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July 11, 2006

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Hon. Jaclyn A. Brillig
Secretary
NYS Public Service Commission
3 Empire State Plaza
Albany, New York 12223

RE: In the Matter of the Joint Petition by the Ocean Bay Park Water Corporation and the Suffolk County Water Authority for Approval of the Transfer of all of the Water Supply Assets of Ocean Bay Park Water Corporation to the Suffolk County Water Authority

Dear Secretary Brillig:

Enclosed for filing is an original and three copies of the Petition to transfer the assets of Ocean Bay Park Water Corporation ("Ocean Bay Water") to the Suffolk County Water Authority ("SCWA"). The Petition is being filed pursuant to Public Service Law §89-h(1).

The transfer of the water system to SCWA is in the public interest. SCWA's ownership should stabilize long-term rates and provide dependable service to the customers of Ocean Bay Water. SCWA is among the largest water authorities in the country and has the resources necessary to continue the operations of the system in a dependable and efficient manner.

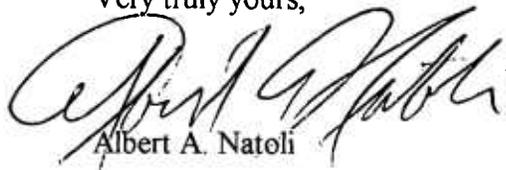
Please send copies of all notices and decisions to the above address and to:

Mr. James T. Flynn
Acting President
Ocean Bay Park Water Corporation
378 Cedar Avenue
Islip, New York 11751

John Millazzo, Esq.
Regulatory Specialist
Suffolk County Water Authority
4060 Sunrise Highway
Oakdale, New York 11769

Thank you for your consideration.

Very truly yours,


Albert A. Natoli

AAN:khn
Enclosures

CC: Mr. James T. Flynn
John Milazzo, Esq.
Mr. Bruce Alch

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STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

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In the Matter of the Joint Petition by the
Ocean Bay Park Water Corporation and the
Suffolk County Water Authority for Approval of the
Transfer of all of the Water Supply Assets of
Ocean Bay Park Water Corporation to the
Suffolk County Water Authority

Case No. _____

Petition for the Transfer
of Water Supply Assets

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

1. Ocean Bay Park Water Corporation ("Ocean Bay Water" or the "Corporation") is a New York transportation corporation with its corporate office located at 24 Cayuga Street, Ocean Bay Park/Ocean Beach, in the Town of Brookhaven, Suffolk County.

2. The Suffolk County Water Authority ("Authority" or "SCWA") is a public benefit corporation functioning under and by virtue of the laws of the State of New York, and having its principal office at 4060 Sunrise Highway, Oakdale, New York 11769.

3. By this Petition, Ocean Bay Water and the Authority request that the Commission approve the acquisition of the water supply assets of Ocean Bay Water by the Authority.

4. Ocean Bay Water provides metered water service to approximately 320 customers in an area known as Ocean Bay Park on Fire Island, in the Town of Brookhaven, Suffolk County. The Corporation provides year-round fire protection service to the Ocean Bay Park Fire District serving Ocean Bay Park and part of the Sea View community. Also, Ocean Bay Water has mutual supply agreements with the Seaview Association of Fire Island, N.Y., Inc., and with the Authority.

5. The Suffolk County Water Authority is the largest water supplier in the nation relying solely on groundwater for its supply. SCWA serves over 1.3 million people in Suffolk County. SCWA operates one of the largest and most technologically-advanced groundwater

testing laboratories in the nation and currently serves over 1.3 million people with 350,000 customer accounts.

6. After the acquisition, SCWA will integrate the Ocean Bay Water system into its other Fire Island operations and serve the Corporation's current customers through this integrated system.

7. Subject to the necessary approvals including the approval of the New York State Public Service Commission and pursuant to the contract signed between Ocean Bay Water and the Authority (the "Contract"), Appendix 1, the Authority will acquire all of the Corporation's assets. As detailed in the Contract, SCWA will pay \$400,000.00 to the Corporation; pay up to \$12,500 of anticipated closing costs; assume substantially all of the Corporation's accounts and contracts, except employment contracts and liabilities from tort actions against the Corporation for prior acts; and assume, pay, or defease the amounts owed by the Corporation relating to the Suffolk County Industrial Development Agency 1992 Industrial Development Revenue Bonds, Series 1992A and 1992B ("IDA Bonds"), and the New York State Environmental Facilities Corporation October 31, 2002, "E.F.C. Drinking Water Promissory Note" ("EFC Loan"). The IDA bonds have an unpaid principal of \$680,000 for Series 1992A bonds and \$52,205 for the Series 1992B bonds. The unpaid principal on the EFC Loan is \$300,815.

8. The water rate to be charged to the customers in the Ocean Bay Water service area after closing will be comprised of three parts: a Service Availability Charge, a Commodity Charge, and a debt service surcharge. The Service Availability Charge is SCWA's standard charge to its other Fire Island residential customers with individual water meters and is guaranteed not to increase for a period of 3 years from the Closing date. The Commodity Charge will not increase for a period of 3 years from the Closing date. The debt service surcharge is to

pay for the debt or the retirement of the debt that is being assumed by SCWA and identified above. This charge will be fixed for a period of 25 years from the Closing date. At the end of the 25 year period this debt service surcharge will end. Water bills will be the aggregate of these three charges:

- i. Service Availability Charge – Annual minimum water charge of \$140 will be billed promptly after the Closing date and on the anniversary of the first bill thereafter;
- ii. Commodity Charge – \$1.87 per thousand gallons used;
- iii. Debt Service Surcharge – Annual surcharge (based on meter size) plus a consumption rate of \$1.87 per thousand gallons that will be billed promptly after the Closing date and in January of each succeeding year. The annual surcharge will be:

5/8" meter – \$138

3/4" meter – \$325

1" meter – \$1,000

2" meter – \$7,000.

After the period of 3 years from the Closing date, the Service Charge, Commodity Charge, and any other charges will be set at the standard rates and charges set for Fire Island customers as determined by SCWA.

9. The Authority will operate the system as of the date of Closing and is assuming responsibility for the collection of all balances due as of Closing. The account balances for each customer will be owed to SCWA and be carried forward and payable to SCWA.

10. 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. SCWA, on June 27, 2006, adopted 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.

11. Three governmental entities must approve the transfer. In addition to the Commission's approval, the Department of Environmental Conservation must authorize SCWA to operate or extend its operations to include the territory served by Ocean Bay Water. Finally, the Suffolk County Legislature must approve the purchase of the Corporation by the Authority. SCWA proposes to coordinate the environmental review as the Lead Agent.

12. The proposed action requests approval of the transfer of the water system and other assets of Ocean Bay Water to SCWA. 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.

13. The sale of the assets to SCWA is of public interest. Although Ocean Bay Water has an outstanding history as a private water supplier, the loss of some of the key officials and the retirement of its operator have left the system without the talent and leadership that it had in the

past. The Authority has the resources and talent to efficiently continue and improve the level of service to the customers. Also, the addition of the Ocean Bay Water system to the Authority's existing water supply systems will reinforce and complement the Authority's operations on Fire Island. Thus, the acquisition of the Corporation should provide more stable service to the customers. In addition, the Authority can finance improvements or replacements when needed at a lower cost and has access to grants that are not available to the Corporation. Finally, the Authority does not pay real estate taxes, gross receipts taxes, or income taxes.

14. The parties would like to close the transfer promptly to facilitate the integration of the system into the other Authority operated systems on Fire Island and avoid continued and unnecessary tax payments.

