a responsibility to maximize economic growth and employment in the City. I believe that the package of improvements which Norlite has agreed to make, and has already begun to implement, justifies this Board's serious consideration of their request for assistance in facilitating their efforts to obtain financing. This resolution is the first step in that process and is necessary to begin full consideration of Norlite request.