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August 25, 2009

Honorable Jaclyn A. Brillling
Secretary
NYS Public Service Commission
3 Empire State Plaza
Albany, New York 12223-1350

RE: In the Matter of the Joint Petition by Rand Water Corporation
and the Town of East Fishkill for Approval of the Transfer of
all of the Water Supply Assets Serving the Dogwood Knolls
Subdivision to the Town of East Fishkill and the Transfer of
its Remaining Assets to a New Transportation Corporation

Dear Secretary Brillling:

Enclosed for filing is an original and five copies of the Petition to transfer the assets of
Rand Water Corporation ("Rand") to the Town of East Fishkill ("Town") and a new
transportation corporation. The Petition is being filed pursuant to Public Service Law § 89-h(1).

The transfer of the water system to the Town is in the public interest. The Town's
ownership should stabilize long-term rates and provide dependable service to the customers of
Rand. The Town has the resources necessary to continue the operations of the system in a
dependable and efficient manner.

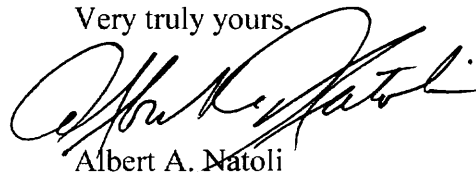
Please send copies of all notices and decisions to the above address and to:

Mr. Mark Day
c/o MA Day Engineering, P.C.
3 Van Wyck Lane, Suite 2
Wappingers Falls, NY 12590

Thomas F. Wood, Esq.
Wood & Klarl
3153 Albany Post Road
Buchanan, NY 10511

Thank you for your consideration.

Very truly yours,



Albert A. Natoli

AAN:khn
Enclosures

CC: Thomas F. Wood, Esq.
Mr. William Novak
Mr. Mark Day

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

-----X

In the Matter of the Joint Petition by
Rand Water Corporation and the
Town of East Fishkill for Approval of the
Transfer of all of the Water Supply Assets
Serving the Dogwood Knolls Subdivision
to the Town of East Fishkill and the
Transfer of its Remaining Assets to a
New Transportation Corporation.

Case No. _____

Petition for the Transfer
of Water Supply Assets

-----X

To the Public Service Commission of the State of New York:

1. Rand Water Corporation (hereinafter “Rand”) is a transportation corporation and located at 3 Van Wyck Lane, Ste. 2, Wappingers Falls, New York 12590, that operates in the Town of East Fishkill, Dutchess County.

2. The Town of East Fishkill (“Town”) is a municipality functioning under and by virtue of the laws of the State of New York, having its principal office at 330 Route 376, Hopewell Junction, New York 12533 and located in Dutchess County, State of New York.

3. By this petition, Rand and the Town of East Fishkill request that the New York State Public Service Commission (“PSC” or “Commission”) approve the sale of all the water supply assets owned by Rand that serve the Dogwood Knolls subdivision to the Town.

4. Rand serves approximately 256 customers in the Dogwood Knolls subdivision and adjacent areas located in the Town of East Fishkill, Dutchess County. The company does not provide fire protection service.

5. The Town of East Fishkill is establishing a water supply district that will serve the customers of Rand after the acquisition of the Dogwood Knolls water supply assets.

6. Rand's Dogwood Knolls water supply assets will be sold to the Town of East Fishkill free of any liens or encumbrances.

7. The purchase price for the water system is its fair market value as determined by an appraisal and includes a charitable gift of equity from Rand solely for public purposes. The value of such gift will be the purchase price less the cash consideration. The cash consideration will be the sum of \$850,000.00. In addition, the Town will pay the accounts receivable and net adjustments as of the closing date. The difference between the purchase price and the cash consideration shall be credited by Rand to the Town against the purchase price and shall be deemed by the parties to be a charitable contribution exclusively for public purposes.

8. A copy of the Contract of Sale is attached as Appendix 1.

9. Under the State Environmental Quality Review Act (SEQRA), Article 8 of the Environmental Conservation Law, and its implementing regulations (6 NYCRR Part 617) and 16 NYCRR Part 7, a lead agency must determine whether the proposed transfer will have a significant impact on the environment. The Town will adopt a resolution seeking to be the Lead Agent in a coordinated environmental review of the acquisition based on the Short Form Environmental Assessment form attached hereto as Appendix 2.

10. Three governmental entities must approve the transfer. In addition to the Commission's approval, the Department of Environmental Conservation must authorize the Town to operate the water system. Finally, the Comptroller of the State of New York must approve the financing needed for the Town to acquire the system and fund the proposed improvements. The Town proposes to coordinate the environmental review as the Lead Agent.

11. The proposed action requests approval of the transfer of the water system and other assets of Rand to the Town. Since the proposed action does not meet the definition of Type I or Type II actions contained in 6 NYCRR § 617.4, 617.5 and 16 NYCRR § 7.2, it is an “unlisted” action for SEQRA review. Based upon a review of the criteria for determining significance as listed in 6 NYCRR § 617.7(c), it appears that the transfer of the water system and other assets will not result in a significant adverse impact to the environment. If no significant adverse environmental impact is found, a Public Notice Requesting Comments would not be needed and a Notice of Determination of Non Significance for this unlisted action would need to be issued by the Commission.

12. The sale of the assets to the Town is in the public interest. The Town plans on installing improvements that have been sought by the State and local Health Department and use the supply to serve an adjacent water district (the Brettview water system), which has supply problems. The Town can finance improvements at a lower cost and has access to grants that are not available to the water company. Also, the Town does not pay real estate taxes, the PSC assessment, nor income taxes, which results in rates that will be lower than if owned and operated by Rand. Thus, the acquisition of the water supply should provide dependable service to the customers and, in the long run, lower rates.

13. Rand operates an independent water supply system sometimes referred to as Brandt Farms. In order to facilitate the continued operations of that system after the sale of the water system, the Town shall, before or as of the closing date, approve a certificate of incorporation pursuant to the New York State Transportation Corporations Law authorizing the owners of Rand Water Corporation to continue to provide water service in the area that includes

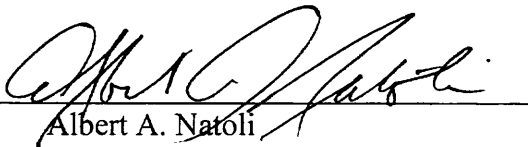
the customers in Brandt Farms and the lots adjacent thereto. As part of the petition, Rand requests the PSC approve the transfer of the remaining water supply system, property, and appurtenances to the new transportation corporation.

14. The parties would like to transfer the property as soon as possible and no later than December 31, 2009.

15. For these reasons, the parties request that the Commission act promptly on the application.

Respectfully submitted,

Rand Water Corporation
and
The Town of East Fishkill

By 
Albert A. Natoli
for Rand Water Corporation

Dated: August 25, 2009

**Contract to Purchase the Assets of
Rand Water Corporation
by the
Town of East Fishkill**

CONTRACT made this 13 day of August, 2009, between Rand Water Corporation., a company organized and existing under and by virtue of the laws of the State of New York, located at 3 Van Wyck Lane, Ste. 2, Wappingers Falls, New York 12590, hereinafter called the Seller, and the Town of East Fishkill, a municipality functioning under and by virtue of the laws of the State of New York, having its principal office at 330 Route 376, Hopewell Junction, New York 12533, hereinafter called the Purchaser.