Respectfully submitted,

Ocean Bay Park Water Corporation and
Suffolk County Water Authority

Dated: July 11, 2006

**Contract to Purchase of the Assets of
Ocean Bay Park Water Corporation
by the
Suffolk County Water Authority**

CONTRACT made this day of May, 2006, between Ocean Bay Park Water Corporation, a transportation corporation organized and existing under and by virtue of the laws of the State of New York, located at 24 Cayuga Street, Ocean Bay Park/Ocean Beach, New York 11770, hereinafter called the Seller, and the Suffolk County Water Authority, a public benefit corporation functioning under and by the virtue of the laws of the State of New York, having its principal office at 4060 Sunrise Highway, Oakdale, New York 11769, hereinafter called the Purchaser.

W I T N E S S E T H :

WHEREAS, Seller is the owner and operator of a certain water supply system located within the Town of Brookhaven, County of Suffolk, State of New York, which water supply system is presently in active operation supplying water and water services to consumers, and

WHEREAS, Seller has agreed to sell and the Purchaser has agreed to purchase the complete water supply system and all of the assets of any kind of Seller, but not Seller's corporate structure or entity, more particularly described herein and in the Exhibits (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:

- I. 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 complete water supply system including real and personal property, as described more particularly in the Exhibits, and mains, crossings, valves, and appurtenances; wells, pumps, storage facilities, and treatment facilities; all other water supply equipment, 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, records, and all banking accounts.

- 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 Exhibit D, 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 of Exhibit B to which this Purchaser will assume or retire pursuant to this Contract.

2. Purchase Price:

- A. The agreed purchase price (the "Purchase Price") to be paid by Purchaser to Seller is the net sum of Four Hundred Thousand and 00/100 (\$400,000.00) Dollars plus up to \$12,500.00 toward the cost of Closing, dissolution, and distribution of the proceeds and the outstanding debt of the Seller (the "Closing Costs"). The Closing Costs shall be calculated as per Exhibit C and shall represent the actual costs incurred by Seller in fulfilling its obligations hereunder. Payable 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"):
- \$40,000.00
- ii. at Closing:
- | | | |
|-----|-------------------------------|--------------|
| (1) | balance of the Purchase Price | \$360,000.00 |
| (2) | Closing Costs up to | \$ 12,500.00 |

- B. Suffolk County Industrial Development Agency and Environmental Facilities Corporation Financing. It is the intent of the parties that as part of the Purchase Price, Purchaser shall at its sole discretion, assume, defease, or pay off and fully satisfy all

outstanding liens or financings affecting the Seller's facilities at Closing as listed in this Paragraph. Seller shall work diligently in order to determine the amount outstanding under the items, to determine the amounts required to satisfy the items and to obtain the approval of the lending party for the proposed sale to Purchaser. Seller shall communicate with the appropriate lending party its intention to sell its facilities and secure any and all approvals required from the lending party for the contemplated transaction. Seller shall provide Purchaser with certified statements from each lending party no less than ten (10) calendar days prior to Closing of the amounts due and owing and exact amount required to fully satisfy the obligations as of the day of Closing. Purchaser shall pay all closing costs and appearance fees except for Seller's attorney's fees which shall be paid as per paragraph 2(A) above. Seller's obligations under this section shall survive closing of title hereunder. The items to be satisfied are as follows:

- i. New York State Environmental Facilities Corporation October 31, 2002, "E.F.C. Drinking Water Promissory Note," in the principal sum of \$338,938.00.
- ii. Suffolk County Industrial Development Agency 1992 Industrial Development Revenue Bonds, Series 1992A in the amount of \$815,000.00.
- iii. Suffolk County Industrial Development Agency 1992 Industrial Development Revenue Bonds, Series 1992B in the amount of \$91,700.00.

4. 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.
5. 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 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.

6. 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 supply permits.
 - ii. The Seller and the Purchaser shall obtain approval of the New York State Public Service Commission of the sale and transfer of the Seller's water supply system as herein provided. Said approval will be obtained by joint petition. The Purchaser shall make such application or pay the Seller's attorney to make such application. The Purchaser and Seller shall (a) make prompt application to the New York State Public Service Commission for such approval, (b) furnish accurate and complete information regarding the transaction, as required, (c) pursue such application with diligence, (d) cooperate in good faith with the agency, and (e) shall furnish the other party with a copy of all documents supplied to the agency.
 - iii. The Purchaser shall obtain the approval of the Suffolk County Legislature for the purchase of the Water Corporation by the Suffolk County Water Authority. The Purchaser shall proceed diligently in applying for such approval.
 - iv. The Seller shall obtain approval for the proposed asset sale from stockholders owning at least 2/3 of the common stock of the water company 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.

7. Capital Additions Prior to Closing.

A. Seller's Capital Addition. 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. Seller shall promptly notify Purchaser of any such capital additions. Purchaser in its sole discretion shall have the right to make the capital addition. Seller upon receipt of notice from Purchaser of Purchaser's intent to make the capital addition shall not take any further action to complete the addition. If Purchaser makes the capital addition and Closing of title does not occur, Seller shall reimburse Purchaser's actual costs and expenses, including labor costs for the capital addition.

B. Purchaser's Capital Addition. In the event during Purchaser's operation of the system pursuant to Paragraph 36 herein, Purchaser in its sole discretion determines that a capital addition is necessary to the system, Purchaser shall promptly notify Seller. Seller shall have ten (10) days to determine whether to contest the determination. If Seller approves the addition or does not provide Purchaser notice within twenty (20) days of the date of Purchaser's notice, Purchaser will construct or install such addition or additions in conformity with specifications customarily adhered to by Purchaser for the installation or construction of similar property. If Closing occurs as set forth herein, title to such addition or additions will transfer to Purchaser. If Closing does not occur, Seller shall reimburse Purchaser's actual costs and expenses, including labor for the capital addition. In the event of an emergency requiring a capital addition, Purchaser shall make the capital addition as it deems appropriate and Seller agrees to reimburse Purchaser's actual costs and expenses, including labor costs for the capital addition.

8. 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. the other matters, if any, including a survey exception.

9. 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. Financial Statements. Management will prepare corporate financial statements as of December 31, 2005, which will be compiled by James Vanek, Certified Public Accountant. The December 31, 2005, financial statements will contain a balance sheet and related statements of operations, retained earnings, cash flows, and notes to financial statements. Management will also prepare corporate financial statements as of the date of Closing.
- J. Undisclosed Liabilities. At the date of the December 31, 2004, 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.
- K. Absence of Certain Changes or Events. Since the December 31, 2004, 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. canceled or compromised any debt or claim, or waived or released any right, except for the write-off of certain accounts receivable and except for adjustments made in the ordinary course of business that, in the aggregate, are not material;
- vii. suffered any extraordinary loss (as determined pursuant to generally accepted accounting principles);
- viii. transferred or granted any right;
- ix. entered into any transaction, contract, or commitment, other than in the ordinary course of business;
- x. made capital expenditures or entered into any commitment therefor in excess of \$10,000 individually;
- xi. 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.

L. 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.

- M. **Real Properties and Leases.** The Seller owns and has marketable title to the real property set forth in Exhibit D (Deeds for real property), 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 3 and 8 above. Exhibit E sets forth a lease of real property to which the Seller is a party.
- N. **Tangible Personal Property.** The Seller has good title to all of the items of tangible personal property as shown in the Exhibits 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.
- O. **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.
- P. **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 F, Inventory, lists the assets and inventory owned or leased by the Seller.
- Q. **Accounts Receivable.** The accounts receivable set forth on the Balance Sheet arose from the sale 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.

