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November 18, 2002

Ms. Janet H. Deixler
Secretary to the Commission
Public Service Commission
3 Empire State Plaza
Albany, NY 12223

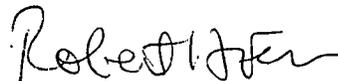
RE: Petition for the Transfer of Water Company Assets

Dear Secretary Deixler:

Enclosed for filing please find the original and twenty (20) copies of a joint petition by the Pine Hill Water Company and the Town of Shandaken, Ulster County, New York, for approval of the transfer of all of the water supply assets of the Pine Hill Water Company to the Town of Shandaken.

Should you or the Commission have any questions or need any further information, please contact me at the address or phone number above.

Very truly yours,



NOLAN & HELLER, LLP
By: Robert H. Feller

Enclosures

Cc: Teresa Bakner, Esq.

THE STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of the Joint Petition by the
Pine Hill Water Company and the Town of
Shandaken, Ulster County, New York for
Approval of the Transfer of All of the Water
Supply Assets of the Pine Hill Water Company
to the Town of Shandaken

Case No. _____

Petition for the Transfer
of Water Company Assets

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

1. This Petition requests approval of the transfer of substantially all of the assets of the Pine Hill Water Company ("PHWC") to the Town of Shandaken, Ulster County, New York (the "Town"), collectively referred to as the Petitioners, in accordance with the terms and conditions of that certain asset purchase agreement, by and between PHWC and the Town, dated October 22, 2002 (the "Asset Purchase Agreement"). A copy of the Asset Purchase Agreement is attached as Exhibit A to this Petition.
2. PHWC provides water service to approximately 140 customers in and around the area of the former Village of Pine Hill located in the Town.
3. PHWC was incorporated under the laws of the State of New York in 1895 as a transportation corporation under the predecessor of the current Transportation Corporation Law. A copy of its certificate of incorporation is attached as Exhibit B to this Petition.
4. PHWC is the holder of water supply permit No. 10,181, issued on September 13, 2002 (the "Permit"). A copy of the Permit is attached as Exhibit C to this Petition.
5. The rates PHWC charges to its customers are regulated by the Public Service Commission ("PSC"). The current tariff is attached as Exhibit D to this Petition.
6. The Silk Road Organization NY, Inc. ("Silk Road") is a New York business corporation and owns certain real property in the vicinity of the PHWC water system. In accordance with the terms and conditions of that certain real property purchase agreement, by and between Silk Road and the Town, dated October 24, 2002 (the "Real Property Purchase Agreement"), Silk Road has agreed to convey that certain water supply resource commonly known as

"Silo B" to the Town for use by the Town as a water supply resource for the PHWC water system. A copy of the Real Property Purchase Agreement is attached as Exhibit E to this Petition.

7. Presently, the sole stockholder of both PHWC and Silk Road is Mr. Dean Gitter.
8. The transfer of substantially all of the assets of PHWC to the Town in accordance with the terms and conditions of the Asset Purchase Agreement is subject to the approval of various regulatory agencies including the Public Service Commission ("PSC").
9. The assets proposed to be transferred to the Town by PHWC are described in Article II of the Asset Purchase Agreement and the Schedules thereto.
10. The closing of the transactions contemplated by the Real Property Purchase Agreement is conditioned on, among other things, the closing of the transactions contemplated by the Asset Purchase Agreement.
11. In furtherance of the acquisition of the water supply assets in accordance with the terms and conditions of the Asset Purchase Agreement and the Real Property Purchase Agreement, the Town Board commissioned the preparation of a map, plan and report in anticipation of forming a water district pursuant to Article 12-A of the Town Law. On November 7, 2002, the Town Board adopted an order setting the date for a hearing regarding the establishment of the water district. The hearing is to take place on December 2, 2002 at 7:00 P.M.
12. The PHWC water system is old, dating from 1893. The storage and delivery systems are in need of substantial upgrading.
13. To effect major improvements to the water supply system, the Town and PHWC have arranged for two (2) grants and a no-interest loan in the following amounts:
 - a. Four hundred thousand dollars (\$400,000.00) grant from the U.S. Housing and Urban Development Small Cities Program.
 - b. Nine hundred forty eight thousand two hundred eight dollars (\$948,208.00) grant from the New York Drinking Water State Revolving Fund (the "Revolving Fund") administered by the NYS Environmental Facilities Corporation ("EFC").
 - c. Three hundred sixteen thousand sixty-nine dollars (\$316,069) no interest loan from the Revolving Fund administered by the EFC.
14. In order to qualify for grants under the Revolving Fund program, an applicant must demonstrate hardship in that the target service charge cannot be achieved

through the award of a low-interest or no-interest loan. Even if such a demonstration were made, grant money availability for any given system in any given year is still dependent on the total amount of funds available for grants in New York State and the extent of competition from all other water supply systems that similarly qualify for grant consideration. Grants are evaluated and awarded annually depending upon these factors.

15. Taking into account the grants and the no-interest loan, the "cost of the district to the typical property," as defined in section 209-a (4) of the Town Law, is two hundred sixty four and 80/100 dollars (\$264.80). This figure reflects no increase in user charges from the current operation and a twenty-dollar (\$20.00) annual charge for the capital recovery component from the no-interest loan.
16. Without the grants and the no-interest loan, the project improvements could only be accomplished, if at all, with a very substantial increase in the cost to the typical household. While the current proposal does not exceed the cost threshold set by the State Comptroller for improvement districts (and hence does not require Comptroller approval), a comparable proposal without grant funding might require Comptroller approval. In such an event, there exists the possibility that the costs might not be acceptable to the State Comptroller or that the residents of the to-be-formed Pine Hill Water District might petition for a referendum and disapprove the required bond resolution.
17. In order to benefit from the grant and no-interest loan from the Revolving Fund, the grant and loan must close by the end of March 2003.
18. The Staff of the EFC have advised the Petitioners that, in order to close the grant and loan on this schedule, all required submittals must be made by mid-February when the EFC loan committee meets.
19. If all required submittals, are not made in the time framework set forth in the previous paragraph, the existing grant and no-interest loan eligibility will expire.
20. Approval of this Petition is also a prerequisite to the closing of the transactions contemplated by the Asset Purchase Agreement and the Real Property Purchase Agreement. The transfer of such assets is, in turn, one of the prerequisites to closing on the Revolving Fund grant and loan.
21. Therefore, in order to have reasonable assurances of meeting the EFC submission deadline, the Petitioners estimate that this Petition would have to be approved by the end of January 2003.
22. Either of the Petitioners could reapply for a future grant award but such a request would be reevaluated based on the then-current pool of available

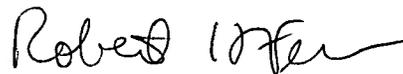
funds and applicants. Not only would there be no certainty of receiving grant funding, but the Staff of the EFC have advised the Petitioners that it is likely that less grant funding will be available overall in New York State and that the pools of applicants for such funding will be more competitive.

23. Thus, a failure to have this Petition approved in a timely manner would put the much-needed improvements to the Pine Hill water supply system in serious jeopardy.
24. Accordingly, the Petitioners request that the PSC consider this application on an emergency basis under the provisions of State Administrative Procedures Act section 202 (6). Failure to have Commission's approval by the end of January 2003 would likely result in the loss of grant funds for the system improvement. The loss of such grant funds would minimally delay the system improvements and might well prevent the implementation of these improvements for the foreseeable future.

Respectfully submitted,



Whiteman, Osterman, & Hanna, LLP
Attorneys for PHWC
By: Terresa Bakner



Nolan & Heller, LLP
Attorneys for the Town
By: Robert H. Feller

Dated: November 15, 2002

LIST OF EXHIBITS TO PETITION

Exhibit A	Asset Purchase Agreement by and between Town and PHWC
Exhibit B	PHWC Certificate of Incorporation
Exhibit C	DEC Water Supply Permit
Exhibit D	PHWC Water Rate Tariff
Exhibit E	Real Estate Purchase Agreement by and between Town and Silk Road

10/15/02

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of this ___ day of ____, 2002, by and between Pine Hill Water Company, a New York corporation (the "Seller"), and Town of Shandaken, a New York municipal corporation (the "Buyer"). The Seller and the Buyer are sometimes collectively referred to herein individually, as a "Party" and collectively, as the "Parties."

WITNESSETH:

WHEREAS, the Seller operates a water company located in Shandaken, New York; and

WHEREAS, the Buyer desires to acquire and assume from the Seller, and the Seller desires to transfer and assign to the Buyer, substantially all of the assets of the Seller, on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter set forth, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I DEFINITIONS

For purposes of this Agreement, the following items have the meanings specified or referred to in this Article I

"Encumbrance" shall mean any charge, claim, condition, equitable interest, lien, option, pledge, security interest, right of first refusal, or restriction of any kind, including any restriction on use, transfer, receipt of income or exercise of any other attribute or ownership.

"Governmental Authorization" shall mean any approval, consent, license, permit, waiver, or other authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

"Governmental Body" shall mean any:

(a) nation, state, county, city town, village, district or other jurisdiction of any nature;

(b) federal, state, local, municipal, foreign or other government;

(c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official or entity and any court or other tribunal);

(d) multi-national organization or body; or

(e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature.

"Legal Requirement" shall mean any federal, state, local, municipal, foreign, international, multinational or other administrative order, constitution, law, ordinance, principle of common law, regulation, statute or treaty.

"Non-Assignable Rights" shall mean any contractual right of the Seller or Governmental Authorization (a) which is a matter of law or by its terms is not assignable by the Seller to the Buyer, or (b) which is not assignable by the Seller to the Buyer without the consent of a third Person other than a Related Entity and which consent has not been obtained prior to the Closing Date.

"Person" shall mean any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union or other entity or Governmental Body.

"Related Entities" shall mean Crossroads Ventures, LLC and The Silk Road Organization NY Inc

ARTICLE II THE SALE OF THE ASSETS AND ASSUMPTION OF LIABILITIES

Subject to the terms and conditions set forth in this Agreement, the Seller agrees to sell, convey, transfer, assign and deliver to the Buyer, and the Buyer agrees to purchase, accept and assume from the Seller, at the Closing (as defined herein), all assets of the Seller of every kind, character and description, whether tangible, intangible, real, personal or mixed, and wherever located in accordance with the terms of Section 2.1 through Section 2.7 (other than the Excluded Assets set forth in Section 2.8 of this Agreement) all of which are sometimes hereinafter collectively referred to in this Agreement as the "Assets." The principal assets of the Seller are described in Sections 2.1 through 2.7 of this Agreement and the schedules related thereto identify assets of the Seller that will be transferred. The Seller represents and warrants that the aforementioned schedules are, to the best of its knowledge, complete and accurate. The Buyer also agrees to assume certain specific liabilities of the Seller that are set forth in paragraph 2.9 of this Agreement.

2.1 Real Property: All right, title and interest whatsoever of the Seller in real property, including, but not limited to, any water rights, easements, prescriptive rights or claims to adverse possession (the "Real Property") Notwithstanding the foregoing, any water rights,

easements, prescriptive rights or claims of adverse possession of the Seller which directly affect, burden, encumber or relate to any of the assets set forth on Schedule 2.1(a) to this Agreement shall be retained in perpetuity by the Seller; provided, however, that the Seller shall convey an access and maintenance easement to the Buyer, so as to enable the Buyer to enter upon the real property of the Seller and the Related Entities to the extent necessary to operate, maintain and repair the existing water distribution system conveyed by the Seller and The Silk Road Organization NY Inc to the Buyer pursuant to this Agreement and the Real Property Purchase Agreement. A list of the Real Property which the Seller intends to convey to the Buyer is set forth in Schedule 2.1(b) to this Agreement. The Parties acknowledge that the list contained in Schedule 2.1(b) may not contain a complete description of the interests the Seller has in real property and the Seller agrees to assign to the Buyer all other assignable interests it has in real property. The Buyer will be entitled to an assignment of any agreements for the lease or rental of real property to which the Seller is a party but at the Buyer's sole discretion it may refuse to accept such an assignment. In the case of such a refusal, the Seller will continue as a party to the lease or rental agreement.

2.2 Equipment. All the equipment, machinery, tools and other tangible personal property owned by the Seller. A list of equipment owned by the Seller is contained in Schedule 2.2. The Parties acknowledge that the list contained in Schedule 2.2 may not contain a complete description of the equipment owned by Seller. To the extent that the Seller owns any equipment that is not described in Schedule 2.2, the Seller shall continue to be obligated to transfer such equipment to the Buyer but the Buyer shall have the right to refuse to accept the transfer. In the case of any such refusal, the Seller will continue to own the equipment that the Buyer has refused

2.3 Operating Funds; Accounts Receivable. All of the operating funds of the Seller (the "Operating Funds") and all of the accounts receivable and other claims for money owing to the Seller which are owing and unpaid for a period not greater than ninety (90) days as of the Closing Date (the "Accounts Receivable"). The Seller will provide the Buyer with a complete list the accounts where Operating Funds are located and of the Accounts Receivable prior to closing

2.4 Inventory. All the inventory owned by the Seller. A list of inventory owned by the Seller is contained in Schedule 2.4. The Parties acknowledge that the list contained in Schedule 2.4 may not contain a complete description of the inventory owned by Seller. To the extent that the Seller owns any inventory that is not described in Schedule 2.4, the Seller shall continue to be obligated to transfer such inventory to the Buyer but the Buyer shall have the right to refuse to accept the transfer. In the case of any such refusal, the Seller will continue to own the inventory that the Buyer has refused

2.5 Books and Records. All books and records of the Seller including, but not limited to, (a) current and historic operating records as maintained by the Seller and/or in the possession of the Related Entities; (b) records of any capital improvements and repairs; (c) engineering plans and reports created in support of the proposed water improvement project; and (d) files and

records prepared by the Seller's attorneys and accountants related to the business of the Seller, other than those files and records excluded under Section 2.8(e).

2.6 Permits and Grants / Loans. Governmental Authorizations issued by, and all registrations and filings with, any Governmental Body, whenever issued or filed, as set forth in Schedule 2.6. All rights and interests in a grant and loan for which a commitment letter, dated _____, was issued to the Seller by the New York State Environmental Facilities Corporation.

2.7 Contracts. All rights and interests of the Seller in any contracts set forth in Schedule 2.7. Nothing in this section requires the transfer of Non-Assignable Rights.

2.8 Excluded Assets. The following assets are specifically excluded from the Assets being purchased by the Buyer pursuant to this Agreement (collectively, the "Excluded Assets"):

(a) the consideration for the Assets delivered to the Seller pursuant to this Agreement;

(b) the rights of the Seller to enforce the obligations of the Buyer to pay, perform or discharge the liabilities and obligations of the Seller assumed by the Buyer as hereinafter provided and all other rights of the Seller under this Agreement and the instruments and certificates delivered by the Buyer in connection with this Agreement;

(c) the Seller's franchise as a corporation, its articles of incorporation, corporate seal, minute books and stock books, stock transfer records and similar records relating to the Seller's organization, existence or capitalization, and the capital stock of the Seller and all other records which the Seller is required by law to keep in its possession. However, the Seller does not retain any rights and obligations under Article 4 of the Transportation Corporation Law, such rights only being available to the Seller if and when it receives municipal consent pursuant to Section 41 of the Transportation Corporation Law to supply water to a service area other than the former Village of Pine Hill. Seller further agrees to provide the Buyer copies of any documents excluded by this subparagraph if a Governmental Authority requires the production of such document

(d) the Seller's corporate name "Pine Hill Water Company;"

(e) any files and records prepared by the Seller's attorneys and accountants which are privileged;

(f) all claims, causes of action, choses in action, rights of recovery and rights of set-off of any kind in favor of the Seller, and pertaining exclusively to, arising out of or offsetting any liability of the Seller not assumed by the Buyer pursuant to this Agreement (collectively, the "Excluded Liabilities"), and all rights, including without limitation, refunds or

prepayments with respect to taxes, and other refunds, prepayments, or claims relating exclusively to or arising out of the Excluded Assets or the Excluded Liabilities retained by the Seller,

(g) all rights with respect to any policies of insurance owned by the Seller to the extent such policies may provide coverage or a defense with respect to the Excluded Assets or the Excluded Liabilities,

(h) the work product of all consultants and contractors with respect to claims related exclusively to the Excluded Assets or the Excluded Liabilities; and

(i) all rights against any third parties relating exclusively to the Excluded Liabilities, whether arising under law, contract or otherwise, except that the Seller does not retain any cause of action for libel or slander.