WITNESSETH:

WHEREAS, Seller is the owner and operator of a public water system located within the Town of East Fishkill, County of Dutchess, State of New York, which system is presently in active operation supplying water to consumers, and

WHEREAS, Seller has agreed to sell and the Purchaser has agreed to purchase the water system, but not Seller's corporate structure, more particularly described herein and in Schedule A (hereinafter the "System") for the price and upon the terms and subject to the conditions hereinafter provided.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, stipulations, and provisions herein contained, it is hereby agreed as follows:

1. Sale:
 - A. Subject to and conditioned upon obtaining the consents, approvals, and authorizations as hereinafter provided, Seller agrees to sell, transfer, and deliver to Purchaser and Purchaser agrees to purchase from Seller the Seller's water system know as the Dogwood Water System including real and personal property, as described more particularly in Schedule A, all permits, licenses and warranties, to the extent permissible; contract rights and obligations as set forth in Exhibit A, excluding therefrom any of Seller's employment contracts; and customer accounts, books, and records, hereinafter called the Water System.
 - B. Seller shall sell and convey and Purchaser shall purchase the real property, together with all buildings and improvements thereon (collectively the "Premises"), more fully described on a separate page marked "Schedule A",

annexed hereto and made a part hereof, together with Seller's ownership and rights, if any, to land lying in the bed of any street or highway, opened or proposed, adjoining the Premises to the center line thereof including any right of Seller to any unpaid award by reason of any taking by condemnation and/or for any damage to the Premises by reason of change of grade of any street or highway. Seller shall deliver at no additional cost to Purchaser, at Closing (as hereinafter defined), or thereafter, on demand, any documents that Purchaser may reasonably require for the conveyance of such title and the assignment and collection of such award or damages.

- C. Included in the property being transferred are all fixtures and articles of personal property now attached or appurtenant to the Premises, unless specifically excluded below. Seller represents and warrants that at Closing they will be paid for and owned by Seller, free and clear of all liens and encumbrances, except any existing mortgage and liens of record as shown on Exhibit B to which this Purchaser will assume or retire pursuant to this Contract.
- D. Included in the purchase price shall be any and all engineering for any filtration systems or any other future expansion of the system that has been designed and in possession of the Sellers.

2. Purchase Price:

- A. After the full execution of this Contract, the Seller shall hire an independent appraiser who has experience in appraising water utilities (the "Appraiser") to determine the fair market value of the Water System (the "Appraisal"). The selection of the Appraiser shall be subject to the approval of the Purchaser and such approval shall not be unreasonably withheld. If an agreement as to the Appraiser is not reached within two weeks (14 days) of the date of this Contract, the Seller may terminate this Contract without penalty. The date by which the Appraiser shall begin the Appraisal shall be determined by the mutual consent of the parties to this Contract. The agreement with the Appraiser shall include a provision that the Appraiser shall send a draft of the Appraisal to the Purchaser and the Seller and allow a reasonable period for the Purchaser and the Seller to submit comments. The Seller shall pay the cost of the Appraisal as a reduction in the amount of the cash consideration paid of the Purchaser. Should this Contract be terminated by the default by the Purchaser, the Purchaser shall pay the cost of the Appraisal or reimburse the Seller for such cost.
- B. The Purchase Price of the Water System shall be the fair market value of the Water System as determined by the Appraiser and as documented in the Appraisal, which reflects a Charitable Gift of equity from Seller solely for (public) purposes, subject to Seller's right to receive various charitable income

tax deductions and other favorable tax treatment by virtue of such gift, the value of such gift being the Purchase Price less the Cash Consideration defined below. At the Closing described in Section 14 below, the Purchaser shall pay the Seller the sum of \$850,000.00 as the cash consideration for the Water System (the "Cash Consideration") plus accounts receivable and plus and minus adjustments as of the Closing Date. The difference between the Purchase Price and the Cash Consideration shall be credited by the Seller against the Purchase Price and shall be deemed by the parties to be a charitable contribution exclusively for public purposes.

- C. The Cash Consideration shall be paid by Purchaser's check payable to the order of the Seller unless the Purchaser is given written instructions for the electronic transfer of the Cash Consideration at least three business days prior to the Closing, in which case the Cash Consideration shall be electronically transferred in accordance with such instructions at the time of Closing.
- D. The Cash Consideration shall be paid as follows:
 - i. On the signing of this Contract, by Purchaser's check payable to the Escrowee (as hereinafter defined), subject to collection, the receipt of which is hereby acknowledged, to be held in escrow pursuant to paragraph 5 of this Contract (the "Downpayment"):

\$10,000.00
 - ii. At the Closing the balance of the Cash Consideration less the cost of the Appraisal, plus accounts receivable, and plus and minus adjustments as of the Closing Date.

3. Down-payment in Escrow:

- A. Seller's attorney ("Escrowee") shall hold the Downpayment for Seller's account in escrow in a segregated bank account until Closing or sooner termination of this Contract and shall pay over or apply the Downpayment in accordance with the terms of this paragraph. Escrowee shall hold the Downpayment in an interest-bearing account for the benefit of the parties. Interest shall be held for the benefit of the parties and, it shall be paid to the party entitled to the Downpayment and the party receiving the interest shall pay any income taxes thereon. The Social Security or Federal Identification numbers of the parties shall be furnished to Escrowee upon request. At Closing, the Downpayment shall be paid by Escrowee to Seller. If for any reason Closing does not occur and either party gives Notice to Escrowee demanding payment of the Downpayment, Escrowee shall give prompt Notice to the other party of such demand. If Escrowee does not receive Notice of objection from such other party to the proposed payment within 15 business days after the giving of such Notice, Escrowee is hereby authorized and

directed to make such payment. If Escrowee does receive such Notice of objection within such 15 day period or if for any other reason Escrowee in good faith shall elect not to make such payment, Escrowee shall continue to hold such amount until otherwise directed by Notice from the parties to this Contract or a final, nonappealable judgment, order or decree of a court. However, Escrowee shall have the right at any time to deposit the Downpayment and the interest thereon with the clerk of a court in the county in which the Premises are located and shall give Notice of such deposit to Seller and Purchaser. Upon such deposit or other disbursement in accordance with the terms of this paragraph, Escrowee shall be relieved and discharged of all further obligations and responsibilities hereunder.

- B. The parties acknowledge that, although Escrowee is holding the Downpayment for Seller's account, for all other purposes Escrowee is acting solely as a stakeholder at their request and for their convenience and that Escrowee shall not be liable to either party for any act or omission on its part unless taken or suffered in bad faith or in willful disregard of this Contract or involving gross negligence on the part of Escrowee. Seller and Purchaser jointly and severally agree to defend, indemnify, and hold Escrowee harmless from and against all costs, claims, and expenses (including reasonable attorney's fees) incurred in connection with the performance of Escrowee's duties hereunder, except with respect to actions or omissions taken or suffered by Escrowee in bad faith or in willful disregard of this Contract or involving gross negligence on the part of Escrowee.
- C. Escrowee may act or refrain from acting in respect of any matter referred to herein in full reliance upon and with the advice of counsel which may be selected by it (including any member of its firm) and shall be fully protected in so acting or refraining from action upon the advice of such counsel.
- D. Escrowee acknowledges receipt of the Downpayment by check subject to collection and Escrowee's agreement to the provision of this paragraph by signing in the place indicated on the signature page of this Contract.
- E. Escrowee or any member of its firm shall be permitted to act as counsel for Seller in any dispute as to the disbursement of the Downpayment or any other dispute between the parties whether or not Escrowee is in possession of the Downpayment and continues to act as Escrowee.