- R. Pension Plans. The Seller has no executive compensation, profit-sharing, pension, or retirement plan.
 - S. Transactions with Management. The Seller is not a party to any contract, lease, or commitment with any of its officers or directors or with the Seller (or with any affiliate of any such person).
 - T. Bank Accounts. Exhibit G, Bank Accounts, hereto sets forth a true and correct list of the names of and addresses of all banks and other financial institutions in which the Seller has an account, together with the names of all persons authorized to draw on these accounts and the balance in each account as of the date hereof. Seller's withdrawals from the same must be made in the ordinary course of Seller's business.
 - U. 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.
 - V. 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.
10. 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.
 - 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. 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.

- D. 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 6 above.
- E. 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.
- F. 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 September 19, 2006, or the day of Closing.

11. 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 loan will be made to any one or more of the shareholders or officers and directors of the Seller.
- iii. No change will be made in the Articles of Incorporation or By-Laws of the Seller, and no change will be made in the authorized or issued capital stock of the Seller, nor shall any additional shares of capital stock or any rights, warrants, or options relating thereto be issued.
- iv. No dividend or other distribution or payment will be declared, set aside, paid, or made on or in respect of the capital stock of the Seller, other than its regularly scheduled dividend to shareholders, which has not been increased or decreased.
- v. No increase will be made in the compensation or rate of compensation payable to any director, officer, or salaried employee, nor will any bonus or other extraordinary compensation be paid to any person, except for normal salary increases to persons other than officers and directors and except for normal seasonal bonuses and in the ordinary course of business.
- vi. 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.
- vii. 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).
- viii. The Seller shall not purchase or otherwise acquire any proprietary interest in another entity.
- ix. 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.

- x. 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.
 - xi. 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.
 - xii. 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 6 and 18 hereof.

12. The Purchaser covenants and agrees as follows:

- A. Level of Service. The Purchaser after the Closing will endeavor to furnish a level of service comparable to that provided by the Seller and equal to the level of service provided to Purchaser's customers on Fire Island of Suffolk County.
- i. If Purchaser should acquire surrounding water supply systems, Purchaser will analyze the desirability and feasibility of interconnecting them to provide more reliable service and increased fire protection at a time and by method determined solely by Purchaser.
 - ii. Any future capital costs for improvements within the territory served by Seller as of the date of this Contract will be financed in accordance with Purchaser's Rules and Regulations, except that no surcharge or additional charge will be levied on the customers in the Seller's current service area to improve the substandard infrastructure or substandard supply of current or future customers of the Purchaser on Fire Island. Notwithstanding the foregoing, Purchaser may apply a surcharge to its customers within Seller's current service area to fund

improvements, repairs, or replacements of infrastructure damaged by catastrophic events.

B. **Water Rates.** The water rate to be charged Ocean Bay Park customers after closing will be comprised of three parts: a Service Availability Charge, a Commodity Charge, and a Debt Service Surcharge. The Service Availability Charge shall be billed annually and is the standard charge used by Purchaser for its other Fire Island customers with individual water meters and is guaranteed not to increase for a period of 3 years from the Closing date. The Commodity Charge is based on the amount of water consumed at a premises and will not increase for a period of 3 years from the Closing date. The Debt Service Surcharge shall pay for the debt set forth in Paragraph 3 and will be fixed for a period of 25 years from the Closing date or from the date of the first Debt Service Surcharge, whichever is later. At the end of the 25 year period the Debt Service Surcharge will end. Water charges shall be the cumulative total of the three parts.

- i. **Service Availability Charge.** Annual minimum water charge of \$140.00 to be billed on January 1 of each year. If Closing occurs before January 1, 2007, the first Service Availability Charge will be billed on January 1, 2007. If Closing occurs after January 1, 2007 but before July 1, 2007, a \$70 Service Availability Charge will be billed on July 1, 2007 and the \$140.00 annual minimum will be billed on January 1, 2008 and on each January 1 thereafter. If Closing occurs after July 1, 2007, the first Service Availability Charge will be on January 1, 2008 and on each January 1 thereafter.
- ii. **Commodity Charge.** All gallons consumed at a rate of \$1.87 per thousand gallons. To be billed on a periodic basis.
- iii. **Debt Service Surcharge.** The Debt Service Surcharge shall be made of two parts: an annual surcharge based on a premise's meter size and a consumption surcharge of \$1.87 per thousand gallons of water consumed at a premise. The annual surcharge shall be billed on January 1, 2007 or promptly after the Closing, if later, and then on each January 1, thereafter for a total of 25 years. The consumption surcharge shall be billed as part of a customer's periodic bill for a period of 25 years. The annual surcharge based on meter size will be as follows:

5/8" meter	\$138
3/4" meter	\$325
1" meter	\$1,000
2" meter	\$7,000

After the period of 3 years from the Closing date the Service Availability Charge, Commodity Charge, and any other charges will be set at the standard rates and charges set for Fire Island customers as determined by the Purchaser.

C. The Purchaser will operate the system as of the date of Closing and is assuming responsibility for the collection of all balances due as of Closing. The account balances for each customer will be owed to Purchaser and be carried forward and payable to Purchaser.

D. The covenants in this section shall survive Closing.

13. 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. 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.

14. **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.

15. 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.

16. **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 and assume, defease, or pay off and fully satisfy all outstanding liens or financing as per Paragraph 2(B) above.
- 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. 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.

17. The Closing. Subject to the provisions of Paragraph 6 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 September 29, 2006 (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.

18. 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 supply 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 to 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. 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.
19. 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.
20. Apportionments and Other Adjustments:
- A. All billed and unbilled revenue and expenses will become the property and obligation of the Purchaser. However, no unasserted negligence or wrongful death claims will become acquired by this transaction and Seller shall defend, indemnify, and hold Purchaser harmless against any such claims. This clause shall survive Closing.

- B. 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.

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

22. 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 sewer rents, together with any interest and penalties thereon to a date not less than five business days after Closing, provided that official bills therefor computed to said date are produced at Closing.

23. If at Closing there are other liens or encumbrances, except those set forth in Paragraph 3 herein, that Seller is obligated to pay or discharge, 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 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 Adjustment.

24. 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 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 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, nor 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.
25. 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.

26. 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.

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

28. 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.

29. 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
305 Broadway, Suite 200
New York, NY 10007

Tel: 212-619-8087

Fax: 212-619-8097

and those to Purchaser:

John C. Milazzo
SCWA
4060 Sunrise Highway
Oakdale, NY 11769

Tel: 631-563-0308

Fax: 631-563-0370

30. 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
- B. 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.

31. 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.

32. 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 title to such Title in Purchaser and to otherwise carry out the purposes of this Contract.

33. 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.

34. 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.

35. 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 as set forth in Paragraph 6(A)(i) 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.

36. Operation Agreement.

Seller hereby designates Purchaser, and Purchaser agrees to act, as Seller's agent during the pendency of this Contract for the purposes of operating, maintaining, and repairing the System. Purchaser will endeavor to provide a level of service comparable to that provided by Seller. Seller shall cooperate with Purchaser to insure that Purchaser can operate the system without interruption in service. Seller shall use reasonable efforts to provide access to all of Seller's records and facilities to enable Purchaser to operate the system. Purchaser shall maintain separate books and records of its expenses, receivables, bills, or credits made in furtherance of its agency made pursuant to this Paragraph. Seller agrees to reimburse Purchaser the sum of Five Thousand Dollars (\$5,000) per month that Purchaser operates the system and for Purchaser's actual cost of any supplies used by Purchaser to operate the

system, if closing of title does not occur as per Paragraph 16 of this contract. Any capital additions required prior to closing title shall be made pursuant to Paragraph 7 of this Contract. If Closing does not occur, Purchaser shall be released of its obligation under this section and Seller shall within 30 days reimburse Purchaser pursuant to this Paragraph. Seller's obligation to reimburse Purchaser shall survive termination of this Contract.

37. 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.