2.9 Assumption of Liabilities At the Closing, as further consideration for the sale and transfer of the Assets, the Buyer shall assume and agree to pay, perform, fulfill and discharge: (a) the accounts payable of the Seller owing and unpaid for a period not in excess of ninety (90) days prior to the Closing Date as set forth in Schedule 2.8(a) (the "Accounts Payable"); (b) any liabilities of the Seller consented to in writing by the Buyer which may be incurred after the execution of this Agreement and prior to the Closing Date; and (c) any obligations of the Seller for any contracts, liabilities and agreements entered into or incurred by the Seller and arising after the execution of this Agreement incurred in the ordinary course of business or the in course of maintaining the existing condition of the Assets as contemplated by Section 7.1(a). Any such expense shall not be in excess of Two Thousand Five Hundred Dollars (\$2,500.00) unless otherwise consented to by the Buyer, such consent not to be unreasonably withheld. It is further provided that the Buyer shall not, under any circumstances, assume any liability for any long-term debts (debts maturing more than one (1) year from the Closing Date).

2.10 No Other Liabilities It is expressly agreed and understood that, except as provided in Section 2.9 above, the Buyer is not assuming any liability or obligation of the Seller, of any kind or nature, whether known or unknown as of the Closing Date, whether fixed or contingent, and the transfer of the Assets pursuant to this Agreement shall be free and clear of all other liabilities, Encumbrances or other obligations of the Seller.

2.11 Non-Assignable Rights Nothing in this Agreement shall be construed as an assignment of, or an attempt to assign to the Buyer, any Non-Assignable Right, including, but not limited to, the Governmental Authorizations set forth in Schedule 2.6. In connection with such Non-Assignable Rights

(a) the Seller shall use its best efforts, both prior to and following the Closing Date, in order to obtain for the Buyer the required consent of any third Person with respect to a Non-Assignable Right in a form reasonably satisfactory to the Buyer to allow for the transfer thereof.

(b) the Seller and the Buyer shall cooperate in making reasonable and lawful arrangements acceptable to the Buyer designed to provide to the Buyer the benefits of any Non-Assignable Right.

(c) the Seller and the Buyer shall cooperate in enforcing any rights of the Seller arising from such Non-Assignable Rights against the issuer thereof or the Person(s) thereto;

(d) the Seller and the Buyer shall take all such actions and do, or cause to be done, all such things as shall reasonably be necessary and proper in order that the value of any Non-Assignable Rights shall be preserved and shall inure to the benefit of the Buyer, and

(e) the Seller shall pay over to the Buyer all money collected by or paid to the Seller in respect of such Non-Assignable Rights.

2.12 Allocation of Purchase Price. Schedule 2.12 sets forth an allocation of the Purchase Price to general categories of the Assets. At the time of the Parties' agreement on the Closing Date Balance Sheet, or the final resolution thereof, such allocation shall be adjusted in a manner consistent with the changes in the general categories of the Assets between Schedule 2.11 and the Closing Date Balance Sheet. Each Party agrees to report this transaction for federal and state tax purposes in accordance with this agreed upon allocation of the Purchase Price and to timely and properly file IRS Form 8594 based on such allocation

ARTICLE III CONSIDERATION FOR THE ASSETS

3.1 Purchase Price.

(a) The aggregate amount payable for the Assets (the "Purchase Price"), to be paid as set forth in Section 3.2 below, subject to approval by the New York State Public Service Commission and adjustment as set forth in Subsection 3.1(a)(ii) below, shall be the total of the following:

(i) The consideration, including any cash payments and any assumed liabilities, for the conveyance to Dean Gitter of all of the issued and outstanding capital stock of the Seller. The Parties agree that this amount is Thirty-Two Thousand One Hundred Eighty Nine Thousand Dollars (\$32,189.00); and

(ii) The amount of Operating Funds and a credit for the Accounts Receivable to the extent that services have been performed by the Seller on those accounts prior to the Closing, less the Accounts Payable as of the Closing Date; and

(iii) The documented cost of the capital improvements made by the Seller to and for the Assets. The Parties agree that this cost is Thirty-Two Thousand Dollars (\$32,000.00); and

(iv) The documented cost of (A) any legal, engineering or other professional services incurred in connection with the reissuance of the Water Supply Permit for the Pine Hill water system by the New York State Department of Environmental Conservation; and (B) the engineering and hydrogeological work conducted to support the water improvement project, as approved by the Buyer's engineer. However, in no event shall the Seller be entitled to compensation from the Buyer for any expenses incurred by the Seller and actually reimbursed by grant funding. The Parties agree that that the documented costs of (A) and (B) are One Hundred Thirty-Nine Thousand Dollars (\$139,000).

(b) All documentation contemplated by this Section 3.1 shall be provided to the Buyer prior to execution of this Agreement. With respect to the costs set forth in Section 3.1(a)(iii)-(v) incurred subsequent to the date of this Agreement, documentation will be provided to the Buyer within thirty (30) days of incurring such costs or within fifteen (15) days of the Closing, whichever is sooner.

(c) The Seller shall cooperate with the Buyer in the conduct of an appraisal of Seller's assets

3.2 Payment of Purchase Price. The Purchase Price shall be paid as follows:

(a) \$1.00, a non-refundable deposit to the Seller upon execution of this Agreement, and

(b) The balance of the Purchase Price by wire transfer of immediately available funds by the Buyer to the Seller on the Closing Date

3.3 Transfer and Property Taxes.

(a) The Seller shall pay any applicable state, county and local transfer taxes and fees in connection with the transfer of the Real Property to the Buyer. The Buyer shall pay any applicable recordation taxes and fees arising out of the transfer of the Assets. The Seller shall pay any state, local or federal income taxes arising from the transfer of the Assets or related to any period before the Closing Date. The Buyer shall not be responsible for any business, occupation, withholding or similar taxes related to any period before the Closing Date. The Parties shall execute and deliver all instruments and certificates necessary to enable the Parties to comply with the foregoing

(b) Any costs related to title insurance shall be borne by the Party that incurred the same

(c) Prorations shall be made as of the Closing Date and appropriate credit shall be given for real property taxes, assessments and other similar matters. The Seller shall be liable for, and shall pay, any and all taxes, charges, utilities and assessments of every kind and nature, real and personal, which have been or may be assessed against the Real Property prior to the Closing Date. The Buyer shall be liable for, and shall pay, any and all taxes, charges, utilities and assessments of every kind and nature, real and personal, which may be assessed against the Real Property after the Closing Date.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller represents and warrants to the Buyer as follows:

4.1 Organization and Good Standing. The Seller is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, with full corporate power and authority to conduct the business of the Seller as it is now being conducted and to own or use the Assets. The Seller is duly qualified to do business as a foreign corporation and is in good standing under the laws of each state or other jurisdiction in which either the ownership or use of the Assets, or the nature of the activities conducted by it, in connection with its business requires such qualification

4.2 Authority; No Conflict

(a) The consummation of the transactions contemplated herein will not violate or result in the breach of any term or provision or constitute a default under the certificate of incorporation or the bylaws of the Seller or constitute a default under any indenture, mortgage, deed or trust or other agreement or instrument to which the Seller is a party, or by which the Seller is or may be bound, nor will same result in the acceleration of any debt or liability of, or the creation of any lien against the Seller or the Assets, nor will same, subject to the receipt by the Seller and the Buyer of the Governmental Authorizations contemplated by Section 7.1, result in any violation of any rule, regulation, writ, injunction or decree of any court, administrative agency or Governmental Body.

(b) The execution and delivery of this Agreement and the consummation of the transaction contemplated in accordance with all the terms hereof have been duly authorized by the board of directors and stockholders of the Seller, and authorization will be supplied in accordance with this Agreement. Subject to the receipt of the approvals contemplated by Section 7.1, this Agreement is a valid and enforceable obligation of Seller, enforceable in accordance with its terms.

4.3 Title to Properties, Encumbrances. The Seller represents that it has the legal right to convey the Assets and the same will be transferred free and clear of all Encumbrances. Except as set forth in Schedule 4.3, there are no leases in existence affecting all, or any part, of the Assets being transferred. The Parties acknowledge that the lease identified in Schedule 4.3 will be terminated upon the Closing pursuant to this Agreement and that a real estate purchase agreement is being entered into by and between the Buyer and Silk Road Organization simultaneously with the execution of this Agreement (the "Real Estate Purchase Agreement").

4.4 Condition of the Assets. The Assets are conveyed to the Buyer "AS IS" and the Seller makes no, and expressly and unconditionally disclaims to the maximum extent permitted by law, any warranties or representations concerning the structural soundness, operating condition, repair or maintenance of the Assets.

4.5 Employment Matters. The Seller has paid and will continue to pay up to the Closing Date, all employee salaries, social security, withholding, sales and/or use taxes and all unemployment insurance taxes or premiums due with respect to the operation of the business or the employment of any employees in the business of the Seller which the failure to pay might result in a lien against the Assets.

4.6 Environmental Matters. The Seller has not received any summons, complaint, order or other process, nor any notice (verbal or written) concerning violations or alleged violations of any statutes, rules, regulations, orders or decisions regarding protection of the environment (collectively, the "Environmental Laws"). The Seller does not know or, after reasonably diligent inquiry, does not have reason to know of any such violations, or of any state of facts which would constitute a violation of the Environmental Laws. The Seller, to the best of its knowledge, has operated the business of the Seller at all times in compliance with the Environmental Laws. The Seller, to the best of its knowledge has not released any hazardous substances on the Real Property.

4.7 Legal Proceedings. There are no suits, legal actions, official investigations, governmental proceedings, or arbitrations pending, or to the best knowledge of the Seller, after diligent inquiry, threatened against the Seller which might materially affect title to the Assets or the value of the business of the Seller. There is no pending or, to the best knowledge of Seller after diligent inquiry, threatened product liability or similar claims. Specifically excluded from this Section 4.7 is the Petition for Rehearing/Declaratory Judgment filed by the Pine Hills Water District Coalition with the New York State Public Service Commission (PSC) January 22, 2002.

4.8 Brokers or Finders. Neither the Seller nor its respective agents have incurred any obligation or liability, contingent or otherwise, for brokerage or finders' fees, agents' commissions or other similar payments in connection with this Agreement.

**ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE BUYER**

The Buyer represents and warrants to the Seller as follows:

5.1 Organization and Good Standing The Buyer is a municipal corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, with full power and authority to consummate the transactions contemplated hereby.

5.2 Authority; No Conflict

(a) The consummation of the transactions contemplated herein will not violate or result in the breach of any term or provision or constitute a default under any agreement or instrument to which the Buyer is a party, or by which the Buyer is or may be bound, nor will same, subject to the receipt by the Seller and the Buyer of the Governmental Authorizations contemplated by Section 7.1 of this Agreement, result in any violation of any rule, regulation, writ, injunction or decree of any court, administrative agency or Governmental Body.

(b) The execution and delivery of this Agreement and the consummation of the transaction contemplated in accordance with all the terms hereof have been duly authorized by the Buyer, and authorization will be supplied in accordance with this Agreement. Subject to the receipt of the approvals contemplated by Section 7.1, this Agreement is a valid and enforceable obligation of both the Seller and the Buyer, in accordance with its terms.

5.3 Legal Proceedings. No proceeding has been commenced by or against the Buyer or that may have the effect of preventing, delaying, making illegal or otherwise interfering with the transactions contemplated by this Agreement. However, the Parties acknowledge that there are Governmental Authorizations that have yet to be granted that are required for the transfer of Seller's assets to the Buyer.

5.4 Brokers or Finders Neither the Buyer nor any agent of the Buyer has incurred an obligation or liability, contingent or otherwise, for brokerage or finders' fees, agents' commissions or other similar payment in connection with this Agreement.

ARTICLE VI
THE CLOSING AND CLOSING CONDITIONS

6.1. Closing Date. The closing of the purchase and sale of the Assets (the "Closing") shall take place at the offices of Whiteman Osterman & Hanna LLP, located at One Commerce Plaza, Albany, New York within thirty (30) days of the Parties receipt of all of the necessary Governmental Authorizations, or at such other place or time as the Parties may agree in writing (the "Closing Date")

6.2 Conditions to Each Party's Obligations Under this Agreement. The respective obligations of the Parties under this Agreement to close the transactions contemplated hereby shall be subject to the satisfaction or waiver at or prior to the Closing of the following conditions:

(a) Bill of Sale. The Seller and the Buyer shall have executed and delivered a Bill of Sale and Assumption of Obligations substantially in the form attached hereto as Exhibit A;

(b) Governmental Approvals

(i) The Parties shall have received all necessary Governmental Authorizations required in connection with the transactions contemplated hereby, so as to permit the conveyance of the Assets to the Buyer;

(ii) In the event that any Governmental Body imposes any conditions upon the transfer to the Buyer of any necessary Governmental Authorizations or in connection with the approval of the transactions contemplated hereby, then the Parties agree that the Buyer shall be permitted to either (i) bear the entire amount of the costs to be incurred by the Buyer and the Seller in connection with the satisfaction of such conditions, or (ii) terminate this Agreement;

(iii) In the event that any Governmental Body conditions the transfer of assets to the Buyer contemplated in this Agreement on the transfer of any water supply resources owned by the Related Entities, other than those sources that are included in Real Estate Purchase Agreement or this Agreement, the Seller will have the right to terminate this Agreement

(c) Suits and Proceedings. Neither the Buyer nor the Seller shall be prohibited by any order, ruling, consent, decree, judgment or injunction of a court or regulatory agency of competent jurisdiction from closing the transactions contemplated by this Agreement.

6.3 Additional Conditions to the Buyer's Obligations Under This Agreement. In addition to the conditions set forth in Section 6.2 above, the obligation of the Buyer to close the transactions provided for under this Agreement shall be subject to the satisfaction or waiver at or prior to the Closing of the following conditions:

(a) Deed The Seller will convey marketable title to the Real Property described in Schedule 2.1(b), free and clear of any Encumbrances. The Seller shall have executed and delivered a deed conveying the Real Property to the Buyer in the same form of deed as it was conveyed to the Seller. Subject to the limitations set forth in Section 2.1 of this Agreement, the Seller will convey by assignment any other interests in real property owned by the Seller.

(b) Documentation of the Purchase Price The Seller have furnished the Buyer with (i) evidence documenting the costs and expenses contemplated by Section 3.1(a) (i), (ii), (iii), (iv) and (v) for inclusion in the Purchase Price; (ii) the statements required by Section 7.1(d), and (iii) a statement of the Operating Funds, the Accounts Receivable and the Accounts Payable as of the Closing Date;

(c) Absence of Litigation No Proceeding (other than the Petition for Rehearing/Declaratory Judgment filed by the Pine Hills Water District Coalition with the New York State Public Service Commission, dated January 22, 2002) pertaining to the transactions contemplated by this Agreement or its consummation shall have been instituted or threatened on or before the Closing Date;

(d) Condition of Assets The Assets shall not have been materially adversely affected.