4. Funds:

- A. All money payable under this Contract, unless otherwise specified, shall be paid by:

- i. Cash, but not over \$1,000.00;
- ii. Good check of Purchaser drawn on or official check issued by any bank, savings bank, trust company, or savings and loan association having a banking office in the State of New York, unendorsed and payable to the order of Seller, or as Seller may otherwise direct upon not less than three (3) business days' notice (by telephone or otherwise) to Purchaser;
- iii. As to money other than the Purchase Price payable to Seller at Closing, check of Purchaser; and
- iv. As otherwise agreed to in writing by Seller or Seller's attorney.

5. Conditions of Sale:

- A. This Contract and performance hereunder are subject to and conditioned upon the approvals stated in this section:
 - i. The Purchaser shall obtain approval, if necessary, of the New York State Department of Environmental Conservation and its authorization to Purchaser to operate or to extend its operations to include the territory served by the Seller. Purchaser shall promptly apply to the Department of Environmental Conservation for such approval and authorization. Seller will join in that application or in another application by the Purchaser for the transfer of its Water System.
 - ii. The Seller shall obtain approval for the proposed asset sale from stockholders owning at least two-thirds of the common stock of the transportation corporation voting in person or by proxy at a special stockholder meeting. This approval shall be secured prior to Closing and evidence of the same shall be provided to Purchaser.
 - iii. The approval, if necessary, of the New York State Department of Environmental Conservation and its authorization to Purchaser to operate or to extend its operations to include the territory served by the Seller. Purchaser shall promptly apply to the Department of Environmental Conservation for such approval and authorization. Seller will join in that application or in another application by the Purchaser for the transfer of its water supply permits.
 - iv. The Seller shall obtain approval of the sale from Public Service Commission ("PSC"). The Purchaser will cooperate with the application. Said approval to be obtained by joint petition. Each party is to pay its own expenses relating to this application.

- v. In the event any of the consents, approvals, and authorizations of any nature required in connection with this transaction are (i) not issued on or before the Closing Date or after a reasonable postponement agreed upon by both parties or (ii) granted on conditions not expressed or contemplated in this Contract including, but not limited to, payments or refunds to customers (unless such conditions are acceptable to the party charged therewith), then this Contract and all the terms and provisions thereof shall be deemed canceled and the respective rights and obligations of the parties hereunder shall cease.
- vi. In the event that Seller is required by lawful written order of a public official or agency having jurisdiction over it to install or construct any addition or additions to the water plant prior to the closing as set forth herein, Seller will provide 10 days' written Notice to Purchaser of the order and the cost of construction. Purchaser may contest the order and Seller will not proceed as long as there is an administrative or judicial stay in effect. Seller will construct or install such addition or additions in conformity with specifications customarily adhered to by Seller for the installation or construction of similar property, and title to such addition or additions will transfer to Purchaser, and Purchaser will reimburse Seller the cost stated in the aforementioned Notice. As of the date hereof, Seller has no knowledge of any violation or unmet requirement set forth by the Department of Health for the State of New York or the County of Dutchess other than that which concerns the issues of filtration.
- vii. The Seller operates an independent water supply system sometimes referred to as Brandt Farms. In order to facilitate the continued operations of that system after the sale of the Water System, the Town shall before or as of the Closing Date approve a certificate of incorporation pursuant to the New York State Transportation Corporations Law authorizing the owners of Rand Water Corporation to continue to provide water service in the area that includes the customers in Brandt Farms and the lots adjacent thereto.

6. The Premises are sold and shall be conveyed subject to the following provided same does not render title uninsurable:

- A. zoning and subdivision laws and regulations and landmark, historic, or wetlands designation, provided that they are not violated by the existing buildings and improvements erected on the property or their use;
- B. consents of record for the erection of any structures on, under, or above any streets on which the Premises abut;

- C. encroachment of stoops, areas, cellar steps, trim, and cornices, if any, upon any street or highway;
- D. real estate taxes that are a lien, but are not yet due and payable by Seller; and
- E. other matters, if any, including a survey exception.

7. The Seller hereby represents and warrants to the Purchaser that all of the following are true as of the date hereof and shall be true on the Closing Date:

- A. The Seller will be at the time of Closing a corporation duly organized, validly existing, and in good standing under the laws of the State of New York.
- B. Subsequent to the approval of this Contract by two-thirds of its shareholders, the Seller will have the power to execute and deliver this Contract and to perform its obligations hereunder and by proper corporate action will authorize the execution of this Contract and the fulfillment of its obligations hereunder.
- C. The Seller has filed with appropriate governmental authorities all tax and other returns (including sales and use tax returns) required to be filed by it relating to the business or assets of the Seller and such returns are true and complete and all taxes shown thereon to be due have been paid. The Seller will file with appropriate governmental authorities, all tax and other returns (including sales and use tax returns) which shall be required to be filed by it after the Closing Date related to the System of the Seller, and such returns shall be true and complete and all taxes, penalties, and interest shown thereon shall be paid by Seller.
- D. The Seller has no knowledge of any condemnation or eminent domain proceeding now pending or anticipated with respect to all or any part of the System.
- E. There are no inquiries, proceedings, legal actions, suits or environmental, legal or administrative proceedings pending or, to Seller's knowledge, threatened against or which might affect the Seller or the System, or interfere with the ability of Purchaser to occupy and use the System for Purchaser's purposes.
- F. There are no parties in possession of any portion of the Premises to which the Seller holds fee title as lessees, tenants at sufferance, trespassers, invitees, or purported purchasers or owners thereof, except as noted herein.
- G. There are no liens, or other encumbrances on or affecting all or any portion of the System except those relating to those referred in Paragraph 3 above.