38. 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.

39. 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.

40. 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.

OCEAN BAY PARK WATER
CORPORATION

By: _____

James T. Flynn
President

SUFFOLK COUNTY WATER
AUTHORITY

By: _____

Stephen M. Jones
Chief Executive Officer

EXHIBITS

Exhibit A - Contract Rights and Obligations

Exhibit B - List of Mortgages and Financings

Exhibit C - Closing Costs Schedule

Exhibit D - Deeds for Real Property

Exhibit E - Lease of Real Property

Exhibit F - Inventory, Assets and Inventory

Exhibit G - Bank Accounts

EXHIBIT A

CONTRACT RIGHTS AND OBLIGATIONS

Exhibit A

**OCEAN BAY PARK WATER CORPORATION
PO BOX 112
OCEAN BEACH, NEW YORK 11770**

OPERATING ACCOUNTS

Verizon – Telephone Service – Acct. # 631-583-8675
631-583-8099

LIPA – Electric Service – Cust. #0567-5000-43-3

Eco Test Labs – Chemical Testing – 377 Sheffield Ave.
No. Babylon, NY 11703

Financial Obligation as shown as Exhibit B

Leases as shown on Exhibit E

PSC Obligations as provided in prior decisions

EXHIBIT B

LIST OF MORTGAGES AND FINANCINGS

Exhibit B

LIST OF MORTGAGES AND FINANCINGS

- Suffolk County Industrial Development Agency 1992 Industrial Development Revenue Bonds, Series 1992 A, dated November 18, 1992, with original principle of \$815,000
 - Suffolk County Industrial Development Agency 1992 Industrial Development Revenue Bonds, Series 1992B, dated November 18, 1992, with original principle of \$91,700
 - Ocean Bay Park Water Corporation, E.F.C. Drinking Water Promissory Note dated October 31, 2002, original principal of \$338,938
-

EXHIBIT C

CLOSING COSTS

ALBERT A. NATOLI, P.C.

COUNSELOR-AT-LAW

305 BROADWAY, SUITE 200
NEW YORK, NY 10007-1109

TELEPHONE: (212) 619-8087
FACSIMILE: (212) 619-8097

August 21, 2003

Mr. Bruce P. Martin
President
Ocean Bay Park Water Corporation
P.O. Box 112
Ocean Beach, New York 11770-0112

Dear Bruce,

As we discussed several weeks ago, I found it necessary to increase my billing rate. As you may remember, it has been more than 10 years since I have increased the billing rate to Ocean Bay Park Water Corp. The current billing rate is well below what I charge other clients. I have delayed increasing the rate in order to avoid causing your company hardship during pending matters. However, since we have no significant pending proceedings or applications, I feel that this would be a good time to adjust the billing.

As of September 1, 2003, my firm will bill Ocean Bay Park at a rate of \$225 per hour for my time. This rate is still well below the rate I charge many other clients, but in the interest of our long-term relationship, I'm holding it as low as I can. If this will cause a hardship, please call me and we can discuss this matter. Thank you.

Sincerely,



Albert A. Natoli

AAN:khn

EXHIBIT D

DEEDS FOR REAL PROPERTY

SCHEDULE "A"

ALL that certain plot, piece, or parcel of land, lying, being, and situate at Ocean Bay Park, Town of Brookhaven, County of Suffolk, and State of New York, more particularly bounded and described as follows:

BEGINNING at a point on the easterly line of lands now or formerly of Ocean Bay Park Hotel Associates, Inc., known and designated on the County of Suffolk Real Property Tax Map as District G200, Section 985.70, Block 8, Lot 44, distant 10' northerly from the point of intersection of the said easterly line with the southerly line of the aforesaid Lot 44;

RUNNING THENCE westerly and parallel with said southerly line, 208.70' to the westerly line of said Lot 44;

THENCE southerly along said westerly line, 10' to the intersection of the said southerly line with the westerly line of a 40.00' wide Right of Way extending from the southerly line of lot 44 to the easterly line of Seneca Street;

THENCE continuing southerly along the westerly line of said Right of Way 88.25' to the easterly side of Seneca Street;

THENCE along the said easterly side of Seneca Street, 76.00' more or less to the easterly line of said Right of Way;

THENCE northerly along the easterly line of said Right of Way, 170.00 to the southerly line of Lot 44;

THENCE easterly along said southerly line of Lot 44, 168.70' to the point of intersection of the said southerly line of Lot 44 with the said easterly line of Lot 44; and

THENCE northerly along the said easterly line, 10' to the point or place of BEGINNING.

SAID PREMISES being and intended to be a portion of the property conveyed to Ocean Bay Park Hotel Associates, Inc., by deed from Flynn Enterprises, Inc., dated May 17, 1989, and recorded June 6, 1989, in Liber 10869, page 344.

EASEMENT AGREEMENT FOR
WATER MAINS AND APPURTENANCES

THIS INDENTURE, made this 1st day of April, 1993, by and between OCEAN BAY PARK HOTEL ASSOCIATES, INC., a corporation duly organized and existing under and by virtue of the Laws of the State of New York, having its principal place of business at 20 West Main Street, Bayshore, New York, County of Suffolk, 11706, hereinafter referred to as the "Grantor", and OCEAN BAY PARK WATER CORPORATION, a water works corporation, duly organized and existing under and by virtue of the Laws of the State of New York, having its principal place of business at Fire Island, New York, County of Suffolk, State of New York, hereinafter referred to as the "Grantee".

WITNESSETH:

THAT THE GRANTOR, in consideration of other good and valuable consideration paid by the Grantee, does hereby grant and convey unto the Grantee, its successors and assigns, forever, the perpetual and exclusive right to lay, re-lay, operate, maintain, and remove a water main or mains, both supply and distribution, and appurtenances, including services and fire hydrants in the full width and length of the property described in Schedule A, annexed, together with the right to use for such purposes herein stated.

TO HAVE AND TO HOLD the rights and easements herein granted unto the Grantee, its successors and assigns forever.

All mains and appurtenances laid or to be laid by the Grantee, its successors and assigns, shall be and remain the personal property of the Grantee, its successors and assigns forever.

And said Grantor covenants as follows:

FIRST: With respect to the property described in Schedule A, annexed, and as a covenant to run with with land, not to plant or erect, without the written consent of the Grantee, its successors and assigns, over any portion of said property described in Schedule A annexed, any permanent structures which will make it substantially more difficult to repair any such water mains, or will endanger such water mains, or make them relatively inaccessible or regrade any area to leave less than 3' of cover over water main; the Grantee will, upon installation of such water mains, and as agreed with Grantor, revegetate and grade the disturbed areas to satisfy the various concerns of the town of Brookhaven regarding said property described in Schedule A annexed; the Grantee covenants with the Grantor that the Grantee, its successors and assigns will, from time to time and at all times hereafter, at their own expense, repair and amend, and keep repaired and amended, in a proper substantial, and workmanlike manner the way; the Grantee will, from time to time, and at all times hereinafter, at the like expense of the Grantee, its successors and assigns, repair and keep repaired the easement area if pipes should break, or any other action subject or related to the easement herein granted which should require continued maintenance of such easement area, and the Grantee covenants with the Grantor that at all times during such repair work, access to and from the ocean through the Right of Way will be accessible and not impeded by Grantee's work during the summer season from May through October of each year.

SECOND: Said Grantor is seized of the said property in fee simple and has good title and right to convey the same as described in Schedule A, annexed, it being understood that the Grantee will pay for all reasonable engineering, consultant, and

attorneys' fees, and will be responsible for securing all the necessary permits and approvals to install the water mains and appurtenances.