(e) Representations and Covenants The representations and warranties of the Seller contained in this Agreement shall be true and complete on the Closing Date. The Seller shall have performed and complied with all covenants and agreements required by this Agreement to be performed or complied with by them on or prior to such date, and the Seller shall have delivered to the Buyer a certificate, dated the as of the Closing Date and signed by the secretary of the Seller, to the foregoing effect;

(f) Release of Encumbrances The Seller shall deliver to the Buyer evidence of the release of any Encumbrance, so that good and marketable title to the Assets is conveyed to the Buyer;

(g) Corporate Approval The execution and delivery of this Agreement by the Seller, and the performance of its covenants and obligations hereunder, shall have been duly authorized by all necessary corporate action, and the Buyer shall have received copies of all resolutions of directors and stockholders pertaining to that authorization, certified by the secretary of the Seller;

(h) Good Standing Certificates The Buyer shall have received a certificate of good standing, dated as close as practicable to the Closing Date, from the Secretary of State of the State of New York with respect to the Seller's corporate standing; and

(i) Other Actions. All actions to be taken by the Seller in connection with the transactions contemplated hereby and all certificates, opinions and other documents required to effect the transactions contemplated hereby will be satisfactory in form and substance to the Buyer and its counsel.

(j) Real Estate Purchase Agreement. The Silk Road Organization must have a binding obligation to sell the real estate identified in the Real Estate Purchase Agreement to the Buyer and the closing for such sale must occur at the same time and place as the closing of this Agreement.

6.4 Additional Conditions to the Seller's Obligations Under This Agreement. In addition to the conditions set forth in Section 6.2 above, the obligation of the Seller to close the transactions contemplated hereby shall be subject to the satisfaction or waiver at or prior to the Closing of the following conditions:

(a) Representations and Covenants. The representations and warranties of the Buyer contained in this Agreement shall be true and complete on the Closing Date. The Buyer shall have performed and complied with all covenants and agreements required by this Agreement to be performed or complied with by it on or prior to such date, and the Buyer shall have delivered to the Seller a certificate, dated the Closing Date and signed by an authorized individual on behalf of the Buyer to the foregoing effect.

(b) Approval. The execution and delivery of this Agreement by the Buyer, and the performance of its covenants and obligations hereunder shall have been duly authorized by all necessary action, and the Seller shall have received copies of all resolutions pertaining to that authorization, certified by an authorized individual on behalf of the Buyer.

(c) Delivery of Purchase Consideration. The Buyer shall have paid, by wire transfer, the Purchase Price in accordance with Section 3.2(a) of this Agreement, and

(d) Absence of Litigation. No Proceeding (other than the Petition for Rehearing/Declaratory Judgment filed by the Pine Hills Water District Coalition with the New York State Public Service Commission, dated January 22, 2002) pertaining to the transactions contemplated by this Agreement or its consummation shall have been instituted, or threatened, against the Buyer on or before the Closing Date.

6.5 Termination of Agreement. In the event that the Buyer is unable prior to March 31, 2003 to satisfy all of the conditions to Closing, including the receipt of the required Governmental Authorizations in connection with the conveyance of the Assets to the Buyer, the Seller may either extend the aforementioned date or terminate this Agreement and retain the non-refundable deposit.

ARTICLE VII COVENANTS

7.1 Obligations of the Parties Prior to Closing. The Parties agree that, following the execution of this Agreement through and until the Closing Date

(a) Preservation of Assets. The Seller will (i) maintain the existing condition of the Assets, except for ordinary wear and tear, (ii) operate its business in the customary fashion, (iii) take no action that does or would tend to materially devalue or degrade the Assets, (iv) not obligate the Seller to any expenses in excess of Two Thousand Five Hundred Dollars (\$2,500.00) or one that is not made in the ordinary course of business without the prior written consent of the Buyer, (v) maintain all casualty and liability insurance in effect in accordance with the usual and customary practice of the Seller, and (vi) not transfer or lease any of the Assets, other than in the ordinary course of business.

(b) Governmental Authorizations. The Parties shall cooperate in the preparation and submission of any and all applicable applications for Governmental Authorizations in connection with the transactions contemplated hereby. In furtherance thereof, (i) the Seller shall file an application to transfer to the Buyer, New York State Department of Environmental Conservation Modified Water Supply Permit No. 10,181, dated September 13, 2002, and (ii) the Buyer shall file any applicable applications with the New York State Public Service Commission, Ulster County Department of Health, New York State Department of Health and New York State Comptroller's Office. Applications for such Governmental Authorizations shall be filed by the Seller or the Buyer (as the case may be) prior to November 15, 2002, time being of the essence

(c) Environmental Facilities Corporation Loan Application. Simultaneous with the execution of this Agreement, the Buyer and the Seller shall each complete and submit such applications as may be reasonably required to ensure that the anticipated grant and loan proceeds from the New York State Environmental Facilities Corporation continue to be available to the Parties pending the consummation of the transactions contemplated hereby.

(d) Statement of Accounts. Two (2) days prior to the Closing, the Seller shall cause the preparation of a statement reflecting the Operating Funds, among other things, the Accounts Receivable and the Accounts Payable for the period ninety (90) days prior to the Closing Date.

(e) SEQRA. The Buyer will conduct any further reviews of the environmental impact of the entering into this Agreement and all related transactions that may be required pursuant to the State Environmental Quality Review Act. The Buyer shall be responsible, at its sole cost and expense, for defending any litigation or other proceedings commenced by any party alleging non-compliance with SEQRA in connection with the transactions contemplated by this Agreement. Nothing herein will be construed as requiring the

Buyer to bear the cost of the Seller's participation, if any, in the Seller's sole discretion, in any such proceeding

(f) Access to Records. The Seller shall cooperate with the Buyer concerning a review of the books, records or other documents that the appraiser retained by the Buyer requires in connection with his appraisal of the Assets. The Seller shall permit the Buyer, and its agents, access on reasonable notice to inspect the Assets. The Seller shall make immediately available, copies of all surveys, deeds and other materials, to the extent such items are in the Seller's actual possession related to the Assets being conveyed. From the date first set forth above through and until the Closing Date, the Seller will maintain the records in the same manner and with the same care that records have been maintained prior to the execution of this Agreement

(g) Leases. The Seller shall not, without the written consent of the Buyer, enter into any agreements or contracts pursuant to which the Seller (i) leases any interest in the Real Property to a third party, or (ii) leases any real property from a third party in connection with the operation of the business by the Seller.

7.2 Obligation of the Parties After the Closing

(a) Access to Records. All of the Seller's records, whether held by the Buyer or the Seller, shall be preserved for such period as is required by law. From and for a period of one (1) year after the Closing Date, the Seller shall permit the Buyer reasonable access to any of the Seller's records in its possession

(b) Deposit of Checks. The Seller shall cooperate with the Buyer in making all necessary or the desirable arrangements so that checks and other payments on accounts receivable purchased by the Buyer pursuant to this Agreement may be deposited into the Buyer's bank accounts without endorsement by the Seller; and

(c) Further Assurances. The Parties shall make, execute or endorse and acknowledge and deliver or file or cause the same to be done, all such vouchers, invoices, notices, certifications and additional agreements, undertakings, conveyances, assignments or other assurances, and take any and all such other actions, as the Parties may from time-to-time deem reasonably necessary or proper in furtherance of the transactions contemplated by this Agreement

(d) Acquisition. The Buyer covenants that neither it, nor any agent or other entity controlled by the Buyer (including, but not limited to, any water districts within the Hamlet of Pine Hills) will, at any time after the execution of this Agreement, acquire by any means (including, but not limited to, by eminent domain or adverse possession) any water rights or water resources to that certain 2.2 acre parcel of real property, commonly known as the "White House Lodge Parcel," Tax Map Number 4.45-1-1, as described in Schedule 7.2(d) (the "Parcel"), which contains, among other things, Silo A and Crystal Spring, absent a compelling

public necessity which the Parties agree shall only be deemed to exist, if the Buyer can demonstrate that the water rights or water resources related to the Parcel resource(s) sought are the only suitable water supply available to the Buyer to fulfill the Buyer's obligation as the purveyor of water to the inhabitants of the Hamlet of Pine Hills. The Buyer acknowledges and agrees that the Related Entities are third party beneficiaries of this Agreement and that the Related Entities, in addition to the Seller, may assert the provisions of this Section 7.2(d) as a defense to any proceeding commenced by the Buyer with respect to the Parcel.

ARTICLE VIII INDEMNIFICATION; REMEDIES

8.1 Indemnification by the Seller. The Seller agrees to indemnify and hold the Buyer harmless against the debts, claims, liabilities and obligations of the Seller not expressly assumed by the Buyer hereunder, and to pay all attorneys' fees and legal costs incurred by the Buyer, its successors and assigns in connection therewith. In addition, the Seller shall defend, indemnify and hold harmless the Buyer, and shall reimburse the Buyer for, from and against each and every demand, claim, loss liability, judgment, damage, cost and expense (including, without limitation, interest, penalties, costs of preparation and investigation, and the reasonable fees, disbursements and expenses of attorneys, accountants and other professional advisors) (collectively "Losses") imposed on or incurred by the Buyer's directly or indirectly, relating to, resulting from or arising out of:

(a) any inaccuracy in any representation or warranty in any respect, or any breach or nonfulfillment of any covenant, agreement or other obligation of the Seller under this Agreement, the Schedules hereto or any certificate or other document delivered or to be delivered pursuant hereto;

(b) any breach by the Seller of any covenant or obligation of the Seller under this Agreement;

(c) any tax liability incurred by the Seller as a result of the transactions contemplated by this Agreement or as a result of a breach of the representations and warranties of the Seller in Section 4.5, and

(d) any claim by any Person for a brokerage or finder's fee based upon any arrangement allegedly made by such Person with a Seller;

provided, however, that the Seller shall have no liability under this Section 8.1 unless and until the aggregate of all Losses exceeds Three Thousand Dollars (\$3,000.00) (the "Buyer's Minimum Amount"), in which event the Seller shall be liable for all Losses, irrespective of the Buyer's Minimum Amount. The maximum liability of the Seller for Losses shall be limited to the Purchase Price (the "Liability Threshold").

8.2 Indemnification by the Buyer. The Buyer shall defend, indemnify and hold harmless the Seller and its successors and assigns and shall reimburse Seller for, from and against all Losses imposed on or incurred by the Seller, directly or indirectly, relating to, resulting from or arising out of (a) any inaccuracy in any representation or warranty in any respect, or any breach or nonfulfillment of any covenant, agreement or other obligation of the Buyer under this Agreement or any certificate or other document delivered or to be delivered pursuant hereto, and (b) any liabilities of the Seller expressly assumed by the Buyer under the terms of Section 2.9 of this Agreement.

8.3 Notice and Defense of Third Party Claims. If any action, claim or proceeding shall be brought or asserted under this Article VIII against an indemnified party or any successor thereto (the "Indemnified Person") in respect of which indemnity may be sought under this Article VIII from an indemnifying person or any successor thereto (the "Indemnifying Person"), the Indemnified Person shall give prompt written notice of such action or claim to the Indemnifying Person who shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Person and the payment of all expenses, except that any delay or failure to so notify the Indemnifying Person shall relieve the Indemnifying Person of its obligations hereunder only to the extent, if at all, that it is prejudiced by reason of such delay or failure. The Indemnified Person shall have the right to employ separate counsel in any of the foregoing actions, claims or proceedings and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Person, unless both the Indemnified Person and the Indemnifying Person are named as parties and the Indemnified Person shall in good faith determine that representation by the same counsel is inappropriate. In the event that the Indemnifying Person, within ten (10) days after notice of any such action or claim, fails to assume the defense thereof, the Indemnified Person shall have the right to undertake the defense, compromise or settlement of such claim, action or proceeding for the account of the Indemnifying Person, subject to the right of the Indemnifying Person to assume the defense of such action, claim or proceeding with counsel reasonably satisfactory to the Indemnified Person at any time prior to the settlement, compromise or final determination thereof. Anything in this Article VIII to the contrary notwithstanding, the Indemnifying Person shall not, without the Indemnified Person's prior written consent, settle or compromise any action or claim or proceeding or consent to entry of any judgment with respect to any such action or claim that requires solely the payment of money damages by the Indemnifying Person and that includes as an unconditional term thereof the release by the claimant or the plaintiff of the Indemnified Person from all liability in respect of such action, claim or proceeding.

8.4 Survival of Representations and Warranties. All representations and warranties in this Agreement, the Schedules and any other certificate or document delivered pursuant to this Agreement will survive for a period of one (1) year following the Closing. The rights to indemnification or other remedy based on such representations and warranties will not be affected by any investigation conducted with respect to any knowledge acquired at any time, whether before or after the execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of or compliance with, any such representation, warranty, covenant or obligation. No Party shall have the right to make a claim for a breach of a

representation or warranty hereunder to the extent that such Party had knowledge prior to the Closing that such representation or warranty was untrue or incorrect. Further, the Buyer shall be responsible for determining whether the operation of the business of the Seller by the Buyer after the Closing is in compliance with Legal Requirements and whether the Buyer has obtained all Governmental Authorizations from any applicable Governmental Body, including without limitation, qualifications for doing business in other states. If the Seller operated the business in violation of any applicable Legal Requirement prior to the Closing Date, the Seller's liability to the Buyer shall be limited to Losses relating to or arising out of the Seller's violation prior to the Closing and the Seller shall not be responsible for Losses arising from the Buyer's violation, if any, after the Closing.

ARTICLE IX MISCELLANEOUS

9.1 Exhibits and Schedules. The Exhibits and Schedules to this Agreement are a part of this Agreement as if set forth in full herein.

9.2 Notices. Any notice or other communication required or which may be given hereunder shall be in writing and shall be delivered personally, sent by certified or registered mail, postage prepaid, return receipt requested or delivered by overnight courier to the Parties at the following addresses (or to such other addresses as each Party may from time-to-time specify in writing pursuant to the notice provisions hereof):

if to the Seller to: Dean Gitter
P. O. Box 250
Highmount, New York 12441

with a copy to: Whiteman Osterman & Hanna LLP
One Commerce Plaza
Albany, New York 12260
Attn: Teresa M. Bakner

if to Buyer to: Peter DiModica
Supervisor, Town of Shandaken
Town Hall
P. O. Box 134
Shandaken, New York 12480

with a copy to: Nolan and Heller, LLP
39 North Pearl Street
Albany, New York 12207
Attn: Robert H. Feller

Any such notice or communication that is addressed as provided in Section 9.2 will be deemed given: (a) upon delivery, if delivered personally; (b) on the third business day after deposit in a regular depository of the United States mails, if delivered by United States mail; and (c) on the first business day of the receiving Party after the delivery to the courier, if delivered by overnight courier.

9.3 Entire Agreement. This Agreement (including all Exhibits and Schedules hereto and all agreements or covenants therein) contain the entire agreement of the Parties with respect to the sale and transfer of the Assets to the Buyer, and all transactions related thereto, and supersedes all prior agreements or understandings, written or oral, with respect thereto.

9.4 Waivers and Amendments. This Agreement may be amended, modified, superseded, cancelled, renewed, or extended, and the terms and conditions hereof may be waived only by a written instrument signed by the Parties or, in the case of a waiver, signed by the Party waiving compliance. No delay on the part of any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any Party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof, or the exercise of any other right, power or privilege hereunder. The rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies that any Party may otherwise have at law or in equity.

9.5 Expenses. Except as otherwise provided herein, all expenses (including, without limitation, legal fees and expenses, fees of brokers and advisors and investment bankers and fees and expenses of accountants) incurred in connection with the transactions contemplated hereby will be borne by the Party incurring such expenses.

9.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the choice of law principles thereof.