- H. Seller has not received any written notice from any insurance company or Board of Fire Underwriters (or organization exercising functions similar thereto) requiring the performance of any work or alteration in respect of the Premises and, if Seller receives any such notice prior to the Closing, it shall provide Purchaser with a copy thereof.
- I. Undisclosed Liabilities. At the date of the December 31, 2008, Balance Sheet, the Seller did not have any liabilities or obligations of any kind, whether accrued, absolute, contingent, or otherwise, which are not disclosed on the Balance Sheet, except for liabilities or obligations, which, individually or in the aggregate, are not in excess of \$10,000 except for liabilities and obligations incurred since the date of the Balance Sheet in the ordinary course of business consistent with past practices. There is no basis for the assertion of any material claim or liability against the Seller in any amount not fully reflected or reserved against on the Balance Sheet or disclosed in the notes thereto or in this Contract or the Exhibits hereto.
- J. Absence of Certain Changes or Events. Since the December 31, 2008, Balance Sheet the Seller has not:
- i. declared any dividend or made any payment or other distribution in respect of its shares of capital stock;
 - ii. purchased, redeemed, issued, sold, or otherwise acquired or disposed of any shares of its capital stock, or granted any options, warrants, or other rights to purchase or convert any obligation into any shares of its capital stock;
 - iii. incurred, assumed, or acquired any obligation or liability (contingent or otherwise) except (i) normal trade or business obligations incurred in the ordinary course of business and consistent with the past practices of such company including real estate tax obligation, and thereafter, (ii) obligations under contracts, agreements, and leases described in Exhibits hereto, and (iii) obligations or liabilities which, individually or in the aggregate, are not in excess of \$10,000;
 - iv. mortgaged, pledged, or subjected to any lien, charge, security interest, or to any other encumbrance any of its assets (whether tangible or intangible) or the Premises, except for security interests granted to lenders in connection with the bonds and loans referred to in the Balance Sheet;
 - v. sold, assigned, transferred, conveyed, leased, or otherwise disposed of or agreed to sell, assign, transfer, convey, lease, or otherwise dispose of any

of its assets or the Premises, or any other material right, except for fair consideration in the ordinary course of business;

- vi. suffered any casualty losses or damages with respect to property and assets that had or may have a material adverse effect on its financial condition as a whole, whether or not such losses or damages shall have been covered by insurance.
- K. Tax Matters. The Seller has (i) filed when due with the appropriate federal, state, local, foreign, and other governmental agencies, or obtained all appropriate extensions for filing, all tax returns, estimates, and reports required to be filed by it, and (ii) has paid all requisite federal, state, or local taxes, and charges of any nature whatsoever, including interest and penalties thereon, and unemployment and social security taxes (collectively, "Taxes"). The Seller withheld any tax required to be withheld under all applicable federal, state, and local regulations, and such withholdings were either paid to the respective governmental agencies or set aside in accounts for such purpose or accrued, reserved against, and entered upon the books of the Seller as the case may be.
- L. Real Properties and Leases. The Seller owns and has marketable title to the real property set forth in Exhibit C (Deeds and Easements), and this property is free and clear of any and all pledges, liens, encumbrances, security interests, agreements, or claims of any kind except those referred to in Paragraphs 1 and 9.
- M. Tangible Personal Property. The Seller has good title to all of the items of tangible personal property as shown on Schedule A owned by it, free and clear of all liens, leases, encumbrances, claims under bailment and storage agreements, equities, conditional sales contracts, security interests, charges, and restrictions, and all of the items of tangible personal property not owned by, but used in the business of, the Seller and which, individually or in the aggregate, are material to the conduct of its business are in such condition that upon the return of such property to their owners in the current condition of such property, normal wear and tear excepted, at the end of the relevant lease terms or as otherwise contemplated by the applicable agreements with the owners thereof, the obligations of the Seller will be discharged. Regardless of the foregoing, such equipment necessary for the daily or ordinary operation shall be acquired and transferred to the Purchaser at the expense of the stockholders.
- N. Litigation. There is no action or proceeding in any court or before any governmental authority ("Litigation") pending or, to Seller's knowledge, threatened (a) against Seller or the shares, or (b) that seeks to enjoin or obtain damages in respect of the consummation of the transactions contemplated hereby.

- O. Assets and Inventory. The physical assets and properties owned, operated, or leased, including inventory, by the Seller and used by it have been inspected by Purchaser and on the Closing Date shall be “as is” as of the date hereof, reasonable wear and tear excepted. Exhibit D, Assets & Inventory, lists the assets and inventory owned or leased by the Seller.
 - P. Accounts Receivable. The accounts receivable set forth on the Balance Sheet arose from the supply of water, other assets, or services, in each case in the ordinary course of business, are not subject to any counterclaim or set-off (except for any counterclaims or set-offs that individually or in the aggregate, are not material), and reflect extensions of credit consistent with the past practices of the Seller.
 - Q. Powers of Attorney. The Seller has not given any power of attorney that is currently in effect, whether limited or general, to any person, firm, corporation, or otherwise.
 - R. No representation or warranty of Seller contained in this Contract, and no statement contained in any certificate or other instrument furnished or to be furnished to Purchaser pursuant hereto, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact, or omits or will omit to state any material fact which is necessary in order to make the statements contained therein not misleading subject to Seller’s good faith belief that the foregoing were true and not misleading at the time made.
8. Purchaser represents and warrants to the Seller:
- A. The Purchaser is a government authority duly organized and validly existing and in good standing under the laws of the State of New York and is an entity defined in Section 170(c)(1) of the Internal Revenue Code of 1986, as amended to the date of Closing.
 - B. Purchaser has full authority to execute, deliver, and perform this Contract and all other documents required to be executed by it hereunder; this Contract and related undertakings will constitute valid and binding obligations of Purchaser; and this Contract, related undertakings, and all transactions contemplated hereby have been duly authorized.
 - C. The Purchaser’s good faith estimate of the value of the property being transferred pursuant to this Contract is the amount to be determined by the Appraiser and the value of the contribution to the Purchaser being made by the Seller to the Purchaser is not less than the fair market value established by the Appraiser and documented in the Appraisal less the Cash Consideration.

- D. The Seller's contribution will be used exclusively for public purposes.
- E. Other than as stated in this Contract, the Purchaser has not, and will not, provide any goods or services to the Seller in consideration, in whole or in part, for the property described in this Contract.
- F. The property being transferred to the Purchaser has never been the subject of condemnation proceedings by the Purchaser.
- G. Neither the execution or delivery of this Contract nor fulfillment of or compliance with the terms and conditions hereof or thereof will constitute a breach by Purchaser of its statutory authority, or by-laws or result in a breach of the terms, conditions, or provisions of or constitute a default under or result in a violation of any agreement, contract, or instrument to which Purchaser is a party or by which it is bound or result in a violation by Purchaser of any existing law or statute or any rule or regulation of any jurisdiction or of any order, decree, writ, or injunction of any court or governmental department, bureau, board, agency, or instrumentality.
- H. No consent from or other approval of any governmental entity or other person is necessary in connection with the execution of this Contract or the consummation by Purchaser of the transactions contemplated hereby except as noted in Paragraph 5 above.
- I. No representation or warranty of Purchaser contained in this Contract, and no statement contained in any certificate or other instrument furnished or to be furnished to Seller pursuant hereto, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact, or omits or will omit to state any material fact which is necessary in order to make the statements contained therein not misleading subject to Purchaser's good faith belief that the foregoing were true and not misleading at the time made.
- J. Purchaser is fully aware of the physical condition and state of repair of the System and/or the Premises and of all other property included in this sale, based on Purchaser's own inspection and investigation thereof, and that Purchaser is entering into this Contract based solely upon such inspection and investigation and not upon any information, data, statements or representations, written or oral, as to the physical condition, state of repair, use, cost of operation or any other matter related to the System and/or the Premises or the other property included in the sale, given or made by Seller or its representatives, and shall accept the same "as is" in present condition and state of repair, subject to reasonable use, wear, tear, and natural deterioration between the date hereof and the date of Closing, without any reduction in the Purchase Price or claim of any kind for any change

in such condition by reason thereof subsequent to the date of this Contract. Purchaser and its authorized representatives shall have the right, at reasonable times and upon reasonable notice (by telephone or otherwise) to Seller, to inspect the Premises on the earlier of three (3) days' notice, or the day of Closing.