THIRD: Grantor covenants that the said premises are free and clear from encumbrances except a mortgage dated May 17th, 1989, and recorded June 6, 1989, in Liber 15171 at page 94, and a mortgage dated June 19, 1992, and recorded January 4, 1993, in Liber 18500, page 340, a mechanic's lien filed October 18, 1992, and a mechanic's lien filed October 27, 1992.

OCEAN BAY PARK HOTEL ASSOCIATES, INC.

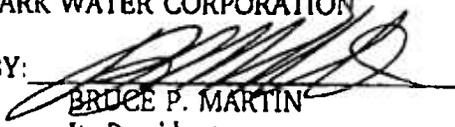
BY:


EDWARD R. ESCHMANN

Its President

OCEAN BAY PARK WATER CORPORATION

BY:


BRUCE P. MARTIN

Its President

EASEMENT FOR WATER FACILITIES

THIS INDENTURE, made this 17 day of May 2003, by and between FLYNN ENTERPRISES, INC., a corporation duly organized and existing under and by virtue of the Laws of the State of New York, having its principal place of business at 260 W. Main Street, 4, Bayshore, New York 11706, County of Suffolk, hereinafter referred to as the "Grantor", and OCEAN BAY PARK WATER CORPORATION, a water works corporation, duly organized and existing under and by virtue of the Laws of the State of New York, having its principal place of business at Fire Island, New York, County of Suffolk, State of New York, hereinafter referred to as the "Grantee".

WITNESSETH:

For and in consideration of ONE and 00/100 (\$1.00) DOLLAR and other good and valuable consideration, paid by the Grantee, the receipt of which is hereby acknowledged, the parties hereby agree as follows:

Grantor grants and conveys to the Grantee, its successors, assigns, guests, and invitees, an exclusive easement and right-of-way for ingress and egress, to lay, re-lay, operate, maintain, and remove a six-inch or smaller municipal well overflow and appurtenances (hereinafter the "water facilities") up to 20 feet into and onto the property described and identified as Parcel I, Schedule A, attached hereto and made a part hereof, and in and along the southerly and easterly borders of the property identified and described as Parcel II, in the annexed Schedule A (hereinafter the "easement"), and together with the right to use for such purposes herein stated. The easement on each parcel shall have a width of 10 feet. On Parcel I the easement shall begin at the point constituting the most northeastern corner of Parcel II and extend 10 feet in a westerly direction along the southerly border of Parcel I. The 10 foot wide easement extends northerly 20 feet into and onto Parcel I at an angle of 68 degrees measured from a line running

in an easterly direction that constitutes the southerly border of Parcel I. On Parcel II, the easement extends 10 feet westerly along the entire easterly border of Parcel II and 10 feet into and onto the property extending northerly along the entire southerly border.

This grant and easement shall be for a term of twenty (20) years and shall run with the land and shall be binding upon the heirs, successors, and/or assigns of the Grantor; however, the Grantor may rescind and cancel the within Easement for Water Facilities at any time upon written notice to the Grantee, said notice to be made by certified mail, return receipt requested, whereupon the Grantee shall have six (6) months from receipt of said notice to remove its Water Facilities, including, but not limited to, the six (6) inch or smaller well overflow, at no cost to the Grantor, including the cost to restore the vegetation of the easement area that would have to be disturbed due to the removal.

The water facilities shall be and remain the personal property of the Grantee, its successors and assigns forever.

Grantee will pay for all engineering, consultant, and attorneys' fees, and will be responsible for securing all the necessary permits and approvals to install the water mains and appurtenances.

If the Grantor is performing construction or having construction performed on the subject property and needs the water facilities to be moved, the Grantee, at Grantee's expense, will move the water facilities to another location on the property and a new easement reflecting the new location of the water facilities will be executed.

Grantor covenants that:

FIRST: As a covenant to run with the land, it will not plant or erect, without the written consent of the Grantee, its successors, and assigns, over the portions of the properties covered by this

easement, said property, any trees, structures, or the like, that will make it difficult to repair any such water facilities, endanger such water facilities, or make them relatively inaccessible.

SECOND It is seized of the said property in fee simple and has good title and right to convey the same as described in Schedule A, annexed.

THIRD Said premises are free and clear from encumbrances.

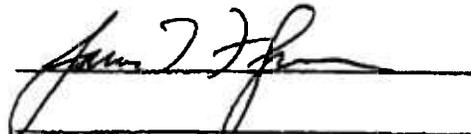
Grantee covenants that:

FIRST It will, upon installation of such water facilities revegetate the disturbed areas and satisfy the various concerns of the Town of Brookhaven regarding said disturbance.

SECOND The Grantee, its successors and assigns will, from time to time and at all times hereafter, at their own expense, repair and keep repaired the easement area if pipes should break, or any other action subject or related to the easement herein granted which should require continued maintenance of such easement area.

FLYNN ENTERPRISES, INC.

BY:



Its President

OCEAN BAY PARK WATER CORPORATION

BY:



BRUCE P. MARTIN
Its President

SCHEDULE "A"
Description of Property

PARCEL I

District - 0200 Section - 985.70 Block - 10.00 Lot - 013.000

All the certain plot, piece or parcel of land, under the water of the Great South Bay, situated in the town of Brookhaven, County of Suffolk and State of New York, being a strip of land underwater 400 feet in depth and 100 feet at right angles in width, adjoining the upland shown on the "Third Amended Map of Ocean Bay Park" and being more particularly bounded and described as follows:

BEGINNING AT A POINT ON THE EASTERLY SIDE OF CAYUGA STREET AT ITS INTERSECTION WITH THE NORTHERLY SIDE OF THE THIRD AMENDED MAP OF OCEAN BAY PARK, SAID POINT ALSO BEING 107.52 FEET NORTHERLY FROM THE INTERSECTION OF THE EASTERLY SIDE OF CAYUGA STREET WITH THE NORTHERLY SIDE OF BAYVIEW AVENUE;

RUNNING THENCE FROM SAID POINT OF BEGINNING ALONG THE NORTHERLY PROJECTION OF THE EASTERLY SIDE OF CAYUGA STREET, NORTH 19 DEGREES 38 MINUTES 00 SECONDS WEST, 400 FEET TO LANDS NOW OR FORMERLY OF FRCA PROPERTIES, INC.;

THENCE ALONG THE LANDS NOW OR FORMERLY OF FRCA PROPERTIES, INC., NORTH 62 DEGREES 40 MINUTES 40 SECONDS EAST, 100.92 FEET TO THE LANDS OF THE POINT O'WOODS ASSOCIATION;

THENCE ALONG THE LANDS OF POINT O'WOODS ASSOCIATION, SOUTH 19 DEGREES 38 MINUTES 00 SECONDS EAST, 400 FEET TO THE NORTHERLY LINE OF THE THIRD AMENDED MAP OF OCEAN BAY PARK;

THENCE ALONG A PORTION OF THE NORTHERLY LINE OF THE THIRD AMENDED MAP OF OCEAN BAY PARK, BEING THE NORTHERLY LINE OF LOTS NUMBERED 86 TO 89 INCLUSIVE, AND 846, ON SAID MAP, SOUTH 62 DEGREES 40 MINUTES 40 SECONDS WEST, 100.92 FEET TO THE POINT OR PLACE OF BEGINNING.

PARCEL II

District - 0200 Section - 985.70 Block - 07.00 Lot - 019.000

All that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Village of Ocean Bay Park, Fire Island, Town of Brookhaven, County of Suffolk, and known and designated as and by Lot Numbers 86 and 87 on a certain map entitled, "Third Amended Map of Ocean Bay Park, Fire Island Beach, Suffolk County, New York", surveyed and drawn by George H. Walbridge Co., Civil Engineers and surveyors, dated August 20, 1929, and filed as Map No. 175 in the Office of the Clerk of Suffolk County, on March 31, 1930, together with the use of the beaches as shown on said map for the purpose of boating and bathing, and an easement or right of way over the walks and paths as shown on said map to and from the beaches in common with others.