9.7 Assignment. This Agreement may not be assigned by either Party.

9.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

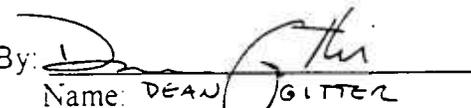
9.9 Bulk Sales Law Compliance. The Buyer and the Seller waive compliance with any applicable bulk sales laws. The Seller agrees to indemnify the Buyer, without any deductible, for any and all liabilities, expenses and costs resulting from the Parties failure to fully comply with applicable bulk sales laws.

9.10 Survival Except as provided in Section 8.4, the provisions of Article II, the representations and warranties of the Buyer and the Seller as set forth in Article IV and Article V, the covenants of the Buyer and the Seller as set forth in Section 7.2 and the right of the Buyer and the Seller to indemnification as set forth in Article VIII shall survive the delivery and execution this Agreement and the Closing.

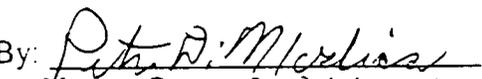
[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, each Party has caused this Agreement to be executed by a duly authorized officer as of the date first set forth above.

PINE HILL WATER COMPANY

By: 
Name: DEAN GITTER
Title: PROPRIETOR

TOWN OF SHANDAKEN

By: 
Name: PETER DI MODICA
Title: SUPERVISOR

SCHEDULE 2.1(a)

Retained Water Rights, Easements,
Prescriptive Rights and Claims of Adverse Possession

1. Silo A. Tax Map Number 4.45-1-1
2. Crystal Spring. Tax Map Number 4.45-1-1
3. 240,000 gallon reservoir owned by The Silk Road Organization NY, Inc. as an exception to that certain parcel of real property owned by the State of New York.
Tax Map Number 4.45-1-17
4. Woodchuck Hollow Spring which is located on real property owned by Crossroads Ventures LLC as acquired from the Ulster County Fish and Game Preserve Commission.
Tax Map Number 4.-2-13
5. Deeded property belonging to Crossroads Ventures LLC in Big Indian and Highmount as recorded in the Ulster County and New York State Register of Deeds.
Tax Map Numbers

3.-1-1	Leach
3.-1-7	Wildacres
3.-1-8	Wos
3.-1-10	Highmount Ski Center
4.-2-1	Kelly
4.-2-2.20	Van Loan
4.-2-13	So. Ulster (listed in #4)
4.-2-15	Turner
4.-2-19	Marini
4.-2-20	Gozdziewski
4.-2-21	Krisinski
4.-2-43	Mann
4.-2-44	Krisinski
4.-2-45.221	Gitter
4.-2-47	Marini
4.-2-65	Dietsch
4.-2-66	Paternoster
4.-2-67.200	Dignes
4.-2-70	MacDonald
4.5-1-5	Odierno
4.14-2-2.100	Rosenthal
4.45-1-1	Crystal Spring (214 East 49 th St.) (listed in #1)
4.45-1-3	Bonnieview (214 East 49 th St.) (listed in #2)

4.45-1-12	Ticor
4.63-1-1	Marini
12 -1-4	Milone
12 -1-5	Mann
12.-1-6.100	DaSilva
12.-1-7	Beaudu
12 7-1-7	Jake Moon/Rudi's

SCHEDULE 2.1(b)

Real Property

1. The parcel shown by deed and title to be owned by the Pine Hill Water Company that is the location of the Bonnie View Springs, treatment building and 40,000 gallon reservoir (Tax Map # 4.037-1-17).
2. The 0.9 acre parcel of land shown by deed and title to be owned by the Pine Hill Water Company that is proposed as the location of a new water storage tank (Tax Map # 4.037-1-16)
3. The small pentagonal parcel of land shown by deed and title to be owned by the Pine Hill Water Company that is the location of the Depot (Station) Road Spring (Tax Map # 4.045-1-5).
4. The following easements and rights of way of record: To be determined by the Parties in accordance with the Section 2.1 of this Agreement.

SCHEDULE 2.2

Equipment

1. The three Bonnie View Springs, including spring houses and transmission piping.
2. The treatment building including all piping, valves, meters, chemical dosing equipment and stockpile of chemicals at the time of closing.
3. The 40,000 gallon reservoir as well as the structure housing the reservoir and piping connecting the reservoir to the treatment building.
4. The Depot (Station) Road Spring.
5. The Depot (Station) Road Reservoir
6. Pine Hill Well #1 (drilled 2001).
7. Pine Hill Well #2 (drilled 2001).
8. All transmission and distribution piping, including valves, curb stops, hydrants and all other appurtenances of the water distribution system.

SCHEDULE 2.3

Accounts Receivable

SCHEDULE 2.4

Inventory

1. All inventory of chemicals, distribution piping (including valves, wrenches, curb stocks, and all other appurtenances of the water distribution system), and any other goods and supplies.

SCHEDULE 2.6

Permits and Approvals

1. New York State Department of Environmental Conservation Modified Water Supply Permit No. 5889, dated September 13, 2002.
2. Approvals of the Town of Shandaken, dated _____.
3. New York State Public Service Commission Rate Approvals, dated _____.

SCHEDULE 2.7

Contracts

None

SCHEDULE 2.8(a)

Accounts Payable

SCHEDULE 2.11

Allocation

Real Property

Tangible Personal Property

Merchandise, Inventory and Supplies

Intangibles (including Goodwill)

SCHEDULE 4.3

Title to Properties

1. Lease Agreement, by and between the Silk Road Organization and Pine Hill Water Company, dated August 1, 2002.
2. The real property being conveyed by the Seller to the Buyer are currently subject to a mortgage in favor of Kaatskill Development Associates, LP and Crossroads Ventures, LLC securing the repayment of certain loans made by the secured parties to the Seller. Simultaneous with the Closing, the secured parties will cause the filing of a satisfaction of mortgage in connection with the real property.

SCHEDULE 7.2(d)

Description of White House Lodge Parcel

EXHIBIT A

Bill of Sale And Assumption of Liabilities

L. A. Martin, Notary Public and Comiff
and Bailey and William Robinson and
Sarah J. Mayne.

We hereby request your honorable
body to grant the above application.
Dated Pine Hill N.Y. February 25th. 1893.

John A. Langueur
James A. Bette
J. W. Lammitt
Isaac D. Hill
James C. Cornish
Richard C. Hill
A. D. Hill.

State of New York
County of Ulster

ss:-

Certificate
of
Incorporation

We, the undersigned, all
of whom are of full age and residents of the
United States and residents of this State
do by these presents associate ourselves
together to form an corporation pursuant
to and in conformity with the provisions
of Article VII of the Transportation Corporation
Law as amended by Chapter 67 of the
Laws of New York of 1892 for the purpose of
supplying water to the town and village
or hamlet hereinafter strated and the
inhabitants thereof, and for that purpose
we do hereby certify as follows:-

- I. The name of the Proposed Corporation
is The Pine Hill Water Company and it
shall continue in existence for the period
of fifty years.
- II. The amount of its Capital stock shall
be fifteen thousand dollars.
- III. The number of shares into which it
is to be divided shall be three hundred
of fifty dollars each.
- IV. The location of its principal office
shall be at Pine Hill, Ulster County, New York.
- V. The names of its Directors shall be as set
out in the annexed schedule of names of

The Directors for the first year are:-

Names.	Place of Residence.
Andrew D. Hill	Pine Hill Ulster County, N. Y.
Richard C. Hill	" " " " "
Leaac D. Hill	" " " " "
Frank W. Lammert	" " " " "
James C. Cornish	" " " " "
John A. Longyear	Kingston, Ulster County, N. Y.
James A. Belta	" " " " "

VII. The name of the town and village or hamlet in this state which it is proposed to supply with water are that portion of the town of Shandaken known as the village or hamlet of Pine Hill (un-incorporated) and a portion of the territory of said town of Shandaken immediately surrounding the said village or hamlet of Pine Hill and adjacent thereto.

VIII. The permit of the authorities of said town of Shandaken has been granted, as more fully appears by such permit, which is annexed hereto, and made a part of this certificate.

IX. The post office address of each subscriber, and the number of shares of stock which each agree to take in said corporation are subscribed to this certificate.

In Witness Whereof, we have hereunto subscribed our names to this certificate in duplicate this seventh day of July 1893.

Names.	Residence.	No. of shares.
Andrew D. Hill	Pine Hill Ulster Co N. Y.	Eighteen shares.
Richard C. Hill	" " " "	Two "
Leaac D. Hill	" " " "	Two "
F. W. Lammert	" " " "	Two "
James C. Cornish	" " " "	Two "
John A. Longyear	Kingston "	Two "
James A. Belta	" " " "	Two "

State of New York
County of Ulster ss:- On this seventh day

of July 1893 personally appeared before me
 Andrew D. Hill, Richard C. Hill, Isaac Hill,
 Frank W. Lamont, James C. Cornish, James
 A. Betts and John A. Longear, known to
 me to be the persons described in and
 who executed the foregoing certificate
 and severally acknowledged that they
 executed the same for the purposes therein
 mentioned.

O. M. Follett
 Justice of the Peace.

State of New York
 County of Ulster ss:- Andrew D. Hill James
 A. Betts and James C. Cornish being
 severally duly sworn, each do swear
 and say that he is one of the directors
 named in the foregoing certificate and
 that fifteen hundred Dollars of the Cap-
 ital stock of said corporation has been
 subscribed and ten percent thereof has
 been paid, in cash, to the Directors
 named in the certificate.

Severally subscribed and sworn Andrew D. Hill
 to before me this seventh
 day of July 1893. James C. Cornish,
 O. M. Follett
 Justice of the Peace. James A. Betts.

Certificate
 of
 Secretary
 of
 State.

State of New York ss:-
 Office of the Secretary of State
 I have compared the preceding
 with the original Certificate of Incor-
 poration of the Pine Hill Water Company
 filed and recorded in this office on
 the 2nd day of August 1893, and do
 hereby certify the same to be a correct
 transcript therefrom and of the whole
 of said original.

Witness my hand and the Seal of
 Office of the Secretary of State, at
 the City of Albany, this 2nd day of August,
 one thousand eight hundred and ninety three

- Duplicate -

Albany Aug 2-1893

#18.75 Treasurer's Office, State of New York.

night
of
comptroller
of
state treasury

Received from The Pine Hill Water Company:-
Eighteen 75/100 Dollars
in full of tax of one eighth of one per centum
upon the Capital Stock of \$95000 of the
above named Company, for the privilege
of organization, pursuant to Chapter 143,
Laws of 1886.

Calvin J. Heason
Deputy Comptroller

Geo. B. Church,
Deputy Treasurer

Minutes
first
meeting
Director

The directors of The Pine Hill Water
Company met for organization at Pine
Hill, Ulster County, New York June 22, 1893.
There were present: Isaac D. Hill,
Andrew D. Hill, James C. Cornish, Frank
W. Lamont, John A. Longyear and James
A. Better.

Officers

The following officers were duly elected:
James C. Cornish, President;
John A. Longyear, Vice President;
Andrew D. Hill, Treasurer
James A. Better, Secretary
Isaac D. Hill }
Frank W. Lamont } tellers.

Proposition
of
Richard W. Hill

A proposition was submitted by
Richard W. Hill offering to convey to this
Company as water system at Pine Hill,
Ulster County, New York various portions,
consisting of a reservoir and one acre
of ground surrounding the spring and
reservoir and extending down to the
public highway and containing all
the land in that lot upon which pipes
are laid and all the pipes and fixtures
in the public streets, belonging to him
and also another lot of land near
railroad culvert containing spring and
land sufficient for reservoir with.

(L.S.)

Alvan Rice
Secretary of State.



PERMIT

Under the Environmental Conservation Law (ECL)

DEC PERMIT NUMBER 3-5150-00385/00001
FACILITY/PROGRAM NUMBER(s) WSA #10,181

EFFECTIVE DATE September 12, 2002
EXPIRATION DATE None

TYPE OF PERMIT (Check All Applicable Boxes)

New
 Renewal
 Modification
 Permit to Construct
 Permit to Operate

<input type="checkbox"/> Article 15, Title 5: Protection of Waters	<input type="checkbox"/> Article 17, Titles 7, 8: SPDES	<input type="checkbox"/> Article 27, Title 9: 6NYCRR 373: Hazardous Waste Management
<input checked="" type="checkbox"/> Article 15, Title 15: Water Supply	<input type="checkbox"/> Article 19: Air Pollution Control	<input type="checkbox"/> Article 34: Coastal Erosion Management
<input type="checkbox"/> Article 15, Title 15: Water Transport	<input type="checkbox"/> Article 23, Title 27: Mined Land Reclamation	<input type="checkbox"/> Article 38: Floodplain Management
<input type="checkbox"/> Article 15, Title 15: Long Island Wells	<input type="checkbox"/> Article 24: Freshwater Wetlands	<input type="checkbox"/> Articles 1, 3, 17, 19, 27, 37; 6NYCRR 380: Radiation Control
<input type="checkbox"/> Article 15, Title 27: Wild, Scenic & Recreational Rivers	<input type="checkbox"/> Article 25: Tidal Wetlands	<input type="checkbox"/> Other _____
<input type="checkbox"/> 6NYCRR 608: Water Quality Certification	<input type="checkbox"/> Article 27, Title 7; 6NYCRR 380: Solid Waste Management	

PERMIT ISSUED TO Pine Hill Water Company	TELEPHONE NUMBER (845) 888-7740
---	------------------------------------

ADDRESS OF PERMITTEE 72 Andrew Lane Road, PO Box 267, Mt. Tremper, NY 12457
--

CONTACT PERSON FOR PERMITTED WORK Dean Gitter, President	TELEPHONE NUMBER
---	------------------

NAME AND ADDRESS OF PROJECT/FACILITY

LOCATION OF PROJECT/FACILITY General vicinity of Mill Road (Bonnie View Avenue) and Depot Road, Hamlet of Pine Hill.

COUNTY Ulster	TOWN Shandaken	WATERCOURSE/WETLAND NO.	NYTM COORDINATES E: N: 4
------------------	-------------------	-------------------------	--------------------------------

DESCRIPTION OF AUTHORIZED ACTIVITY The continued operation of the existing water supply and distribution system within the boundary limits of the former incorporated Village of Pine Hill. Also to take a supply of water up to 211,000 gallons per day from the Bonnie View Springs, Pine Hill Well #1, Depot (Station) Road Well and Station Road Spring having tested capacities of 85, 15, 39 and 28 gallons per minute, respectively. An additional source of supply known as "Silo B" located on property owned by the Silk Road Organization may only be used upon satisfaction of the requirements listed in Special Condition No. 1. No other sources of supply are approved for use by the permittee without the further approval of the Department.
--

By acceptance of this permit, the permittee agrees that the permit is contingent upon strict compliance with the ECL, all applicable regulations, the General Conditions specified and any Special Conditions Included as part of this permit.

DEPUTY PERMIT ADMINISTRATOR Alexander F. Ciesluk, Jr.	ADDRESS 21 South Putt Corners Rd., New Paltz NY 12561	or AFC
--	--	--------

AUTHORIZED SIGNATURE <i>Alexander F. Ciesluk, Jr.</i>	Date 9/12/02	Page 1 of 5
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NOTIFICATION OF OTHER PERMITTEE OBLIGATIONS

Item A: Permittee Accepts Legal Responsibility and Agrees to Indemnification

The permittee expressly agrees to indemnify and hold harmless the Department of Environmental Conservation of the State of New York, its representatives, employees, and agents ("DEC") for all claims, suits, actions, and damages, to the extent attributable to the permittee's acts or omissions in connection with the permittee's undertaking of activities in connection with, or operation and maintenance of, the facility or facilities authorized by the permit whether in compliance or not in compliance with the terms and conditions of the permit. This indemnification does not extend to any claims, suits, actions, or damages to the extent attributable to DEC's own negligent or intentional acts or omissions, or to any claims, suits, or actions naming the DEC and arising under article 78 of the New York Civil Practice Laws and Rules or any citizen suit or civil rights provision under federal or state laws.