9. The Seller covenants and agrees as follows:

A. Actions Pending the Closing. Pending the Closing:

- i. The business of the Seller will be conducted only in the ordinary course and the Seller will attempt to preserve its present relationships with its management, employees, customers, and suppliers.
- ii. No single contract or commitment will be entered into, other than transactions in the ordinary course of business that do not involve commitments or payments in excess of \$3,000. If such a contract or commitment is necessary for the ordinary course of business, it can be made only with the prior approval of the Purchaser.
- iii. The Seller will not enter into, create, or assume any indebtedness for borrowed money (other than credit transactions in the normal course of business and normal seasonal borrowing) or create any lien, encumbrance, mortgage, or security interest in the System (except with respect to normal seasonal borrowings), or assume, guarantee, endorse, or otherwise become liable with respect to the obligations of any other person or entity (except for endorsements of instruments in the normal course of business).
- iv. The Seller shall keep its corporate franchise and all other franchises and rights in full force and effect and shall not merge with or consolidate with any other person, corporation, or entity, or acquire all or substantially all of the stock or business or assets of any other person, corporation, or entity.
- v. All of the properties and assets of the Seller shall be kept and maintained in the same operating condition and repair as exists on the date hereof.
- vi. The Seller shall duly and timely file all reports or returns required to be filed with any federal, state, or local governmental authority, including all taxing authorities, and will promptly pay all of its obligations, including all taxes, when the same shall be normally due, and shall comply with all applicable federal, state, and local laws, statutes, ordinances, and regulations.

- vii. The Seller shall continue to maintain in full force and effect all policies of insurance heretofore carried by it.
 - B. Access to Records. From and after the date hereof, the Seller shall cause all of the books and records of the Seller to be available for inspection or examination by representatives of Purchaser, upon reasonable notice, during normal business hours.
 - C. Compliance with Conditions. The Seller shall use its best efforts to cause the Closing to be consummated and to cause the execution and delivery of the documents referred to in Paragraph 16(C) hereof and to bring about the satisfaction of the conditions to the obligations of Purchaser as set forth in Paragraphs 5 and 19 hereof.
10. The Purchaser covenants and agrees that it shall use its best efforts to cause the closing to occur as soon as practicable but no later than November 1, 2009.
11. Indemnification and Related Matters
- A. Indemnification by Seller. Seller agrees to defend, indemnify, and hold Purchaser, its directors, officers, managers, employees, and agents harmless from and against:
 - i. any and all claims, liabilities, obligations, damages, and expenses resulting from, or arising out of, the failure of any of the representations and warranties of Seller contained in this Contract to have been true in all material respects when made and as of the Closing Date;
 - ii. any and all claims, liabilities, obligations, damages, and expenses resulting from the failure of Seller to comply in all material respects with any of the covenants contained in this Contract that are required to be performed by Seller;
 - iii. any and all third-party claims for liabilities, obligations, damages, and expenses which occur prior to or on the day of Closing that relate to the physical operation of the System, but not to this Contract, rate applications, or the transfer, sale, or purchase of the System. If the event(s) giving rise to a claim occurs on or before Closing and continues to occur after Closing, Seller and Purchaser will indemnify the other for the periods that the party did not own the System; and
 - iv. all actions, suits, proceedings, costs, and expenses, including reasonable attorneys' fees, incident to this paragraph.

- B. Indemnification by Purchaser. The Purchaser agrees to defend, indemnify, and hold Seller, its directors, officers, managers, employees, and agents harmless from and against:
- i. any and all claims, liabilities, obligations, damages, and expenses resulting from the failure of any of the representations and warranties of Purchaser contained in this Contract to have been true in all material respects when made and as of the Closing Date;
 - ii. any and all claims, liabilities, obligations, damages, and expenses resulting from the failure of Purchaser to comply in all material respects with any of the covenants contained in this Contract that are required to be performed by Purchaser;
 - iii. any and all third-party claims for liabilities, obligations, damages, and expenses which occur after the day of Closing; if the event(s) giving rise to a claim occurs on or before Closing and continues to occur after Closing, Seller and Purchaser will indemnify the other for the periods that the party did not own the System; and
 - iv. all actions, suits, proceedings, costs, and expenses, including reasonable attorneys' fees, incident to this paragraph.

12. Survival of Representations, Warranties, and Covenants. The parties hereto agree that the representations and warranties made in this Contract and the covenants contained herein to be performed or complied with at or prior to the Closing Date will not survive the Closing unless such provision is specifically stated to survive Closing. The indemnification provisions of this Contract shall survive the delivery of the System and the Closing.

13. Seller shall give and Purchaser shall accept such title as any reputable Title Insurance Company licensed in New York shall be willing to approve and insure in accordance with its standard form of title policy approved by the New York State Insurance Department, subject only to the matters provided for in this Contract. Should an issue arise concerning access to the real property on which the water supply wells are located, Seller will provide affidavits that may help Purchaser establish its right to access.

14. Closing, Deed, and Title.

- A. "Closing" means the settlement of the obligations of Seller and Purchaser to each other under this Contract.
- B. At the Closing, Purchaser shall pay the balance of the Purchase Price to Seller as adjusted pursuant to this Contract.

- C. At the Closing, Seller shall deliver to Purchaser a bargain and sale deed with covenants against grantor's acts in proper statutory short form for recording, duly executed and acknowledged, so as to convey to Purchaser fee simple title to the Premises, free of all encumbrances, except as otherwise herein stated. The deed shall contain a covenant by Seller as required by subdivision 5 of Section 13 of the Lien Law.
- D. At the Closing, Seller shall deliver to Purchaser a duly executed bill of sale for the System, a duly executed assignment of easement and other rights, all existing easements, a listing of the customers served through the services acquired herein and shall execute and deliver any and all other instruments which counsel to Purchaser may reasonably deem requisite or necessary to effectuate the conveyance and transfer of the property referred to herein.
- E. Seller, since it is a corporation, shall deliver to Purchaser at the time of Closing:
 - i. a resolution of its Board of Directors authorizing the sale and delivery of the deed, and
 - ii. a certificate by the Secretary or Assistant Secretary of the corporation certifying such resolution and setting forth facts showing that the transfer is in conformity with the requirements of Section 909 of the Business Corporation Law. The deed in such case shall contain a recital sufficient to establish compliance with that Section.
- F. Purchaser shall deliver to Seller:
 - i. An IRS Form 8283 executed by a person duly authorized by the Purchaser to sign appraisal summaries on an appraisal summary on a form acceptable to the Internal Revenue Service.
 - ii. A letter or other written communication from the Purchaser to the Seller acknowledging the receipt of a contribution, showing the date of the contribution, a description of the property and a good faith estimate of the value of the contribution being made by the Seller.
 - iii. Such other writings or forms deemed necessary by the Seller or its advisors to substantiate the claim for a charitable deduction by the Seller in the amount of the difference between the property's fair market value and the cash purchase price paid pursuant to this Contract.
- G. After the delivery of the balance of the Purchase Price and the documents listed in this Paragraph 14, the acceptance of documents of sale by Purchaser shall be deemed to be a full performance and discharge of every contract and obligation on the part of Seller to be performed pursuant to the provisions of this Contract,

except those, if any, which are herein specifically stated to survive the delivery of the deed.