STATE OF NEW YORK)
 : ss:
COUNTY OF Suffolk)

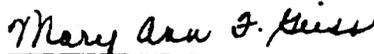
On the 17 day of May 2003, before me, the undersigned, personally appeared Bruce R. Martin, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that he/she/they signed his/her/their name thereto by order of the board of directors of said corporation.


NOTARY PUBLIC

Dale G. S. Wyckoff
Notary Public State of New York
No. 5029447 - Suffolk County
Expires June 20, 2006.

STATE OF NEW YORK)
 : ss:
COUNTY OF)

On the 17th day of May 2003, before me, the undersigned, personally appeared JAMES T. FLYNN, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that he/she/they signed his/her/their name thereto by order of the board of directors of said corporation.


NOTARY PUBLIC

MARY ANN F. GEISS
Notary Public, State of New York
No. 01GE6024852
Qualified in Suffolk County
Commission Expires May 17, 2007



This Indenture,

Made the thirty-first day of May, nineteen hundred and thirty-two

Between FIRE ISLAND HOLDING CORPORATION

a corporation organized under the laws of the State of New York, having its principal office at 152 West 42nd Street, New York City

, party of the first part,

and OCEAN BAY PARK WATER CORPORATION, a domestic corporation, having its principal office at 152 West 42nd Street, New York City

, party of the second part.

Witnesseth, that the party of the first part, in consideration of One (\$1.00) -----

----- Dollars, lawful money of the United States, and other good and valuable considerations

paid by the party of the second part, does hereby grant and release unto the party of the second part,

its successors and assigns forever.

All those certain lots, pieces or parcels of land, situate, lying and being on Great South Beach, (sometime called Fire Island Beach), in the Town of Brookhaven, County of Suffolk, State of New York, and known and distinguished on a map entitled, "Amended Map of Ocean Bay Park, Fire Island Beach, Suffolk County, N.Y. August 20th, 1929, Eugene R. Smith, C.E., Islip, N.Y.," filed in Suffolk County Clerk's office as Map No. 175, on March 31, 1930, as and by Lots numbered 760 to 762 inclusive.

Together with all the right, title and interest of the party of the first part, of, in and to the streets, roads or avenues, adjoining the premises, to the center lines thereof.

Together with the appurtenances and all the estate and rights of the party of the first part in and to said premises.

To have and to hold the premises herein granted unto the party of the second part,
its successors and assigns forever.

The grantor, in compliance with Section 13 of the Lien Law, covenants that the grantor will receive the consideration for this conveyance as a trust fund to be applied first for the purpose of paying the cost of the improvement and that the grantor will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

And the party of the first part covenants as follows:

First. —That the party of the first part is seized of the said premises in fee simple, and has good right to convey the same;

Second. —That the party of the second part shall quietly enjoy the said premises;

Third. —That the said premises are free from incumbrances; except as aforesaid

Fourth. —That the party of the first part will execute or procure any further necessary assurance of the title to said premises;

Fifth. —That the party of the first part will forever warrant the title to said premises.

In Witness Whereof, the party of the first part has caused its corporate seal to be hereunto affixed, and these presents to be signed by its duly authorized officer, the day and year first above written.

In presence of:

(L.S.)

FIRE ISLAND HOLDING CORPORATION

BY: Joseph B. Ford
Vice-president.

26

150

Reserve this space for use of Recording Office.

FIRE ISLAND HOLDING CORPORATION

-TO-

OGDEN BAY FARM WATER CORPORATION

Deed.

WARRANTY

Dated, May 31st, 1932.

The land affected by the abovesaid instrument lies in

Town of Brookhaven

Record and return to

ROBBINS, WELLS & WALSER
91 E. Main Street,
Bay Shore, N.Y.

RECORDED

AUG 19 1932
10-45 A

FRANK MANNING
Clerk of Suffolk County

RECORDED

AUG 19 1932

10-54 A
Clerk of Suffolk County

Notary Public, Westchester County
Office: 100 N. Main Street, New York City
On the 15th day of June, 1932, I, the undersigned,
Notary Public for the County of Suffolk,
New York, being duly sworn, did depose and say that
the corporation described in and which executed the foregoing instrument; that he knows the seal of
said corporation; that the seal affixed to said instrument is such corporation seal; that it was so affixed by
order of the board of Directors of said corporation; and that he
signed his name therein by the order.

Frank Manning

State of New York }
County of New York } ss:
On the 15th day of June, nineteen hundred and thirty-two, eight
before me came JOSEPH J. JURA, to me known, who,
being by me duly sworn, did depose and say that he resides to 370-77th Street, Brooklyn, N.Y.
that he is the Vice-President of Fire Island Holding Corporation

REF 2000 587 123

#9730

U. S. I. R. S. 554

THIS INDENTURE, made the 30th day of March
nineteen hundred and forty-nine, between OCEAN SHORE REALTY COMPANY

a corporation organized under the laws of the State of New York, having an office for
the transaction of business at No. 20 Exchange Place, New York, N.Y.,

, party of the first part,

and OCEAN BAY PARK WATER CORPORATION, a corporation organized under
the laws of the State of New York, having its principal office at
25 Central Park West, Borough of Manhattan, City, County and State of
New York;

105

. part y of the second part:

WITNESSETH, that the party of the first part, in consideration of the sum of Ten

(\$10.00) - - - - - dollars,
lawful money of the United States, and other good and valuable consideration paid
by the party of the second part, does hereby grant and release unto the part y of the second part,
its successors and assigns forever,

ALL its right, title and interest in and to all those certain lots
or parcels of land, lying and being at Fire Island, Town of Brookhaven,
County of Suffolk, and known and designated as and by lot numbers 752,
753, 754, 755, 756, 757, 758 and 759 on a certain map entitled, "Third
Amended Map of Ocean Bay Park, Fire Island Beach, Suffolk County, New
York", surveyed and drawn by George H. Walbridge Co., Civil Engineers
and Surveyors, dated August 20, 1929, and filed as Map No. 175 in the
office of the Clerk of Suffolk County on March 31, 1930, together with
the use of the beaches as shown on said map for the purpose of boating
and bathing, and an easement or right of way over the walks and paths
as shown on said map to and from said beaches in common with others.

Nothing herein contained is intended to give or shall give the
party of the second part, its successors and assigns, any rights of any
kind or nature whatever in the area on said map marked "Ocean Parkway"
or in the strip twenty-five (25) feet in width lying directly north
of said area, and all of the rights of the party of the first part in
and to said area and said twenty-five (25) foot strip are hereby
specifically and unconditionally reserved.

1-125102

0031 PAGE 162

together with the appurtenances and all the estate and rights of the party of the first part in and to said premises.

TO HAVE AND TO HOLD the premises herein granted unto the party of the second part, its successors and assigns forever.

OCEAN SHORE REALTY COMPANY

OCEAN SHORE REALTY COMPANY

D E M

OCEAN SHORE REALTY COMPANY

1001-163

The party of the first part, in compliance with Section 13 of the Lien Law, covenants that it will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement and that it will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

IN WITNESS WHEREOF, the party of the first part has caused its corporate seal to be hereunto affixed and these presents to be signed by its duly authorized officer s the day and year first above written.