Item B: Permittee's Contractors to Comply with Permit

The permittee is responsible for informing its independent contractors, employees, agents and assigns of their responsibility to comply with this permit, including all special conditions while acting as the permittee's agent with respect to the permitted activities, and such persons shall be subject to the same sanctions for violations of the Environmental Conservation Law as those prescribed for the permittee.

Item C: Permittee Responsible for Obtaining Other Required Permits

The permittee is responsible for obtaining any other permits, approvals, lands, easements and rights-of-way that may be required to carry out the activities that are authorized by this permit.

Item D: No Right to Trespass or Interfere with Riparian Rights

This permit does not convey to the permittee any right to trespass upon the lands or interfere with the riparian rights of others in order to perform the permitted work nor does it authorize the impairment of any rights, title, or interest in real or personal property held or vested in a person not a party to the permit.

GENERAL CONDITIONS

General Condition 1: Facility Inspection by the Department

The permitted site or facility, including relevant records, is subject to inspection at reasonable hours and intervals by an authorized representative of the Department of Environmental Conservation (the Department) to determine whether the permittee is complying with this permit and the ECL. Such representative may order the work suspended pursuant to ECL 71-0301 and SAPA 401(3).

The permittee shall provide a person to accompany the Department's representative during an inspection to the permit area when requested by the Department.

A copy of this permit, including all referenced maps, drawings and special conditions, must be available for inspection by the Department at all times at the project site or facility. Failure to produce a copy of the permit upon request by a Department representative is a violation of this permit.

General Condition 2: Relationship of this Permit to Other Department Orders and Determinations

Unless expressly provided for by the Department, issuance of this permit does not modify, supersede or rescind any order or determination previously issued by the Department or any of the terms, conditions or requirements contained in such order or determination.

General Condition 3: Applications for Permit Renewals or Modifications

The permittee must submit a separate written application to the Department for renewal, modification or transfer of this permit. Such application must include any forms or supplemental information the Department requires. Any renewal, modification or transfer granted by the Department must be in writing.

The permittee must submit a renewal application at least:

- a) 180 days before expiration of permits for State Pollutant Discharge Elimination System (SPDES), Hazardous Waste Management Facilities (HWMF), major Air Pollution Control (APC) and Solid Waste Management Facilities (SWMF); and
- b) 30 days before expiration of all other permit types.

Submission of applications for permit renewal or modification are to be submitted to:

NYSDEC Regional Permit Administrator, Region 3
21 South Putt Corners Road, New Paltz, NY, 12561, (845) 256-3054

General Condition 4: Permit Modifications, Suspensions and Revocations by the Department

The Department reserves the right to modify, suspend or revoke this permit in accordance with 6 NYCRR Part 621. The grounds for modification, suspension or revocation include:

- a) materially false or inaccurate statements in the permit application or supporting papers;
- b) failure by the permittee to comply with any terms or conditions of the permit;
- c) exceeding the scope of the project as described in the permit application;
- d) newly discovered material information or a material change in environmental conditions, relevant technology or applicable law or regulations since the issuance of the existing permit;
- e) noncompliance with previously issued permit conditions, orders of the commissioner, any provisions of the Environmental Conservation Law or regulations of the Department related to the permitted activity.

DEC PERMIT NUMBER	3-5150-00365/00001	WSA #10,181 September 12, 2002	PAGE 2 OF 5
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ADDITIONAL GENERAL CONDITIONS FOR ARTICLE 15, TITLE 15 (Water Supply)

Prior to starting work on any construction authorized herein, detailed plans of the structures proposed to be built and specifications for such work shall have been submitted to and approved by the Department. Thereafter such construction work shall be entirely completed in full accordance with the plans and specifications which have been submitted and approved. **NOTE:** Approval by this Department of final plans and specifications, and of completed works, will not be issued until equivalent approvals have been issued by the NYS Department of Health.

6. Section 15-1529 of the Environmental Conservation Law forbids the operation of any of these works until, as constructed, they have been approved by the Department. Such final approval will be given only on written request. In general, such approval will not be given until all provisions affecting quality of the water and safety of the works have been complied with in full.

SPECIAL CONDITIONS

1. Use of the "Silo B" source is not authorized until the permittee:
 - A) submits either proof of ownership of the source of supply or a long term agreement for the sale of water,
 - B) has conducted the water quality analyses pursuant to Special Condition Number 4 of this permit;
 - C) has conducted appropriate quantity studies to determine the safe yield of this source in consideration of other surface and groundwater resources; and
 - D) has obtained written authorization from the NYS Department of Environmental Conservation (Department) and the NYS Department of Health (DOH) for its use.
2. All land within 200 feet of any well, spring or "silo" approved herein shall be protected and controlled, in order to prevent pollution of the ground or groundwater, by direct ownership of the land, by the acquisition of protective easements, or by other appropriate measures. This area shall further be protected from pollution by surface waters originating outside thereof by the construction of suitable diversion ditches or embankments, and the development of the wells shall so be carried out that there shall be no opportunity for pollution to enter the wells.
3. The physical pumping facilities and controls at any source approved herein shall be protected against damage or tampering either by a fence or other suitable enclosure or by their manner of construction and installation.
4. Before any water from the source(s) (except for the existing Bonnie View Springs source) approved herein may be used for any purpose, the permittee shall have caused a sample of the water from each to be collected and analyzed and shall have submitted the results of such analyses to the Department and to the DOH. Should DOH find that the water from any source requires treatment to attain satisfactory sanitary quality, it will notify the Department of the specific treatment required for that source. The permittee shall use water from such source(s) only after certifying to the Department that it has achieved full compliance with DOH's treatment requirements and having obtained written approval from DOH to use such water from these sources.
5. Nothing contained in this permit and approval shall be held to authorize the permittee to supply, sell or distribute, for any purpose, water from any source approved herein unless all such water shall first have been treated in a manner satisfactory to the New York State Department of Health.

DEC PERMIT NUMBER 3-5150-00365/00001		September 12, 2002	Page 3 of 5
PROGRAM NUMBER WSA #10,181			

permits.10/97

SPECIAL CONDITIONS



5. The Department reserves the right to require the taking of further sanitary precautions or the further treatment of the water from any source approved herein should future conditions cause the New York State Department of Health to specify such action.
 7. Nothing contained in this permit and approval shall be held to authorize the applicant to supply, sell or distribute water from these sources of supply for any purpose unless all such water shall first have been treated and purified by disinfection (and filtration, if necessary) in a manner satisfactory to the Department.
 3. During any construction directly or indirectly associated with the activities authorized herein, the permittee shall make provisions to minimize erosion on the construction site and to prevent increased sedimentation in any water body on or adjacent to the site.
 3. The permittee shall ensure that water used for disinfecting water mains, if discharged to area streams, has a free chlorine residual not exceeding 0.05 milligrams-per-liter (mg/l) at the point of discharge.
 0. The permittee shall make provisions to provide an adequate supply of water to those residents whose private well-water systems are diminished or rendered non-productive by the permittee's use of the sources of water supply approved by this permit.
 1. The authority granted by this permit to the Pine Hill Water Company may be transferred by the Department to the Town of Shandaken, should said Town establish a water district or authorize a water improvement for the purpose of acquiring and operating the water supply and distribution facilities authorized herein. The Town shall submit a request for such transfer to the Regional Permit Administrator in New Paltz, accompanied by documents verifying that:
 - a. the district or improvement has been duly established pursuant to Articles 12, 12-A, and 12-C of the Town Law; and
 - b. the Town has legally acquired all facilities authorized by this permit.
- The Department will grant the transfer by issuing a modification of this permit showing the Town of Shandaken or its appropriate water district as the new permittee.
12. The permittee must maintain meters on all sources of supply used in the system and must maintain records of annual water production. By no later than 5 years from the issuance date of this permit, the permittee must have installed meters on all service connections or shall have submitted a plan and obtained approval from the New York State Department of Environmental Conservation for a schedule to implement this requirement.
 13. The permittee must periodically calibrate source meters for accuracy in accordance with applicable regulations of the New York State Public Service Commission (16 NYCRR, Part 500). Upon completion of the service meter installation program required by this permit, all service meters must be calibrated periodically in accordance with these same regulations.
 14. Upon completion of the service meter installation program required by this permit, the permittee must begin to maintain records of annual metered water production and consumption. Commencing within one year of said completion, and at least once annually year thereafter, the permittee must conduct a system water audit that utilizes metered production and consumption data to determine unaccounted-for water.

SPECIAL CONDITIONS



15. The permittee must develop and implement a leak detection and repair program that uses sonic detection equipment to inspect its entire distribution system in a systematic fashion. At a minimum, this program must cover the entire system in a three-year cycle by inspecting at least one-third of the system each year. Upon completion of the service meter installation program and the commencement of formal water audits, the leak detection and repair program may be modified to cover the entire system in a longer cycle whenever two consecutive annual water audits shall show that unaccounted-for water is 15% or less of system production.
16. The permittee must retain for at least ten years records of production, summaries of leaks detected and repaired, and, upon completion of the service meter installation program, records of consumption and reports of audit results. The permittee must provide copies of such of these records, reports, and summaries as might be requested in writing by the Department within one month of receiving such a request.
17. Should notice of termination of the lease for the use of the Station (Depot) Road Well occur, the permittee must immediately notify the New York State Department of Environmental Conservation and initiate the search for an alternative replacement source.

STATE ENVIRONMENTAL QUALITY REVIEW

Under the State Environmental Quality Review Act (SEQR), the project associated with this permit is classified as an Unlisted Action and the Department of Environmental Conservation (DEC) has determined that it will not have a significant effect on the environment. Other involved agencies may reach an independent determination of environmental significance for this project.

Distribution:

T. Rudolph (Tarrytown)
M. Holt (3505)
M. Montysko, DOH
A. Gordon, DOPS
D. Palen, UCHD
P. DiModica, Supervisor, T/Shandaken
T. Bakner, Whiteman, Osterman & Hanna
M.B. Bianconi, Delaware Eng.

DEC Permit # 3-5150-00265/00001	PROGRAM ID # - WSA #10,181	PAGE 5 of 5	DATE: September 12, 2002
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FORM 10

P. S. C. No. 4 Water
1988 ALLEGEDLY. PLEASE SEE NOTES
P.S.C. No. 3

Public Service Commission
RECEIVED

AUG 6 1991

The Pine Hill Water Company
NAME OF CORPORATION OR MUNICIPALITY

TARIFF FILES
ALBANY, N.Y.

SCHEDULE
FOR

Water SERVICE
1988 ALLEGEDLY. PLEASE SEE NOTES

Effective date POSTPONED
Sept. 15, 1991
Applicable TO
See Supplement No. 27

Incorporated Village of Pine Hills and
adjoining territory in Town of Shandaken,
Ulster County

Effective date POSTPONED
July 1, 1991
See Supplement No. 28

For detail description of Territory, see General Information leaf, Paragraph 1

(NOTE: It will not be necessary to replace this title page in case at a later
date the schedule is made to apply to additional territory or area.)

Issued August 1, 1991 Effective October 15, 1991
MONTH DAY YEAR MONTH DAY YEAR

Subsequent changes will be effective as shown on individual leaves

By Julia Schaedle, President

Pine Hill, New York
NAME OF OFFICER TITLE
ADDRESS OF OFFICE

The Pine Hill Water Company
(Company Name)

P.S.C. No. 4 - Water

Original Leaf No. _____

Revised Leaf No. _____

Superseding _____

Revised Leaf No. _____

Territory (County, Town, Development, Streets, etc.)

Incorporated Village of Pine Hill and adjoining territory in
Town of Shandaken, Ulster County

Application for Water Service

1. Written application for service is required.
2. A separate application must be made for each premises.
3. Premises are subject to inspection by the company.
4. Applications may not be accepted from customers with charges due on any water accounts with the company.
5. Service pipe installations are subject to company approval.

Deposits

1. A deposit equal to the estimated charge for two months' service at the rates provided for in the appropriate rate schedule may be required from applicants whose credit is not established with the company, or from customers who are delinquent in payment of bills. Any bill remaining unpaid after 30 days from date rendered is considered delinquent. However, the company shall not require a security from a customer whose credit was already established or who was not required to post a security deposit when he establishes a new residence and continues service with the same company.

2. Simple interest at a rate prescribed by the Public Service Commission will be paid on such deposits.

3. A customer will be considered to have established credit with the company when no bill has been delinquent for one year, at the end of which period the deposit will be returned promptly with interest.

4. Where deposits are not refunded, interest will be paid in cash or deducted from the amount of a bill for water service rendered to such depositor thereafter, but not later than the next bill rendered after the next succeeding first day of October.

5. When service is discontinued and all bills are paid the deposits will be returned with interest.

6. In the event that the applicant desires service for a trailer or other non-permanent structure, he shall deposit with

Date of Issue August 1, 1991 Date Effective October 15, 1991

Issued by Julia Schaudle, The Pine Hill Water Company

The Pine Hill Water Company
(Company Name)

P.S.C. No. 4 - Water
Original Leaf No. 2
Revised Leaf No. _____
Revised Leaf No. _____

Superseding _____

RECEIVED

the company all cost of the connection of such service. Said deposit shall bear simple interest as required above and shall be refunded at the end of ten years, or sooner in the event that a permanent structure for such service connection is completed.

7. The company may also require deposits from customers to guarantee future payments as set forth in lawn sprinkler, main extension, or other forms of contracts which are in a form approved by the Public Service Commission. The interest rates on the deposits will be equal to security deposits and such interest will be credited to the customer annually.

General Rules

1. Customers must provide 10 days' written notice prior to the date on which termination of service is requested or prior to a change of occupancy, until which date the customers will be responsible for payment of service.

2. A bill not paid within 10 days of rendition is considered delinquent, and the company may discontinue service after complying with the Law which requires: (1) fifteen days written notice be served personally, or (2) fifteen days' after a registered letter containing such notice has been signed or refused, or (3) eighteen days after mailing written notice in a post-paid wrapper. Service will not be re-established until payment of all proper arrears, charges and deposits is made. Receipt of a subsequently dishonored negotiable instrument in response to a notice of discontinuance shall not constitute payment of the customers account, and the company shall not be required to issue additional notice prior to discontinuance. There will be a charge of \$10.00 for handling returned checks.

3. The company will not discontinue service to residential premises for non-payment of bills on a Friday, Saturday, Sunday, public holiday, or on a day on which the utility's main office is closed. Discontinuance can only take place from Monday to Thursday between the hours of 8 a.m. 4 p.m.

4. The Company will not discontinue service for non-payment of bills to any person or entity receiving public assistance if the payment for such service is to be paid directly by the Department of Social Services or by the local social services representatives.

Effective date POSTPONED
~~July 1, 1994~~ to ~~June 1, 1995~~
~~July 1, 1994~~ to ~~June 1, 1995~~
See Supplement No. 24 See Supplement No. 26

Date of Issue August 1, 1991 Date Effective October 15, 1995

Issued by Julia Schaedle, The Pine Hill Water Company

The Pine Hill Water Company
(Company Name)

P.S.C. No. 4 - Water

Original Leaf No. 3

Revised Leaf No. _____

Superseding _____

Revised Leaf No. _____

ALL OTHERS CANCELLED
REVISED

5. Fire hydrants are not to be used without written permission or unless in conformance with filed fire protection tariff provisions.

6. The company will not be liable for damages resulting from the presence of its facilities, supply, or use of water service, except damage resulting from negligence of the company.

7. The company may shut off water in its mains to make repairs and extensions. Where possible, proper advance notice will be made to customers affected.