15. The Closing. Subject to the provisions of Paragraph 5 hereof, the Closing of the transaction contemplated hereby will take place at the offices of Purchaser or such location designated by Bond Counsel on or about November 1, 2009 (the "Closing Date"). Adjournments may be granted by either Party in order to allow the other Party additional time to secure the approvals set forth in this Contract.

16. This Contract and Purchaser's obligation to purchase the Premises are also subject to and conditioned upon the fulfillment of the following conditions precedent:

- A. The accuracy, as of the date of Closing, of the representations and warranties of Seller made in this Contract.
- B. The delivery by Seller to Purchaser of a certification stating that Seller is not a foreign person, which certification shall be in the form then required by FIRPTA. If Seller fails to deliver the aforesaid certification or if Purchaser is not entitled under FIRPTA to rely on such certification, Purchaser shall deduct and withhold from the Purchase Price a sum equal to 10% thereof (or any lesser amount permitted by law) and shall at Closing remit the withheld amount with the required forms to the Internal Revenue Service.
- C. The delivery by the parties of any other affidavits required as a condition of recording the deed.
- D. Copies of any and all documentation in possession of the Seller which pertain to the design, operation, and location of the Water System including any maps, plans, reports, or operating manuals.
- E. Properly completed and signed counterparts of: (1) the New York State Department of Taxation and Finance Combined Real Estate Transfer Tax Return and Credit Line Mortgage Certificate (Form TP-584) and (2) the State of New York State Board of Real Property Services Real Property Transfer Report (Form RP-5217). Purchaser agrees to sign and direct the Title Company to deliver such Forms to the appropriate recording office with the deed promptly after the Closing.
- F. The delivery by Seller to Purchaser of a certificate issued by the Secretary of State of New York attesting that Seller is duly organized, validly existing, and in good standing under the laws of the State of New York and a tax clearance certificate from the New York State Department of Taxation. Should it be necessary, Seller covenants that it shall use due diligence, good faith, and take all

reasonable steps in pursuing its reincorporation by the Secretary of State, State of New York.

17. At Closing, certified or official bank checks payable to the order of the appropriate State, City, or County officer in the amount of any applicable transfer and/or recording tax payable by reason of the delivery or recording of the deed or mortgage, if any, shall be delivered by the party required by law or by this Contract to pay such transfer and/or recording tax, together with any required tax returns duly executed and sworn to, and such party shall cause any such checks and returns to be delivered to the appropriate officer promptly after Closing. The obligation to pay any additional tax or deficiency and any interest or penalties thereon shall survive Closing.

18. Apportionments and Other Adjustments:

- A. To the extent applicable, the following shall be apportioned as of midnight of the day before the day of Closing:
 - i. water service revenues or charges billed and accrued and accounts receivable;
 - ii. special franchise taxes exclusive of corporate taxes;
 - iii. taxes and water charges on the basis of the fiscal period for which assessed; and
 - iv. fuel, chemicals, and supplies at the price then charged to Seller by Seller's supplier, including any taxes.
- B. If Closing shall occur before a new tax is fixed, the apportionment of taxes shall be upon the basis of the tax rate for the immediately preceding fiscal period applied to that latest assessed valuation.
- C. Any errors or omissions in computing apportionments or other adjustments at Closing shall be corrected within a reasonable time following Closing. This subparagraph shall survive Closing.

19. Purchaser shall be liable for all federal, state, and local taxes of any kind for any period commencing after the Closing. Purchaser shall be liable for any transfer tax or other charge customarily paid by a seller in Dutchess County, New York. Provision for all such taxes will be included in the computation of the adjustments.

20. Seller has the option to credit Purchaser as an adjustment to the Purchase Price with the amount of any unpaid taxes, assessments, water charges, and water rents, together with any interest and penalties thereon to a date not less than five (5) business days after Closing, provided that official bills therefor computed to said date are produced at Closing.

21. If at Closing there are liens or encumbrances that Seller is obligated to pay or discharge in order to close, Seller may use any portion of the proceeds to pay or discharge them, provided Seller shall simultaneously deliver to Purchaser at Closing instruments in recordable form and sufficient to satisfy such liens or encumbrances of record, together with the cost of recording or filing said instruments. As an alternative Seller may deposit sufficient monies with the title insurance company employed by Purchaser acceptable to and required by it to assure their discharge, but only if the title insurance company will insure Purchaser's title clear of the matters or insure against their enforcement out of the Premises and will insure Purchaser's Institutional Lender clear of such matters. Upon notice (by telephone or otherwise), given not less than ten (10) business days before Closing, Purchaser shall provide separate checks as requested to assist in clearing up these matters. Provision for all such amounts will be included in the computation of the adjustments.

22. Title Examination, Seller's Inability to Convey, Limitations of Liability.

- A. Purchaser shall order an examination of title in respect of the Premises from a title company licensed or authorized to issue title insurance by the New York State Insurance Department or any agent for such title company promptly after the execution of this Contract. Purchaser shall cause a copy of the title report and of any additions thereto to be delivered to the attorney(s) for Seller promptly after receipt thereof.
- B. If at the date of Closing, Seller is unable to transfer title to Purchaser in accordance with this Contract or Purchaser has other valid grounds for refusing to close, whether by reason of liens, encumbrances, or other objections to title or otherwise (herein collectively called "Defects"), other than those subject to which Purchaser is obligated to accept title hereunder or which Purchaser may have waived and other than those which Seller has herein expressly agreed to remove, remedy, or discharge and if Purchaser shall be unwilling to waive the same and to close title without abatement of the Purchase Price, then except as hereinafter set forth, Seller shall have the right, at Seller's sole election, either to take such action as Seller may deem advisable to remove, remedy, discharge, or comply with such Defects or to cancel this Contract.
- C. If Seller elects to take action to remove, remedy, or comply with such Defects, Seller shall be entitled from time to time, upon Notice to Purchaser, to adjourn the date for Closing hereunder for a period or periods not exceeding sixty (60) days in the aggregate (but not extending beyond the date upon which Purchaser's mortgage commitment, if any, shall expire), and the date for Closing shall be adjourned to a date specified by Seller not beyond such period. If for any reason whatsoever, Seller shall not have succeeded in removing, remedying, or complying with such Defects at the expiration of such adjournment(s) and if Purchaser shall still be unwilling to waive the same and to close title without

abatement of the Purchase Price, then either party may cancel this Contract by Notice to the other given within ten (10) days after such adjourned date.

- D. Notwithstanding the foregoing, the existing mortgage and any matter created by Seller after the date hereof shall be released, discharged, or otherwise cured by Seller at or prior to Closing.
- E. If this Contract is canceled pursuant to its terms, other than as a result of Purchaser's willful default, this Contract shall terminate and come to an end, and neither party shall have any further rights, obligations, or liabilities against or to the other hereunder or otherwise, except that:
 - i. Seller shall promptly refund or cause the Escrowee to refund the Downpayment to Purchaser and, unless canceled as a result of Purchaser's willful default, to reimburse Purchaser for the net cost of examination of title, including any appropriate additional charges related thereto, and the net cost, if actually paid or incurred by Purchaser, for updating the existing survey of the Premises or of a new survey, and
 - ii. the obligations under Paragraph 24 shall survive the termination of this Contract.