OCEAN SHORE REALTY COMPANY

By Edward Devlin, Jr.
President

ATTEST:

W. D. Voorhes S.
Secretary

STATE OF NEW YORK
COUNTY OF NEW YORK } ss.:

On the 31st day of March, one thousand nine hundred and forty-nine before me came EDWARD I. DEVLIN, JR., to me known, who, being by me duly sworn, did depose and say that he resides ~~at~~ in Highland Lake (No street ~~at~~ address), New York; that he is the President of OCEAN SHORE REALTY COMPANY

the corporation described in and which executed the foregoing instrument: that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

Cecilia M. Pinnegar

CECELIA M. PINNEGAR
NOTARY PUBLIC in the State of New York
Residing in Queens County
Queens Co. Clk's No. 1967 Reg. No. 277-P-0
Certificates filed in
N.Y. Co. Clk's No. 504 Reg. No. 512-P-0
Commission Expires March 20, 1968

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No. **9491**

Form 1

J. ARCHIBALD R. WATSON, County Clerk and Clerk of the Supreme Court, New York County, a Court of Record having by law a seal, **DO HEREBY CERTIFY** that

Cecilia M. Kinnegan

whose name is subscribed to the annexed affidavit, deposition, certificate of acknowledgment or proof, was at the time of taking the same a **NOTARY PUBLIC** in and for the State of New York, duly commissioned and sworn and qualified to act as such throughout the State of New York; that pursuant to law a commission, or a certificate of his official character, and his autograph signature, have been filed in my office; that as such Notary Public he was duly authorized by the laws of the State of New York to administer oaths and affirmations, to receive and certify the acknowledgment or proof of deeds, mortgages, powers of attorney and other written instruments for lands, tenements and hereditaments to be read in evidence or recorded in this State, to protest notes and to take and certify affidavits and depositions; and that I am well acquainted with the handwriting of such Notary Public, or have compared the signature on the annexed instrument with his autograph signature deposited in my office, and believe that the signature is genuine.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this _____ day of _____, 194_____

J. Archibald R. Watson

County Clerk and Clerk of the Supreme Court, New York County

FEE PAID 25¢



2-6031 92.101
RESERVE THIS SPACE
FOR USE OF RECORDING OFFICE

RECORDED
JMS SEP 13 AM 11:59
NORMAN E. CLIPPER
CLERK
SUFFOLK COUNTY

LIBER COMPARED
PAGE

No. _____

OCEAN SHORE REALTY COMPANY

TO

OCEAN BAY PARK WATER CORPORATION

DEED

THE LAND AFFECTED BY THE WITHIN
INSTRUMENT LIES IN BLOCK

IN SECTION ON THE LAND MAP

OF THE COUNTY OF SUFFOLK

MURDO & PHILLIPS
878 SO. WENHAM AVE
LINDENHURST, NY

TITLE GUARANTEE AND TRUST COMPANY

OFFICES:

176 BROADWAY, MANHATTAN
175 REMSEN STREET, BROOKLYN
160-08 JAMAICA AVENUE, JAMAICA
6 EAST 45TH STREET, MANHATTAN
370 EAST 149TH STREET, BRONX
BRIDGE PLAZA NORTH, L.I. CITY
MINEOLA, LONG ISLAND
WHITE PLAINS, N. Y.
RIVERHEAD, LONG ISLAND
56 BAY STREET, ST. GEORGE, S. I.

EXHIBIT E

LEASE OF REAL PROPERTY

LEASE

This Lease (hereinafter "Lease") is made this 18 day of July 1997 by and between the Ocean Bay Park Water Corporation (hereinafter "Landlord") and the Fire Island Hotel Ocean Bay Park Hotel Associates, Inc. d/b/a Fire Island Hotel (hereinafter "Tenant"). In consideration for the mutual promises and covenants contained herein, and for other good and valuable consideration, the parties are hereby agreed as follows:

1. The Landlord leases to the Tenant and the Tenant rents from the Landlord the following described premises:

Western Portion of Lots # 752 and 753, bordering Lot 751 on the North, Cayua Street on the West, and the former Coast Guard Station on the South and bordered on the East by a line extending from and parallel to the East Side of the former Coast Guard property as shown on the attached February 8, 1984 survey of the Landlord's property.

2. The term of the Lease shall be for five years commencing on August 1, 1997 and ending on July 31, 2002, and may be renewed for an additional five years subject to the terms stated herein.

3. The Tenant will pay to the Landlord as rent \$300 in the first year, \$400 in the second year, \$500 in the third year, \$600 in the fourth, and \$700 in the fifth year payable in advance on the 1st of August in each year. The Lease is renewable for a second five-year term at a rate of \$700 per year.

4. The Lease is subject to all present or future mortgages affecting the premises.

5. The Lease may be canceled by a new owner without penalty or payment by the Landlord or new owner to the Tenant if the Landlord or the premise is sold or acquired through the power of eminent domain.

6. Tenant shall use and occupy the premises only as a decorated pathway for its tenants use for access to the Tenant's properties adjacent to the leased premise. Any change in use is subject to the approval of the Landlord.

7. The Tenant shall not make any alterations in, additions to, or improvements to the premises without the prior written consent of the Landlord.

8. The Tenant shall bear the cost and responsibility for the following:
- a. The cost to remove and replace the gate and fence in a new location on the Easterly side of the property;
 - b. The costs to beautify the easement area with brick work and plantings in a style consistent with that of the Fire Island Hotel (the specific drawings of the brick work are to be submitted to the Landlord and are subject to the Landlord's approval); and
 - c. Insure that there would be no disruption to the continuous access by the Landlord's vehicles and personnel to the Landlord's adjacent.

9. The Tenant shall purchase at its own expense public liability insurance in the amount of \$1 million as well as fire and hazard insurance in the amount of \$ 1 million for the premises and shall provide satisfactory evidence thereof to the Landlord upon request and shall continue same in force and effect throughout the Lease term. The Tenant will in case of damage, forthwith apply all sums of money received by virtue of the insurance in repairing the damage, and if such sums are insufficient for such purposes, will make good the deficiency out of its own funds.

10. The Tenant shall not permit or commit waste to the premises.

11. The Tenant shall comply with all rules, regulations, ordinances, codes, and laws of all governmental authorities having jurisdiction over the premises.

12. The Tenant shall not permit or commit any nuisance thereon.

13. The Tenant shall not sublet or assign the premises nor allow any other person or business to use or occupy the premises, other than for the use stated herein, without the prior written consent of the Landlord, which consent may not be unreasonably withheld.

14. At the end of the term of this Lease, the Tenant shall surrender and deliver up the premises in the same condition (subject to any additions, alterations, or improvements), as currently exist, reasonable wear and tear excluded.

15. Upon default in any term or condition of this Lease, the Landlord shall have the right to undertake any all other remedies permitted by law including immediate cancellation of the lease.

16. This Lease is subject to the approval of the New York State Public Service Commission should it choose to exercise jurisdiction over this transaction.

17. Landlord and Landlord's agents have made no representations or promises with respect to the premises except as herein expressly set forth. This Lease sets forth the full understanding of the parties. No agreement hereafter made shall be effective to change, modified, discharged, or constitute an abandonment of this Lease in whole or in part, unless such agreement is in writing and signed by the parties against whom enforcement of such change, modification, discharge, or abandonment is sought.

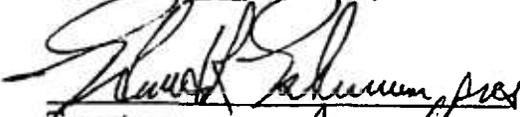
18. No assent, expressed or implied, by the Landlord, to any breach of any of the tenants, covenants, or agreements shall be deemed or taken to be a waiver of any succeeding breach of same, covenant, or agreement.

19. Tenant covenants and agrees that in the event Landlord shall at any time initiate summary proceedings against Tenant, Tenant shall not file a counterclaim in said summary proceedings.