8. The use of water for sprinkling, swimming pools, or other less essential uses may be restricted or prohibited where such use may unreasonably reduce the adequacy of service for other domestic purposes.

9. Installation of pipes and mains will not normally be made when ground is frozen.

10. The customer is responsible for service pipes and plumbing within the property line.

11. All leaks on customer premises must be repaired as soon as possible.

12. There must be a separate service for each premises.

13. Cross connections to water sources other than the company's or with other facilities is strictly prohibited.

14. Customers will provide reasonable access to company representatives on their premises for billing or inspection purposes.

15. All mains, services (up to the property line) and other water system facilities will be maintained and replaced by the company.

Metered Service

1. A meter is required for each premises.

2. The company will furnish, install, and maintain the meter. Unless the meter register is set at zero, the Company shall attach a tag stamped with date and meter dial reading at the time of installation.

RECEIVED
Sept. 17, 1993
See Supplement No. 24 See Supplement No. 2

Date of Issue August 1, 1991 Date Effective October 15, 1991

Issued by Julia Schaedle, The Pine Hills Water Company

The Pine Hills Water Company
(Company Name)

P.S.C. No. 4 - Water
Original Leaf No. 1
Revised Leaf No.
Revised Leaf No.

Superseding

3. The customer will provide a location for the meter, 1991 acceptable to the company and will be responsible for damage resulting from frost, backflow of hot water, or other such causes.

4. The company reserves the right to remove, test, and replace the meter.

5. The company shall afford the customer an opportunity to verify the final reading of any water meter removed from the premises and obtain the customer's signature on a meter removal card which shows the date removed and reading.

6. Meters will be tested in conformance with rules of the Public Service Commission.

7. Bills will show meter readings and the dates read.

8. Bills will be reasonably estimated where a meter has been inaccessible and will be so indicated on the bill.

9. Where a meter has ceased to register or its percentage of accuracy cannot be determined by reasonable test, an estimated bill for the current period may be rendered. For all other periods the bill shall be the minimum applicable rate.

Unmetered Service

All applicable provisions of this tariff shall apply.

Extension of Mains

Mains will be extended in conformance with rules of Public Service Commission where applicable.

Discontinuance of Service

1. Service rendered under any application, contract or agreement may be discontinued by the company after reasonable notice for any of the following reasons:
- (a) For willful or indifferent waste of water due to any cause or for non-authorized use of water.
 - (b) For failure to protect from damage the meter and connection, or for failure to protect and maintain service pipe or fixtures on the property of the customer in a condition satisfactory to the company.

Date of Issue August 1, 1991 Date Effective October 15, 1991

Issued by Julia Schaedle, The Pine Hill Water Company

The Pine Hill Water Company
(Company Name)

P.S.C. No. 4 - Water
Original Leaf No. 3
Revised Leaf No. _____
Revised Leaf No. _____
RECEIVED

Superseding _____

NOV 1991

- (c) For tampering with any meter, connections, service pipe, curb cock, seal or any other appliance of this company controlling or regulating the customer's water supply.
- (d) For failure to provide the company's employees free and reasonable access to the premises supplied, or for obstructing the way of ingress to the meter or any other appliances controlling or regulating the customer's water supply.
- (e) For non-payment of any account for water supplied, for water service, for meter maintenance, or for any fee or charge accruing under the contract.
- (f) In case of vacancy of the premises.
- (g) For cross connections.
- (h) For submetering or reselling water.
- (i) For non-compliance with restrictions on less essential water use.
- (j) For violation of any rule or regulation of this company as filed with the Public Service Commission.

Effective Date SEP 15, 1991
 See Supplement No. 11

2. Written notice of discontinuance of service will be given except in those instances where a public health hazard exists.

3. The company shall not discontinue service to any person for non-payment of bills or for failure to post required deposit on a Friday, Saturday, Sunday, Public Holiday, or Day on which the main business office of the company is not open for business. Public Holiday shall refer to those holidays enumerated in the General Construction Law.

Complaint Handling Procedures

1. The company will investigate and evaluate all complaints received from customers regarding bills for service rendered or required deposits. The results of the company's findings to be reported to the customer. During the period of investigation and evaluation no discontinuance of service will be made or notice of discontinuance sent to the customer. The company, however, will make the customer aware that the undisputed portion of his bill or deposit must be paid to maintain service.

Date of Issue August 1, 1991 Date Effective October 15, 1991
Issued by Julie Schaedle, The Pine Hill Water Company

SEP-20-2002 14:41 FROM

The Pine Hill Water Company
(Company Name)

P.S.C. No. 4 - Water
Original Leaf No. 6
Revised Leaf No. _____
Superseding _____ Revised Leaf No. _____

RECEIVED

Complaints that are repetitive are not treated as new complaints and customers falling in this category are subject to discontinuance of service after due notice. No type of appeal is required to preclude discontinuance of service pending resolution of a billing complaint.

2. If, after the completion of such an investigation, the company determines that the disputed service has been rendered, or that the disputed charge or deposit is proper in whole or in part, the company requires that the full bill or deposit, or the appropriate portion thereof be paid. Appropriate notices of the determination shall be given to the customer, and where notice of discontinuance of service was previously sent, or is served with the determination, such notice shall include a statement advising the customer of the availability of the Commission's complaint handling procedures. Where prior notice of discontinuance was sent, company procedure provides for discontinuance of service if the customer fails to pay the proper amount due and owing, provided that a period of at least five days has elapsed after notice of company determination was served personally on the customer or at least eight days after mailing of the notice. Under no circumstances will discontinuance of service occur if so precluded by the Commission.

3. In situations where the complaint procedures of the Commission have been invoked and it is determined that the disputed service has been rendered or that the disputed charge or deposit is proper and prior notice of discontinuance was sent, a customer's service will not be discontinued for failure to pay the amount found due and owing until at least five days after notice of the Commission's determination, where personal service is made upon person supplied or at least eight days after mailing of such a notice.

4. The company shall advise the Commission of any substantial changes in its filed complaint handling procedures thirty days prior to their proposed implementation to permit Commission review.

Restoration of Service

A charge will be made to restore service after discontinuance at the customer's request or for violation of these rules.

ESPION ...

ESPION ...

See Supplement No. 1234

TO Sept 15, 1993

See Supplement No. 6

Date of Issue August 1, 1991 Date Effective October 15, 1991

Issued by Julia Schaedle, The Pine Hills Water Company

The Pine Hill Water Company
(Company Name)

P.S.C. No. 4 - Water
Original Leaf No. 7
Revised Leaf No. ~~10~~
Revised Leaf No. ~~9~~

Superseding _____

1026 1991

This charge will be \$ _____ during normal business hours
(8:00 a.m. to 4:00 p.m., Monday through Friday), \$ _____ outside of
normal business hours Monday through Friday and \$ _____ on week-
ends or holidays. The holidays for which the \$ _____
charge will apply are as follows:

- | | |
|-----------------------|---------------------------------|
| New Year's Day | Independence Day |
| Lincoln's Birthday | Labor Day |
| Washington's Birthday | Columbus Day |
| Memorial Day | Election Day |
| Thanksgiving Day | Veterans Day |
| Christmas Day | Dr. Martin Luther King, Jr. Day |

If it becomes necessary to disconnect service at the
main because of willful acts of a customer, the service restor-
ation charge will include the actual costs incurred to shutoff
and reconnect.

Regulation

All matters, rules and other situations concerning the
rendering of water service which are not specifically covered
herein or in a provision of the New York State Codes, Rules and
Regulations and which are subject to the jurisdiction of the
Public Service Commission, and for which a customer and the
company cannot agree as to an equitable and fair solution will be
referred to said Commission to be resolved. Either the customer
or the company may request that a rule or provision of this tariff
be changed for a particular situation.

Effective date ~~POSTPONED~~

Effective date ~~POSTPONED~~

~~July 1, 1993~~
~~to ~~March 1, 1993~~~~

to ~~Sept. 15, 1993~~

See Supplement No. ~~Y.R. 4~~

See Supplement No. ~~86~~

Date of Issue August 1, 1991 Date Effective October 15, 19

Issued by Julia Schaeble, The Pine Hill Water Company

P. S. C. No. 4 WATER

The Pine Hill Water Company

ORIGINAL LEAF NO. 2

REVISED LEAF NO.

EXPIRES ON LEAF NO.

SERVICE CLASSIFICATION No. 1

RECEIVED

Applicable to the Use of Service for:

1026 991

Unmetered - Private residence

OFFICE
LIBRARY

Character of Service:

Year-round: Continuous
Seasonal: May 15 to September 15

Rate:

	Year-round	Quarterly Seasonal
1st or kitchen, sink	\$ 14.82	\$ 10.15
1st toilet	18.01	12.60
1st lavatory	5.53	3.88
1st bath tub and/or shower	8.80	6.17
1st laundry tubs and/or automatic washing machine	3.64	2.56
1st outside or inside faucet - hand hose use	7.39	5.18
1st outside or inside faucet - automatic hose use	10.84	7.58
additional kitchen sinks - each	5.30	3.71
additional toilets - each	8.80	6.17
additional lavatories - each	4.14	2.88
additional bathtubs - each	6.46	4.51
additional washtubs - each	2.02	1.41

Minimum Charge: \$ 25.89 \$ 18.12

Terms of Payment:

Net cash. Quarterly, in advance as of January 1, April 1, July 1, and October 1. Bills not paid within 30 days of rendition are delinquent and service may be discontinued after proper notice as required by law.

NOTE:

When a permanent consumer permanently discontinues service, a proportionate refund on advance payments will be made.

Effective date POSTPONED

~~July 15, 1991~~
~~August 1, 1991~~

Sept. 15, 1991

See Supplement No. 2, 6

See Supplement No. 2, 3, 4

Date of issue August 1, 1991

Date effective October 15, 1991

Issued by Julia Schaeble, Pres. - Pine Hill, New York

BOARD OF DIRECTORS, PINE HILL, NEW YORK

WATER
ORIGINAL LEAF NO. 4
REVISED LEAF NO.
LEAF NO.

The Pine Hill Water Company

SERVICE CLASSIFICATION No. 1

RECEIVED

SEP 5 1991

NEW YORK, N.Y.

Special Provisions:

Year Round:

Service is rendered on a permanent basis and no allowance will be made for temporary discontinuance of use by the consumer.

Seasonal:

Service is rendered for the season from May 15 to September 15 and customers will be required to pay a \$31.00 annual fee to cover the cost of turning the service on and off.

Effective date POSTPONED
~~July 1, 1991~~
~~SEP 15 1991~~
See Supplement No. X 234

Effective date POSTPONED
Sept. 15, 1991
~~SEP 15 1991~~
See Supplement No. 16

Date of issue August 1, 1991 Date effective October 15, 1991
Issued by Julia Schaedle, Pres. - Pine Hill, New York

4

WATER

ORIGINAL LEAD NO. 10

REVISED LEAD NO.

The Pine Hill Water Company

... OF ...

... LEAD NO. ...

SERVICE CLASSIFICATION No. 2

Applicable to the Use of Service for:

Un-metered - Commercial including apartment buildings, rooming houses, schools, public buildings, professional offices, automobile repair and service stations, garages, etc.

Character of Service:

Continuous

Rate:

Quarterly

1st or Kitchen, Sink	\$ 17.31
1st Toilet	21.00
1st Lavatory	6.37
1st bath tub and/or shower	10.93
1st laundry tubs and/or automatic washing machine	4.33
1st outside or inside faucet - hand hose use	7.30
1st outside or inside faucet - automatic hose use	10.46
additional kitchen sinks - each	6.37
additional toilets - each	10.46
additional lavatories - each	4.33
additional bathtubs - each	7.77
additional washtubs - each	2.93
soda fountain or bar - each	34.24
garage use for 6 auto capacity	14.62
garage use for over 6 auto capacity	42.86

Minimum Charge:

\$ 29.61

Terms of Payment:

cash. Quarterly, in advance as of January 1, April 1, July 1, and October 1. Bills not paid within 10 days of rendition are delinquent and service may be discontinued after proper notice as required by law.

... NOT RECORDED

... NOT RECORDED

July 15, 1991

Sept. 15, 1991

...

...

Date of issue August 1, 1991

Date effective October 15, 1991

Issued by Julia Schaefer, Pres. - Pine Hill, New York

P. S. C. No. 4 WATER

The Pine Hill Water Company

ORIGINAL LEAF NO. 11

REVISION LEAF NO.

SUBSEQUENT LEAF NO.

SERVICE CLASSIFICATION No. 2

Term:

When a permanent consumer permanently discontinues service, a proportionate refund on advance payment will be made.

Special Provisions:

Service is rendered on a permanent basis and no allowance will be made for temporary discontinuance of use by the consumer.

RECEIVED AND FORWARDED

Julia Schaedle, Pres. 11/15/93

10/15/93 DE SCHAEDEL

RECEIVED AND FORWARDED

Sept. 15, 1993

10/15/93

Date of issue August 1, 1991

Date effective October 15, 1991

Issued by Julia Schaedle, Pres. - Pine Hill, New York

(Name of official title, address)

SEP-28-2002 14:44 FROM

FORM W-17

4 WATER

The Pine Hill Water Company

ORIGINAL LEAF NO 12

REVISED LEAF NO

SUPPLEMENTAL LEAF NO

SERVICE CLASSIFICATION No. 3

Applicable for Use of service for:

Metered service - Hotels, boarding houses and industrial use.

Character of Service:

Continuous

Rate:

\$3.69 per 1,000 gallons

Minimum Charge - Monthly

Water Allowance

5/8 " Meter	\$ 11.07	3,000 Gals.
3/4 " "	14.76	4,000 "
1 " "	25.82	7,000 "
1 1/2 " "	47.96	13,000 "
2 " "	77.47	21,000 "
3 " "	147.56	40,000 "
4 " "	243.47	66,000 "

Terms of Payment:

Net cash, when rendered. Bills not paid within 30 days of rendition are delinquent and service may be discontinued after proper notice as required by law.

Term:

Monthly and thereafter until customer gives 10 days written notice to discontinue service.

Special Provisions:

None.

Effective date of service

Sept. 15, 1993

1993

Date of issue August 1, 1991

Date effective October 15, 1991

Issued by Julia Schaedle, Pres. - Pine Hill, New York

Printed on recycled paper.

The Pine Hill Water Company

P.S.C. No. 4 - Water

Original Leaf No. _____

Revised Leaf No. 13

Superseding _____ Revised Leaf No. _____

THE SERVICE COMMISSION RECEIVED

AUG 15 1991

THE PINE HILL WATER COMPANY, N.Y.

SERVICE CLASSIFICATION # 5

Applicable to the use of Services for

Private Fire Protection or Standby

Character of Service

Continuous

Rate - Yearly

Size of Service Line

1"	73.63
2"	238.70
3"	440.20
4"	734.70

Minimum Charge

None.

Terms of Payment

Net Cash annually in advance on July first.

Special Provisions

None.

~~Effective Date POSTPONED~~

~~July 15, 1991~~

See Supplement No. 2, 3, 4

Effect ~~DATE POSTPONED~~

~~July 15, 1991~~

See Supplement No. 2, 3, 4

Date of Issue: August 1, 1991

Date Effective: October 15, 1991

Issued by: Julia Schaedle, Pres. - Pine Hill, New York

The Pine Hill Water Company

P.S.C. No. 4 - Water
Supplement No. 1

P.S.C. No. 4 - Water issued August 1, 1991 to
become effective October 15, 1991 is hereby postponed to
January 1, 1992.