23. If a title examination discloses judgments, bankruptcies, or other returns against entities having names the same as or similar to that of Seller, Seller shall deliver an affidavit at Closing showing that they are not against Seller or if against Seller that they have been satisfied and/or discharged.

24. Defaults and Remedies.

- A. If Purchaser willfully defaults hereunder, Seller's sole remedy shall be to receive and retain the Downpayment as liquidated damages, it being agreed that Seller's damages in case of Purchaser's default might be impossible to ascertain and that the Downpayment constitutes a fair and reasonable amount of damages under the circumstances and is not a penalty.
- B. If Seller willfully defaults hereunder, Purchaser shall have such remedies as Purchaser shall be entitled to at law or in equity, including, but not limited to, specific performance.

25. The parties represent to each other that no broker brought about this sale.

26. This Contract may not be changed orally but only by a Contract in writing and signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

27. Any notice or demand which under the provisions of this Contract or otherwise may or must be given or made shall be in writing and may be given or made by mailing the same by registered mail or certified mail; those addressed to Seller:

Albert A. Natoli, P.C.
Counselor-at-Law
233 Broadway, Suite 810
New York, NY 10279-0815
Tel: 212 619-8087
Fax: 877 770-8087

and those to Purchaser:

Thomas F. Wood, Esq.
Wood & Klarl
3153 Albany Post Road
Buchanan, NY 10511
Tel: 914-736-0144
Fax: 914-736-9082

28. Any notice or other communication (“Notice”) shall be in writing and either
- A. sent by either party’s respective attorneys, who are hereby authorized to do so on their behalf or by the Escrowee, by registered or certified mail, postage prepaid, or delivered in person or by overnight courier, with receipt acknowledged, to the respective addresses given in this Contract for the party and the Escrowee, to whom the Notice is to be given, or to such other address as such party or Escrowee shall hereafter designate by Notice given to the other party or parties and the Escrowee pursuant to this paragraph. Each Notice mailed shall be deemed given on the third business day following the date of mailing the same, except that any notice to Escrowee shall be deemed given only upon receipt by Escrowee and each Notice delivered in person or by overnight courier shall be deemed given when delivered.
29. Proceedings. All proceedings that shall be taken and all documents that shall be executed and delivered by the parties hereto on the Closing Date shall be deemed to have been taken and executed simultaneously and no proceedings shall be deemed taken nor any documents executed or delivered until all have been taken, executed, and delivered.
30. Further Assurances. If, at any time after the date hereof, any party shall consider or be advised that any further assignments, conveyances, certificates, filings, instruments, or documents or any other things are necessary or desirable to vest, perfect, or confirm in Purchaser’s title to the System, the assets conveyed or to consummate any of the transactions contemplated by this Contract, the appropriate other party shall, upon request, promptly execute

and deliver all such proper deeds, assignments, certificates, filings, instruments, and documents and do all things reasonably necessary and proper to vest, perfect, or confirm such title in Purchaser and to otherwise carry out the purposes of this Contract.

31. This Contract shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The Contract may not be assigned without the written approval of the non-assigning party.

32. Compliance with Closing Conditions.

The parties hereto shall use their best efforts to comply with the respective Closing conditions to be performed on their part.

33. Termination.

This Contract and all the terms and provisions thereof shall be deemed canceled and the respective rights and obligations of the parties hereunder shall cease and neither party shall have any further rights, obligations, or liabilities against or to the other hereunder or otherwise, except that: (i) Seller shall promptly refund or cause the Escrowee to refund the Downpayment to Purchaser and, unless canceled as a result of Purchaser's default or Purchaser's inability to obtain the approvals needed to Close, to reimburse Purchaser for the net cost of examination of title, including any appropriate additional charges related thereto, and the net cost, if actually paid or incurred by Purchaser, for updating the existing survey of the Premises or of a new survey upon any of the following:

- A. Mutual Agreement. Purchaser and Seller may, at any time prior to the Closing Date, mutually consent to the termination of this Contract, or
- B. Failure to Obtain Necessary Approvals. In the event any of the consents, approvals, and authorizations of any nature required in connection with this transaction are (i) not issued on or before the Closing Date or after a reasonable postponement agreed upon by both parties or (ii) granted on conditions not expressed or contemplated in this Contract including, but not limited to, payments or refunds to customers (unless such conditions are acceptable to the party charged therewith), or
- C. Uncured action by Seller taken outside the ordinary course of business. Seller shall at least ten (10) days prior to the date of Closing provide to Purchaser a list of each and every action taken during the pendency of this Contract, including the date of the action, the parties to the action, a description of the action, the reason for the action, and the cost, if any, incurred by the action. Purchaser shall review the list and notify Seller of any action which Purchaser determines to be outside the ordinary course of Seller's business and shall afford Seller an opportunity to cure the action. Seller shall have thirty (30) days to cure the action to Purchaser's

satisfaction and approval which shall not be unreasonably conditioned or delayed during which period the Closing shall be automatically adjourned. In the event Seller does not cure the action within thirty (30) days, Purchaser may terminate this Contract.

34. Operation Agreement.

Pursuant to an Option to Purchase Agreement, Purchaser may act as Seller's agent during the pendency of the Option to Purchase Agreement and this Contract for the purposes of operating, maintaining, and repairing the Water System. Seller shall use reasonable efforts to provide access to all of Seller's records and facilities to enable Purchaser to operate the system. Purchaser will endeavor to provide a level of service comparable to that provided by Seller. Seller shall cooperate with Purchaser to ensure that Purchaser can operate the system without interruption in service. If the Purchaser chooses to operate the Water System, Seller shall continue to collect all water charges and pay utility, lab fees, and chemical bills. The Seller will pay to the Purchaser's vendor, "VRI", the sum of \$300 per month for each month it oversees operations. If Purchaser decides to discontinue operating, maintaining, and repairing the Water System, it shall give thirty (30) days' Notice to the Seller.

35. Parties.

Nothing contained in this Contract is intended or shall be construed to give any person or corporation, other than the parties hereto and their respective successors, any legal or equitable right, remedy, or claim under or in respect of this Contract or any provision herein contained; this Contract being intended to be and being for the sole and exclusive benefit of the parties hereto and their respective successors and for the benefit of no other person or corporation.

35. New York Law to Govern.

This Contract shall be governed by and construed and enforced in accordance with the laws of the State of New York.

36. Counterparts.

This Contract may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

37. Paragraph Headings.

The paragraph headings in this Contract are for convenience of reference only and shall not be deemed to alter or affect any provision thereof. Reference to numbered "paragraphs", "subparagraphs", and "Exhibits" refer to paragraphs and subparagraphs of this Contract and Exhibits annexed hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Contract and affixed their corporate seals the day and year first above written.

ATTEST:

ATTEST:

RAND WATER CO.