20. If the Landlord incurs any expense, including reasonable attorney's fees in instituting, prosecuting or defending any action or proceeding instituted by reason of any default of Tenant hereunder, the sum or sums so paid by Landlord with all interest, costs and damages, shall be deemed to be additional rent hereunder and shall be due from Tenant to Landlord on the 1st day of the month following the payment of such expenses.

21. This Lease shall be binding upon and inure to the benefit of the parties.

Signed this 18 day of July 1997.


Tenant
Ocean Bay Park Hotel Assoc. Inc.


Landlord
Parent 1

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)
07/25/97

PRODUCER

HAGEDORN & COMPANY
87 HAWKES AVENUE
OSSINING NY 10562

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY A INTERSTATE FIRE & CASUALTY CO
COMPANY B
COMPANY C
COMPANY D

INSURED

OCEAN BAY PARK HOTEL ASSOC INC
C/O ROGERS & TAYLOR
300 WHEELER ROAD, SUITE 302
HAUPPAUGE NY 11788

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT	1GL11017416	09/20/96	09/20/97	GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMPROP AGG \$INCLUDED PERSONAL & ADV INJURY \$1,000,000 EACH OCCURRENCE \$1,000,000 FIRE DAMAGE (Any one fire) \$ 50,000 MED EXP (Any one person) \$ 1,000
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY \$ EACH ACCIDENT \$ AGGREGATE \$
	EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY THE PROPRIETOR/PARTNER/EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input type="checkbox"/> EXCL OTHER				WC STATUTORY LIMITS OTHER \$ EL EACH ACCIDENT \$ EL DISEASE-POLICY LIMIT \$ EL DISEASE-EA EMPLOYEE \$

DESCRIPTION OF OPERATION/LOCATION/VEHICLE/SPECIAL ITEMS

CERTIFICATE HOLDER IS INCLUDED AS ADDITIONAL INSURED LESSOR OF VACANT LAND ADJACENT TO THE INSURED'S PREMISES AT OCEAN BAY PARK, NY

CERTIFICATE HOLDER

OCEAN BAY PARK WATER CO.
ATTN: BRUCE MARTIN
PO BOX 112
OCEAN BEACH, NY 11770

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Brunilda Lopez

B. Lopez BLSB

EXHIBIT F

INVENTORY, ASSETS, AND INVENTORY

OCEAN BAY PARK WATER CORPORATION

P.O. BOX 112

OCEAN BEACH, NEW YORK 11770

DISTRIBUTION SYSTEM ASSETS*

September 16, 2005

2,400 feet of 8" main	Well No 2A - Depth of 410', rated capacity
8,490 feet of 6" main	of 800 gpm at 55 psi
5,260 feet of 2" main	1 20,000 Gallon Hydropneumatic Tank
7 Fire Hydrants	1 Diesel Generator
1 Building	311 customer accounts
Well No. 1 - Depth of 412', rated capacity	
of 700 gpm at 55 psi	

PLANT INVENTORY*

May 13, 2006

1	20,000 Gallon Hydropneumatic Tank	1	Dehumidifier
2	Wells (400' Deep) with Electric Motors	2	Box Fans
1	Diesel Generator	4	File Cabinets
2	Soda Ash Mixing Tanks and Pumps	5	Desks
	400 lbs. Dry Chlorine	11	Chairs
	1,000 lbs. Dense Soda Ash	1	Telephone
	100 lbs. Caliquest	1	Fax Machine
1	Artesian Overflow Tank and Pump	1	Metal File - Electrical Components
2	Caliquest Mixing Tanks and Pump	1	8' Folding Table
	Assorted Electric Panels	1	Drawing Table
	Assorted Valve Wrenches	2	Sliding Draw Files
1	Extension Ladder	3	Tables
1	Step Ladder	4	Monitors
	Assorted Shovels	4	Key Boards
	Assorted Meters and Parts	3	Printers
	Assorted Water Piping	4	Computers - 3 Towers - 1 Drive
	Assorted Electric Cables	2	Label Printer
1	Fire Hydrant	1	Accordion Paper File
1	Work Bench - Assorted Fittings and Tools	6	Electronic Components
1	Chest- Assorted Couplings and Stops		Approximately 20 Boxes of Paper Files
3	Steel Door Cabinets - Assorted		Assorted Paper Goods - Paper,
	Electric Supplies		Manuals, Envelopes
1	Box Fluorescent Bulbs		
7	Gallons Paint		

* All quantities based on good faith estimates

EXHIBIT G

BANK ACCOUNTS

Exhibit G

**OCEAN BAY PARK WATER CORPORATION
PO BOX 112
OCEAN BEACH, NEW YORK 11770**

OCEAN BAY PARK WATER CO.

Bank Accounts

DATE: May 15, 2006

BY: Tim Flynn

ACCOUNT

**JP MORGAN CHASE
Checking Account
#043-061028**

**JP MORGAN CHASE
Money Market Account
#043-061036**

**JP MORGAN CHASE
Money Market Escrow Account
#043-060803 (Customer PSC)**

**JP MORGAN CHASE
Money Market Escrow Account
#834-6087832 (Customer Security)**

**JP MORGAN CHASE
Money Market Escrow Account
#834-500531065 (Deferred Taxes)**

**JP MORGAN CHASE
Money Market Bond Account
#834-328909**

**JP MORGAN CHASE
Money Market (EFC Account)
#834-500807965 AND
M & T Bank EFC Loan Account**

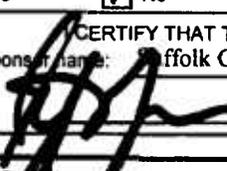
Appendix C

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 Suffolk County Water Authority	2. PROJECT NAME Purchase of assets of Ocean Bay Park Water Corporation
3. PROJECT LOCATION: Municipality Town of Brookhaven County Suffolk	
4. PRECISE LOCATION (Street address and road intersections, prominent landmarks, etc., or provide map) Water service area of the Ocean Bay Park Water Corporation (OBPWC), Fire Island	
5. PROPOSED ACTION IS: <input checked="" type="checkbox"/> New <input type="checkbox"/> Expansion <input type="checkbox"/> Modification/alteration	
6. DESCRIBE PROJECT BRIEFLY: SCWA is acquiring the assets of the OBPWC, one 0.50 +/- parcel (#200-985.70-8-38) with 2 wells, a 20,000 gallon hydropneumatic tank, 16,150 feet of main and approximately 320 customers accounts. Upon acquisition, SCWA will provide water service to the former OBPWC customers. SCWA will operate the wells on the same terms and conditions as the existing permits.	
7. AMOUNT OF LAND AFFECTED: Initially 0.50 +/- acres Ultimately 0.50 +/- 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 checked="" type="checkbox"/> Commercial <input type="checkbox"/> Agriculture <input type="checkbox"/> Park/Forest/Open Space <input type="checkbox"/> Other Describe: Ocean Bay Park is on Fire Island and contains a mix of residential, limited commercial and beach front property.	
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 Suffolk County Legislature	
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: Suffolk County Water Authority Date: July 7, 2006 Signature:  , CEO	

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

OVER

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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.
 Yes 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.
 Yes 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, SCWA upon acquisition of the OBPWC 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, SCWA does not propose to change the OBPWC 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 Fire Island and centralizing such operations in the SCWA.

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. SCWA will continue the operation of the OBPWC 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)?

Yes No If Yes, explain briefly:

E. IS THERE, OR IS THERE LIKELY TO BE, CONTROVERSY RELATED TO POTENTIAL ADVERSE ENVIRONMENTAL IMPACTS?

Yes 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.

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.

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.

Suffolk County Water Authority

July 7, 2006

Name of Lead Agency

Date

Stephen M. Jones

Chief Executive Officer

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