Issued: August 31, 1991

Effective: October 14, 1991

Issued by: Julia Schaedle, Pine Hill, New York

The Pine Hill Water Company

P.S.C. No. 4 - Water
Supplement No. 2

P.S.C. No. 4 - Water issued August 1, 1991 to
become effective October 15, 1991, and postponed to January 1,
1992, is hereby further postponed to July 1, 1992.

Effective *DECEMBER 30, 1991*
Authority of Public Service Commission, State of New York
Special Permission Order No. *91-W-0781 SPY* Made *12-30-91*

Issued: December 27, 1991 Effective: January 27, 1992

Issued by: Julia Schaedle, Pine Hill, New York

The Pine Hill Water Company

P.S.C. No. 4 - Water
Supplement No. 3

JUN 20 1992

P.S.C. No. 4 - Water issued August 1, 1991 to become effective October 15, 1991, and postponed to July 1, 1992, is hereby further postponed to October 1, 1992.

Effective JUN 29 1992
Social Services Office No. 440-0781 SPR
JUN 29 1992
Made 7.1.92

Issued: June 29, 1991 Effective: July 29, 1992
Issued by: Julia Schaedle, Pine Hill, New York

The Pine Hill Water Company

P.S.C. No. 4 - Water
Supplement No. 4

SEP 10 1992

P.S.C. No. 4 - Water issued August 1, 1991 to become
effective October 15, 1991, and eventually postponed to October
1, 1992, is hereby further postponed to March 1, 1993.

Effective *SEPTEMBER 30, 1992*
Authority of *41-N-07815A3*
Special Meeting *SEP 9 1992*

Issued: September 29, 1992 Effective: October 29, 1992
Issued by: Julia Schaedle, Pine Hill, New York

The Pine Hill Water Company

P.S.C. No. 4 - Water
Supplement No. 5

P.S.C. No. 4 - Water issued August 1, 1991 to become
effective October 15, 1991, and eventually postponed to March 1, 1993,
is hereby further postponed to June 1, 1993.

Issued: January 28, 1993

Effective: February 28, 1993

Issued by: Julia Schaedle, Pine Hill, New York

The Pine Hill Water Company

P.S.C. No. 4 - Water
Supplement No. 6

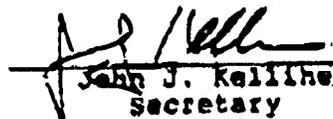
P.S.C. No. 4 - Water issued August 1, 1991 to become
effective October 15, 1991, and eventually postponed to June 1, 1993,
is hereby further postponed to September 15, 1993.

Issued: April 30, 1993

Effective: June 1, 1993

Issued by: Julia Schaedle, Pine Hill, New York

ISSUED &
EFFECTIVE SEP 15 1991
Approved as Recommended
by the Commission.


John J. Kelliher
Secretary

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

September 17, 1991

TO: THE COMMISSION
FROM: WATER DIVISION
SUBJECT: CASE 91-W-0781 - Minor Tariff Filing of The Pine Hill
Water Company for Rates and Charges
Supplement No. 1

SUMMARY OF PROPOSED RECOMMENDATION: It is recommended that
Supplement No. 1 to P.S.C. No. 4 - Water, which
postpones the effective date of P.S.C. No. 4 - Water
from October 15, 1991 to January 1, 1992, be allowed to
go into effect on October 14, 1991.

* * *

The Pine Hill Water Company (Pine Hill), provides
service to 4 metered and 125 flat-rate customers in the Village
of Pine Hill and adjoining territory in the Town of Shandaken,
Ulster County.

On August 1, 1991, the company filed a new tariff
schedule, P.S.C. No. 4 - Water, to become effective October 15,
1991. That tariff sets forth a proposed 5% increase in rates
which would provide additional annual revenues of \$15,281.

Since the company is anticipating a transfer of stock,
it has decided to postpone the proposed effective date of P.S.C.

-2-

No. 4 - Water to January 1, 1992. Accordingly, on August 31, 1991, Pine Hill filed Supplement No. 1, bearing an effective date of October 14, 1991, which announces the postponement of P.S.C. No. 4 - Water, from October 15, 1991 to January 1, 1992.

Recommendation

It is recommended that Supplement No. 1 to P.S.C. No. 4 - Water be allowed to go into effect on October 14, 1991.

Respectfully submitted,
WATER DIVISION

Sandra D. Phibbs

SANDRA D. PHIBBS
Assistant Utility Engineer

APPROVED:

Robert J. Mulligan
ROBERT J. MULLIGAN
Director

ISSUED & EFFECTIVE DEC 30 1991
S.P.O. No. 91-W-07816P1
Approved as Recommended
and So Ordered
by the Commission


John J. Kelliher
Secretary

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

December 30, 1991

TO: THE COMMISSION
FROM: WATER DIVISION
SUBJECT: CASE 91-W-0781 - Minor Tariff Filing of The Pine Hill
Water Company for Rates and Charges
Supplement No. 2

SUMMARY OF PROPOSED RECOMMENDATION: It is recommended that
Supplement No. 2 to P.S.C. No. 4 - Water, which further
postpones the effective date of P.S.C. No. 4 - Water
from January 1, 1992 to July 1, 1992, be allowed to go
into effect on December 30, 1991.

The Pine Hill Water Company (Pine Hill), provides
service to 4 metered and 125 flat-rate customers in the Village
of Pine Hill and adjoining territory in the Town of Shandaken,
Ulster County.

On August 1, 1991, the company filed a new tariff
schedule, P.S.C. No. 4 - Water, to become effective October 15,
1991. That tariff sets forth a proposed 55% increase in rates
which would provide additional annual revenues of \$15,281.

-2-

Since the company was anticipating a transfer of stock, it had decided to postpone the effective date of P.S.C. No. 4 - Water to January 1, 1992, by Supplement No. 1.

In order to allow the company additional time for reorganization, the company has further postponed the currently proposed effective date to July 1, 1992. Accordingly, on December 27, 1991, Pine Hill filed Supplement No. 2, bearing an effective date of January 27, 1992, which announces the postponement of P.S.C. No. 4 - Water, from January 1, 1992 to July 1, 1992.

Recommendation

It is recommended that Supplement No. 2 to P.S.C. No. 4 - Water be allowed to go into effect on December 30, 1991, on less than statutory notice.

Respectfully submitted,
WATER DIVISION

Sandra D. Phibbs

SANDRA D. PHIBBS
Assistant Utility Engineer

APPROVED:

[Signature]
ROBERT J. MULLIGAN
Director

ISSUED &
EFFECTIVE JUL 01 1992

S.P.O. No. 91-W-0781SP2
Approved as Recommended
and So Ordered
by the Commission


John J. Kelliher
Secretary

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

June 30, 1992

TO: THE COMMISSION
FROM: WATER DIVISION
SUBJECT: CASE 91-W-0781 - Minor Tariff Filing of The Pine Hill
Water Company for Rates and Charges
Supplement No. 3

SUMMARY OF PROPOSED RECOMMENDATION: It is recommended that
Supplement No. 3 to P.S.C. No. 4 - Water, which further
postpones the effective date of P.S.C. No. 4 - Water
from July 1, 1992 to October 1, 1992, be allowed to go
into effect on June 30, 1992.

The Pine Hill Water Company (Pine Hill), provides
service to 4 metered and 125 flat-rate customers in the Village
of Pine Hill and adjoining territory in the Town of Shandaken,
Ulster County.

On August 1, 1991, the company filed a new tariff
schedule, P.S.C. No. 4 - Water, to become effective October 15,
1991. That tariff sets forth a proposed 55% increase in rates
which would provide additional annual revenues of \$15,281.

-2-

Since the company was anticipating a transfer of stock, it had decided to postpone the effective date of P.S.C. No. 4 - Water to January 1, 1992, and then to July 1, 1992, by Supplements No. 1 and 2.

In order to allow the company additional time for reorganization, the company has requested a further postponement of the currently proposed effective date to October 1, 1992. Accordingly, on June 29, 1992, Pine Hill filed Supplement No. 3, bearing an effective date of July 29, 1992, which announces the postponement of P.S.C. No. 4 - Water, from July 1, 1992 to October 1, 1992.

Recommendation:

It is recommended that Supplement No. 3 to P.S.C. No. 4 - Water be allowed to go into effect on June 30, 1992, on less than statutory notice.

Respectfully submitted,
WATER DIVISION

Sandra Phibbs-Stockman

SANDRA PHIBBS-STOCKMAN
Assistant Utility Engineer

APPROVED:

Robert J. Mulligan
ROBERT J. MULLIGAN
Director

SEP 30 1992
S.P.O. No. 91-W-0781SP3
Approved as Recommended
and So Ordered
by the Commission

John J. Kelliner
John J. Kelliner
Secretary

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

September 30, 1992

TO: THE COMMISSION
FROM: WATER DIVISION
SUBJECT: CASE 91-W-0781 - Minor Tariff Filing of The Pine Hill
Water Company for Rates and Charges
Supplement No. 4

SUMMARY OF PROPOSED RECOMMENDATION: It is recommended that
Supplement No. 4 to P.S.C. No. 4 - Water (which
announces the further postponement of Tariff Schedule
P.S.C. No. 4 from October 1, 1992 to March 1, 1993),
be allowed to go into effect on September 30, 1992 on
less than statutory notice.

The Pine Hill Water Company (Pine Hill), provides
service to 4 metered and 125 flat-rate customers in the Village
of Pine Hill and adjoining territory in the Town of Shandaken,
Ulster County.

On August 1, 1991, the company filed a new tariff
schedule, P.S.C. No. 4 - Water, to become effective October 15,
1991. That tariff sets forth a proposed 55% increase in rates
which would provide additional annual revenues of \$13,281.

Since the company was anticipating a transfer of stock,
it had decided to postpone the effective date of P.S.C. No. 4 -

-2-

Water to January 1, 1992, and then eventually to October 1, 1992, by Supplement Nos. 1, 2, and 3. The transfer of stock will be taking place. However, so as to give the company additional time for reorganization, as well as a proper assessment of the required capital improvements which will then be used to determine the needed rate increase, the prospective owners have requested that the company once again seek a postponement of the effective date of the filing, this time to March 1, 1993. Accordingly, on September 29, 1992, Pine Hill filed Supplement No. 4, bearing an effective date of October 29, 1992, which announces the further postponement of P.S.C. No. 4 - Water to March 1, 1993. So as to bring about the postponement, the company requests that Supplement No. 4 go into effect on September 30, 1992, on less than statutory notice.

Recommendation

It is recommended that Supplement No. 4 to P.S.C. No. 4 - Water (which announces the further postponement of Tariff Schedule P.S.C. No. 4 - Water from October 1, 1992 to March 1, 1993) be allowed to go into effect on September 30, 1992, on less than statutory notice.

Respectfully submitted,
ENERGY AND WATER DIVISION
WATER UNIT

Sandra Phibbs-Stockman
SANDRA PHIBBS-STOCKMAN
Assistant Utility Engineer

APPROVED:

Thomas G. Dvorsky
THOMAS G. DVORSKY
Acting Director
Water Unit
Energy and Water Division

ISSUED &
EFFECTIVE MAY 28 1993
Approved as Recommended
By the Commission


John J. Kelliher
Secretary

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

May 25, 1993

TO: THE COMMISSION
FROM: WATER UNIT, ENERGY AND WATER DIVISION
SUBJECT: CASE 91-W-0781 - Minor Tariff Filing of The Pine Hill
Water Company for Rates and Charges
Supplement No. 6

SUMMARY OF PROPOSED RECOMMENDATION: It is recommended that
Supplement No. 6 to P.S.C. No. 4 - Water, which further
postpones the effective date of P.S.C. No. 4 - Water
from June 1, 1993, to September 15, 1993, be allowed to
go in to effect on June 1, 1993.

* * *
The Pine Hill Water Company (Pine Hill), provides service to
4 metered and 125 flat-rate customers in the Village of Pine Hill
and adjoining territory in the Town of Shandaken, Ulster County.

On August 1, 1991, the company filed a new tariff schedule,
P.S.C. No. 4 - Water, to become effective October 15, 1991. That
tariff sets forth a proposed 55% increase in rates, which would
provide additional annual revenues of \$15,281.

Since the company was anticipating a transfer of stock, it
had decided to postpone the effective date of P.S.C. No. 4 -
Water to January 1, 1992, and then eventually to June 1, 1993.

- 3 -

Recommendation

It is recommended that Supplement No. 6 to P.S.C. No. 4-
Water (which announces the further postponement of Tariff
Schedule P.S.C. No. 4-Water from June 1, 1993, to September 15,
1993) be allowed to go into effect.

Respectfully submitted,
WATER UNIT
ENERGY AND WATER DIVISION

J. S. Chahal
JAGMOHAN S. CHAHAL
Assistant Utility Engineer

REVIEWED BY:

Vincent P. McGann
VINCENT P. MCGANN
Assistant Director
Water Unit
Energy and Water Division

APPROVED:

Thomas G. Dvorsky
THOMAS G. DVORSKY
Acting Director
Water Unit
Energy and Water Division

TOTAL P.32

-2-

The transfer of stock is still anticipated; however, so as to give the company additional time for reorganization, as well as a proper assessment of the required capital improvement which will then be used to determine the needed rate increase, the prospective owners have requested that the company once again seek a postponement of the effective date of the filing, this time to September 15, 1993. Accordingly, on April 30, 1993, Pine Hills filed Supplement No. 6, bearing an effective date of June 1, 1993, which announces the further postponement of P.S.C. No. 4- Water to September 15, 1993.

2/15/02

REAL ESTATE PURCHASE AGREEMENT

THIS REAL ESTATE PURCHASE AGREEMENT (this "Agreement"), dated as of this ___ day of _____, 2002, by and between The Silk Road Organization NY, Inc., a New York corporation (the "Seller"), and Town of Shandaken, a municipal corporation (the "Buyer"). The Seller and the Buyer are sometimes referred to herein individually, as a "Party" and collectively, as the "Parties."

WITNESSETH:

WHEREAS, the Seller owns, in fee simple, that certain premises consisting of approximately 2.25 acres of land containing water supply sources commonly known as "Station Road Well" and "Silo B", together an underground reservoir and a pump house, located at the corner of Bonnieview Avenue and Station Road in the Hamlet of Pine Hill, Town of Shandaken, State of New York, as more fully described in Exhibit A (the "Property"); and

WHEREAS, the Seller desires to convey the Property to the Buyer, and the Buyer desires to acquire the Property from the Seller, on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter set forth, the Parties, intending to be legally bound, hereby agree as follows:

**ARTICLE I
DEFINITIONS**

For the purpose of this Agreement, the following items have the meanings specified or referred to in this Article I:

"Encumbrance" shall mean any charge, claim, condition, equitable interest, lien, option, pledge, security interest, right of first refusal, or restriction of any kind, including any restriction on use, transfer, receipt of income or exercise of any other attribute or ownership.

"Governmental Authorization" shall mean any approval, consent, license, permit, waiver, or other authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

"Governmental Body" shall mean any:

- (a) nation, state, county, city town, village, district or other jurisdiction of any nature;
- (b) federal, state, local, municipal, foreign or other government;

(c) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official or entity and any court or other tribunal);

(d) multi-national organization or body; or

(e) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature.

“Legal Requirement” shall mean any federal, state, local, municipal, foreign, international, multinational or other administrative order, constitution, law, ordinance, principle of common law, regulation, statute or treaty.

ARTICLE II PURCHASE AND SALE OF THE PROPERTY

2.1 Purchase and Sale. On the Closing Date, and subject to the terms and conditions of this Agreement, the Seller shall sell and convey, and the Buyer shall acquire, fee ownership of the Property in accordance with Section 5.3(a) of this Agreement. Title to the Property shall be free and clear of all liens, leases and Encumbrances, except those set forth in Schedule 2.1.