TOWN OF EAST FISHKILL

By: Mark Day
Mark Day
President

By: John L. Hickman, Jr.
John L. Hickman, Jr.
Supervisor

SCHEDULE A

DOGWOOD WATER SYSTEM

WATER SUPPLY

- Pump House Building
- 2 - 8" Wells with Pumps
- 106,000 gal Water Storage Tank
- 5,000 gal Hydro-pneumatic Tank
- Air Compressor
- Chlorine System
- Electrical Supply and Controls
- Emergency Generator
- Miscellaneous Piping & Valving

DISTRIBUTION SYSTEM

- 6", 8", 10" Water Mains
- Fire Hydrants
- Service Connections

REAL ESTATE

- Water Supply Site – approximately 2.2 Acres
- Future Tank Site – approximately 2.4 Acres

Appendix C
State Environmental Quality Review
SHORT ENVIRONMENTAL ASSESSMENT FORM
For UNLISTED ACTIONS Only

PART I - PROJECT INFORMATION (To be completed by Applicant or Project Sponsor)

1. APPLICANT/SPONSOR Town of East Fishkill	2. PROJECT NAME Rand Water Corporation
3. PROJECT LOCATION: Municipality East Fishkill County Dutchess	
4. PRECISE LOCATION (Street address and road intersections, prominent landmarks, etc., or provide map) The part of the water supply system of the Rand Water Corporation ("Rand") that serves the area known as the Dogwood Subdivision.	
5. PROPOSED ACTION IS: <input checked="" type="checkbox"/> New <input type="checkbox"/> Expansion <input type="checkbox"/> Modification/alteration	
6. DESCRIBE PROJECT BRIEFLY: Town is acquiring assets of Rand, two parcels of land totalling 4.6 acres +/-, with 2 wells, a 106,000 gallon water storage tank, a 5,000 gallon hydropneumatic tank, 6", 8" & 10" water mains, and approximately 256 customer accounts. Upon acquisition, Town will provide water service to former Rand customers. Town will operate wells on the same terms and conditions as the existing permits.	
7. AMOUNT OF LAND AFFECTED: Initially <u>4.6 +/-</u> acres Ultimately <u>4.6 +/-</u> acres	
8. WILL PROPOSED ACTION COMPLY WITH EXISTING ZONING OR OTHER EXISTING LAND USE RESTRICTIONS? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe briefly	
9. WHAT IS PRESENT LAND USE IN VICINITY OF PROJECT? <input checked="" type="checkbox"/> Residential <input type="checkbox"/> Industrial <input type="checkbox"/> Commercial <input type="checkbox"/> Agriculture <input type="checkbox"/> Park/Forest/Open Space <input type="checkbox"/> Other Describe: Dogwood Knolls in the Town of East Fishkill is a residential subdivision.	
10. DOES ACTION INVOLVE A PERMIT APPROVAL, OR FUNDING, NOW OR ULTIMATELY FROM ANY OTHER GOVERNMENTAL AGENCY (FEDERAL, STATE OR LOCAL)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, list agency(s) name and permit/approvals: Approval by the Public Service Commission, Department of Environmental Conservation, and Comptroller of the State of New York	
11. DOES ANY ASPECT OF THE ACTION HAVE A CURRENTLY VALID PERMIT OR APPROVAL? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, list agency(s) name and permit/approvals: Water Supply Permit issued by the Department of Environmental Conservation	
12. AS A RESULT OF PROPOSED ACTION WILL EXISTING PERMIT/APPROVAL REQUIRE MODIFICATION? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS TRUE TO THE BEST OF MY KNOWLEDGE Applicant/sponsor name: <u>Town of East Fishkill</u> Date: _____ Signature: _____, Town Supervisor	

If the action is in the Coastal Area, and you are a state agency, complete the Coastal Assessment Form before proceeding with this assessment

PART II - IMPACT ASSESSMENT (To be completed by Lead Agency)

A. DOES ACTION EXCEED ANY TYPE I THRESHOLD IN 6 NYCRR, PART 617.4? If yes, coordinate the review process and use the FULL EAF. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
B. WILL ACTION RECEIVE COORDINATED REVIEW AS PROVIDED FOR UNLISTED ACTIONS IN 6 NYCRR, PART 617.6? If No, a negative declaration may be superseded by another involved agency. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
C. COULD ACTION RESULT IN ANY ADVERSE EFFECTS ASSOCIATED WITH THE FOLLOWING: (Answers may be handwritten, if legible)	
C1. Existing air quality, surface or groundwater quality or quantity, noise levels, existing traffic pattern, solid waste production or disposal, potential for erosion, drainage or flooding problems? Explain briefly: No, Town upon acquisition of the Rand assets will operate the system pursuant to DEC issued well permits.	
C2. Aesthetic, agricultural, archaeological, historic, or other natural or cultural resources; or community or neighborhood character? Explain briefly: No, Town does not propose to change the Rand facilities upon acquisition.	
C3. Vegetation or fauna, fish, shellfish or wildlife species, significant habitats, or threatened or endangered species? Explain briefly: No.	
C4. A community's existing plans or goals as officially adopted, or a change in use or intensity of use of land or other natural resources? Explain briefly: No, proposal is consistent with the goal of integrating the water supply operations on the State of New York.	
C5. Growth, subsequent development, or related activities likely to be induced by the proposed action? Explain briefly: No, community is substantially developed.	
C6. Long term, short term, cumulative, or other effects not identified in C1-C5? Explain briefly: None identified.	
C7. Other impacts (including changes in use of either quantity or type of energy)? Explain briefly: None anticipated. Town will continue the operation of Rand's system as currently operated.	
D. WILL THE PROJECT HAVE AN IMPACT ON THE ENVIRONMENTAL CHARACTERISTICS THAT CAUSED THE ESTABLISHMENT OF A CRITICAL ENVIRONMENTAL AREA (CEA)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, explain briefly:	
E. IS THERE, OR IS THERE LIKELY TO BE, CONTROVERSY RELATED TO POTENTIAL ADVERSE ENVIRONMENTAL IMPACTS? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, explain briefly:	

PART III - DETERMINATION OF SIGNIFICANCE (To be completed by Agency)

INSTRUCTIONS: For each adverse effect identified above, determine whether it is substantial, large, important or otherwise significant. Each effect should be assessed in connection with its (a) setting (i.e. urban or rural); (b) probability of occurring; (c) duration; (d) irreversibility; (e) geographic scope; and (f) magnitude. If necessary, add attachments or reference supporting materials. Ensure that explanations contain sufficient detail to show that all relevant adverse impacts have been identified and adequately addressed. If question D of Part II was checked yes, the determination of significance must evaluate the potential impact of the proposed action on the environmental characteristics of the CEA.

<input type="checkbox"/> Check this box if you have identified one or more potentially large or significant adverse impacts which MAY occur. Then proceed directly to the FULL EAF and/or prepare a positive declaration.	
<input checked="" type="checkbox"/> Check this box if you have determined, based on the information and analysis above and any supporting documentation, that the proposed action WILL NOT result in any significant adverse environmental impacts AND provide, on attachments as necessary, the reasons supporting this determination.	
Town of East Fishkill	
_____	_____
Name of Lead Agency	Date
_____	Town Supervisor
Print or Type Name of Responsible Officer in Lead Agency	_____
	Title of Responsible Officer
_____	_____
Signature of Responsible Officer in Lead Agency	Signature of Preparer (If different from responsible officer)

Reset