2.2 Purchase Price. The purchase price for the Property shall be the appraised value, as determined in the following manner. The Buyer shall retain, at the Buyer's sole cost and expense, a certified appraiser (the “Buyer's Appraiser”) to appraise the Property. If the Seller concludes that the appraisal of the Property by the Buyer's Appraiser does not reflect the fair market value of the Property, the Seller shall cause the Property to be appraised, at the Seller's sole cost and expense, by a certified appraiser selected by the Seller (the “Seller's Appraiser”). If the Buyer's Appraiser and the Seller's Appraiser do not agree on the fair market value of the Property, the Buyer's Appraiser and the Seller's Appraiser shall appoint an independent appraiser (the “Independent Appraiser”) to determine the fair market value of the Property. The determination of the Independent Appraiser shall be final and binding upon the Parties. The cost of conducting the appraisal by the Independent Appraiser shall be borne equally by the Parties.

2.3 Transfer and Property Taxes. The Seller shall pay any applicable state, county and local transfer taxes and fees in connection with the transfer of the Real Property to the Buyer. The Buyer shall pay any applicable recordation taxes and fees arising out of the transfer of the Assets. The Parties shall execute and deliver all instruments and certificates necessary to enable the Parties to comply with the foregoing.

**ARTICLE III
REPRESENTATIONS AND WARRANTIES
OF THE SELLER**

The Seller represents and warrants to the Buyer as follows:

3.1 Organization and Good Standing. The Seller is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, with full corporate power and authority to convey the Property.

3.2 Authority; No Conflict.

(a) The consummation of the transaction contemplated hereby will not violate or result in the breach of any term or provision or constitute a default under the certificate of incorporation or the bylaws of the Seller or constitute a default under any indenture, mortgage, deed or trust or other agreement or instrument to which the Seller is a party, or by which the Seller is or may be bound, nor will same result in the acceleration of any debt or liability of, or the creation of any lien against the Seller or the Property, nor will same, subject to the receipt of any necessary approvals from the Town Board of Shandaken, result in any violation of any rule, regulation, writ, injunction or decree of any court, administrative agency or Governmental Body.

(b) The execution and delivery of this Agreement and the consummation of the transaction contemplated hereby in accordance with all the terms hereof have been duly authorized by the board of directors and stockholders of the Seller, and authorization will be supplied in accordance with this Agreement. This Agreement is a valid and enforceable obligation of Seller, enforceable in accordance with its terms.

3.3. Title to Properties; Encumbrances. The Seller represents that it has the legal right to convey the Property and the same will be transferred free and clear of all liens, leases and Encumbrances, except those set forth in Schedule 2.1. The Parties acknowledge that the lease identified in Schedule 4.3 of the asset purchase agreement, by and between the Pine Hill Water Company and the Buyer, of even date herewith (the "Asset Purchase Agreement") will be terminated upon the Closing.

3.4 Condition of the Property. The Property is conveyed to the Buyer "AS IS" and the Seller makes no, and expressly and unconditionally disclaims to the maximum extent permitted by law, any warranties or representations concerning the structural soundness, operating condition, repair or maintenance of the Property. The Seller shall grant the Buyer reasonable access prior to the Closing to inspect the Property.

3.5 Environmental Matters. The Seller has not received any summons, complaint, order or other process, nor any notice (verbal or written) concerning violations or alleged violations of any statutes, rules, regulations, orders or decisions regarding protection of the environment (collectively, the "Environmental Laws"). The Seller does not know or, after reasonably diligent inquiry, does not have reason to know of any such violations, or of any state

of facts which would constitute a violation of the Environmental Laws. The Seller, to the best of its knowledge, has not released any hazardous substances on the Property.

3.6 Legal Proceedings. There are no suits, legal actions, official investigations, governmental proceedings, or arbitrations pending, or to the best knowledge of the Seller, after diligent inquiry, threatened against the Seller that might materially affect title to the Property.

3.7 Brokers or Finders. Neither the Seller nor its respective agents have incurred any obligation or liability, contingent or otherwise, for brokerage or finders' fees, agents' commissions or other similar payments in connection with this Agreement.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Seller as follows:

4.1 Organization and Good Standing. The Buyer is a municipal corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, with full corporate power and authority to consummate the transaction contemplated hereby.

4.2 Authority; No Conflict.

(a) The consummation of the transactions contemplated hereby will not violate or result in the breach of any term or provision or constitute a default under any agreement or instrument to which the Buyer is a party, or by which the Buyer is or may be bound, nor will same, subject to the receipt by the Buyer of the Governmental Authorizations required for the acquisition of the Property, result in any violation of any rule, regulation, writ, injunction or decree of any court, administrative agency or Governmental Body.

(b) The execution and delivery of this Agreement and the consummation of the transaction contemplated hereby in accordance with all the terms hereof have been duly authorized by the Buyer, and authorization will be supplied in accordance with this Agreement. Subject to receipt of Governmental Authorizations for this transaction, this Agreement is a valid and enforceable obligation of Buyer, enforceable in accordance with its terms.

4.3 Legal Proceedings. No proceeding has been commenced by or against the Buyer or that may have the effect of preventing, delaying, making illegal or otherwise interfering with the transactions contemplated by this Agreement. However, the Parties acknowledge that there are Governmental Authorizations that have yet to be granted that are required for the transactions contemplated by this Agreement.

4.4 Brokers or Finders. Neither the Buyer nor any agent of the Buyer has incurred an obligation or liability, contingent or otherwise, for brokerage or finders' fees, agents' commissions or other similar payment in connection with this Agreement.

ARTICLE V
THE CLOSING AND CLOSING CONDITIONS

5.1. Closing Date. The closing of the purchase and sale of the Property (the "Closing") shall take place at the offices of Whiteman Osterman & Hanna LLP, located at One Commerce Plaza, Albany, New York simultaneous with the consummation of the transactions contemplated by the Asset Purchase Agreement, or at such other place or time as the Parties may agree in writing (the "Closing Date").

5.2 Conditions to Each Party's Obligations Under this Agreement. The respective obligations of the Parties under this Agreement to close the transaction contemplated hereby shall be subject to the satisfaction or waiver at or prior to the Closing of the following conditions:

(a) Governmental Approvals. The Parties shall have received all necessary Governmental Authorizations required in connection with the transactions contemplated by this Agreement and the Asset Purchase Agreement and shall have consummated the transactions contemplated by the Asset Purchase Agreement.

(b) Suits and Proceedings. Neither the Buyer nor the Seller shall be prohibited by any order, ruling, consent, decree, judgment or injunction of a court or regulatory agency of competent jurisdiction from closing the transactions contemplated by this Agreement;

(c) Absence of Litigation. No Proceeding pertaining to the transaction contemplated by this Agreement or its consummation shall have been instituted or threatened on or before the Closing Date; and

(d) Condition of the Property. The Property shall not have been materially adversely affected.

5.3 Additional Conditions to the Buyer's Obligations Under This Agreement. In addition to the conditions set forth in Section 5.2 above, the obligation of the Buyer to close the transaction provided for under this Agreement shall be subject to the satisfaction or waiver at or prior to the Closing of the following conditions:

(a) Deed. The Seller will convey marketable title to the Property, free and clear of any Encumbrances, except those set forth in Schedule 2.1. The Seller shall have executed and delivered a deed conveying the Property to the Buyer in the same form of deed as it was conveyed to the Seller;

(b) Representations. The representations and warranties of the Seller contained in this Agreement shall be true and complete on the Closing Date;

(c) Release of Encumbrances. The Seller shall deliver to the Buyer evidence of the release of any Encumbrance, except those set forth in Schedule 2.1, so that good and marketable title to the Property is conveyed to the Buyer;

(d) Corporate Approval. The execution and delivery of this Agreement by the Seller, and the performance of its covenants and obligations hereunder, shall have been duly authorized by all necessary corporate action, and the Buyer shall have received copies of all resolutions of directors and stockholders pertaining to that authorization, certified by the secretary of the Seller; and

(e) Other Actions. All actions to be taken by the Seller in connection with the transaction contemplated hereby and all certificates and other documents required to effect the transaction contemplated hereby will be satisfactory in form and substance to the Buyer and its counsel.

5.4 Additional Conditions to the Seller's Obligations Under This Agreement. In addition to the conditions set forth in Section 5.2 above, the obligation of the Seller to close the transactions contemplated hereby shall be subject to the satisfaction or waiver at or prior to the Closing of the following conditions:

(a) Representations and Covenants. The representations and warranties of the Buyer contained in this Agreement shall be true and complete on the Closing Date. The Buyer shall have performed and complied with all covenants and agreements required by this Agreement to be performed or complied with by it on or prior to such date, and the Buyer shall have delivered to the Seller a certificate, dated the Closing Date and signed by an authorized individual on behalf of the Buyer to the foregoing effect;

(b) Approval. The execution and delivery of this Agreement by the Buyer, and the performance of its covenants and obligations hereunder shall have been duly authorized by all necessary action, and the Seller shall have received copies of all resolutions pertaining to that authorization, certified by an authorized individual on behalf of the Buyer;

(c) Delivery of Purchase Consideration. The Buyer shall have paid, by wire transfer, the Purchase Price in accordance with Section 2.2 of this Agreement; and

(d) Governmental Approvals. The Buyer shall have received any necessary Governmental Approvals, including, but not limited to, the final and unconditional approval of the Town Board of Shandaken in connection with the transaction contemplated hereby.

5.5 Termination of Agreement. In the event that the conditions to Closing set forth in this Article V are not satisfied prior to March 31, 2003, (a) the Parties may agree to waive such condition, or (b) either Party may terminate this Agreement. In addition, in the event that the Asset Purchase Agreement is terminated, either Party may terminate this Agreement.

ARTICLE VI COVENANTS

6.1 Obligations of the Parties Prior to Closing. The Parties agree that following the execution of this Agreement through and until the Closing Date:

(a) Preservation of the Property. The Seller will (i) maintain the existing condition of the Property, except for ordinary wear and tear, (ii) take no action that does or would tend to materially devalue or degrade the Property, (iii) maintain all casualty and liability insurance in effect in accordance with the usual and customary practice of the Seller, and (iv) not transfer or lease any portion of the Property.

(b) Governmental Authorizations. The Parties shall cooperate in the preparation and submission of any and all applicable applications for Governmental Authorizations in connection with the transactions contemplated hereby. In furtherance thereof, (i) the Seller shall file an application to transfer to the Buyer, New York State Department of Environmental Conservation Modified Water Supply Permit No. 10,181, dated September 13, 2002, and (ii) the Buyer shall file any applicable applications with the New York State Public Service Commission, Ulster County Department of Health, New York State Department of Health and New York State Comptroller's Office. Applications for such Governmental Authorizations shall be filed by the Seller or the Buyer (as the case may be) prior to November 15, 2002, time being of the essence.

(c) SEQRA. The Buyer will conduct any further reviews of the environmental impact of the entering into this Agreement and all related transactions that may be required pursuant to the State Environmental Quality Review Act ("SEQRA"). The Buyer shall be responsible, at its sole cost and expense, for defending any litigation or other proceedings commenced by any party alleging non-compliance with SEQRA in connection with the transactions contemplated by this Agreement. Nothing herein will be construed as requiring the Buyer to bear the cost of the Seller's participation, if any, in the Seller's sole discretion, in any such proceeding.

(d) The Appraisal. The Seller shall cooperate with the Buyer concerning the conduct of the Appraisal. The Seller shall permit the Buyer, and its agents, including the Appraiser, access on reasonable notice to inspect the Property. The Seller shall make immediately available, copies of all surveys, deeds and other materials, to the extent such items are in the Seller's actual possession, related to the Property.

6.2 Obligation of the Parties After the Closing. The Parties shall make, execute or endorse and acknowledge and deliver or file or cause the same to be done, all such vouchers, invoices, notices, certifications and additional agreements, undertakings, conveyances, assignments or other assurances, and take any and all such other actions, as the Parties may from time-to-time deem reasonably necessary or proper in furtherance of the transaction contemplated by this Agreement.

**ARTICLE VII
MISCELLANEOUS**

7.1 Risk of Loss. The risk of loss or damage to the Property by fire or other casualty is assumed by the Seller until the Closing or until the Buyer's taking possession of the Property.

7.2 Exhibits and Schedules. The Exhibits and Schedules to this Agreement are a part of this Agreement as if set forth in full herein.

7.3 Notices. Any notice or other communication required or which may be given hereunder shall be in writing and shall be delivered personally, sent by certified or registered mail, postage prepaid, return receipt requested, or delivered by overnight courier to the Parties at the following addresses (or to such other addresses as each Party may from time-to-time specify in writing pursuant to the notice provisions hereof):

if to the Seller to: Dean Gitter
 P.O. Box 267
 Mt. Tremper, New York 12457

with a copy to: Whiteman Osterman & Hanna LLP
 One Commerce Plaza
 Albany, New York 12260
 Attn: Teresa M. Bakner

if to Buyer to: Peter DiModica
 Supervisor, Town of Shandaken
 Town Hall
 P.O. Box 134
 Shandaken, New York 12480

with a copy to: Nolan and Heller, LLP
 39 North Pearl Street
 Albany, New York 12207
 Attn: Robert Feller .

Any such notice or communication that is addressed as provided in this Section 7.3 will be deemed given: (a) upon delivery, if delivered personally; (b) on the third business day after deposit in a regular depository of the United States mails, if delivered by United States mail; and (c) on the first business day of the receiving Party after the delivery to the courier, if delivered by overnight courier.

7.4 Entire Agreement. This Agreement (including all Exhibits and Schedules hereto and all agreements or covenants therein) contain the entire agreement of the Parties with respect to the sale and transfer of the Property to the Buyer, and all transactions related thereto, and supersedes all prior agreements or understandings, written or oral, with respect thereto.

7.5 Waivers and Amendments. This Agreement may be amended, modified, superseded, cancelled, renewed, or extended, and the terms and conditions hereof may be waived only by a written instrument signed by the Parties or, in the case of a waiver, signed by the Party waiving compliance. No delay on the part of any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any Party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. The rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies that any Party may otherwise have at law or in equity.

7.6 Expenses. Except as otherwise provided herein, all expenses (including, without limitation, legal fees and expenses, fees of brokers and advisors and investment bankers and fees and expenses of accountants) incurred in connection with the transactions contemplated hereby will be borne by the Party incurring such expenses.

7.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the choice of law principles thereof.

7.8 Assignment. This Agreement may not be assigned by either Party.

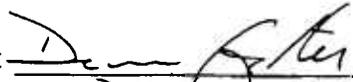
7.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

7.10 Survival. The representations, warranties, covenants, agreements and indemnities set forth in or made pursuant to this Agreement shall merge with the deed and shall not survive execution and delivery of the deed and any other conveyance documents contemplated hereby.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, each Party has caused this Agreement to be executed by a duly authorized officer as of the date first set forth above.

THE SILK ROAD ORGANIZATION NY, INC.

By: 
Name: DEAN GITTER
Title: PRESIDENT

TOWN OF SHANDAKEN

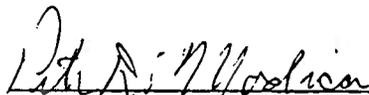
By: 
Name: PETER DI MODICA
Title: SUPERVISOR

EXHIBIT A

Legal Description of the Property

SCHEDULE 2.1

Encumbrances

The Seller shall retain a 25 foot wide (i) utility easement across the Property as depicted on the survey attached hereto, so as to provide access from Station Road to the White House Lodge Parcel where Silo A and Crystal Spring are located, and (ii) right of way related to the utility easement (collectively, the "Easement"). The Easement shall permit the Seller to lay underground water lines within the boundary of the Easement and perform maintenance. In no circumstances shall the Seller, without the express written consent of the Buyer, lay any sewer or waste water lines or lay any lines to transport petroleum or any other contaminants.