

**RESOLUTION OF
THE VILLAGE OF PAINTED POST FOR THE PROPOSED
SURPLUS WATER SUPPLY AGREEMENT**

A regular meeting of the Board of Trustees (the "Board") of the Village of Painted Post was duly convened on February 23, 2012 at 5:00 p.m. at 261 Steuben Street, Painted Post, New York 14870 and said meeting having been properly publicly noticed and held, and at which there was a quorum present and participating throughout.

The following resolution was duly offered and seconded, to wit:

WHEREAS, it has been proposed that the Village of Painted Post (the "Village") sell certain surplus potable water from the Village water supply to SWEPI LP, ("SWEPT") having an address of 200 Dairy Ashford Street, Houston, Texas 77079, as the Village desires to sell such surplus water in accordance with the proposed contract referenced herein, and the Village has the authority to sell such surplus water, and the Village water supply has capacity to sell surplus water as proposed without adversely impacting the water supply to persons currently receiving it from the Village supply;

WHEREAS, the Village has considered its capacity to supply potable water to current users of the Village water supply system and future users and based upon among other documents and information the report be prepared by Hunt Engineers, Architects and Land Surveyors P.C. dated November 11, 2011 including Hunt's analysis of the Village's water supply system and the capacity of the Village water supply system to provide to surplus potable water as proposed in the proposed surplus water sale agreement, without adversely impacting the customers of the Village water supply system, including without adversely impacting water pressure and ability to supply such customers;

WHEREAS, the Village has made application to and received permission from the Susquehanna River Basin Commission ("SRBC") to withdraw additional water in an amount of 1,000,000 gallons per day ("gpd") which would be available for sale as surplus potable water in addition to the water that the Village is already withdrawing in order to supply current customers of the Village water supply system;

WHEREAS, in accordance with the proposed surplus water supply agreement presented at this meeting, the Village has provided protections so as to ensure that the sale of surplus potable water shall not adversely impact customers of the Village water supply, including provisions that authorize the Village to restrict the supply of water to SWEPI in the event of a drought restriction emergency or unforeseen operational problem or other so-called *force majeure* event as set forth in more detail in the proposed water sale agreement;

WHEREAS, the Village has considered that the water to be supplied under the surplus contract shall be supplied from Village wells distributed to the Village water supply system and withdrawn from a facility located at the former Ingersoll Rand Foundry Site and in particular at an 11.8 acre portion as more fully set forth in the resolution concerning the approval of the lease to utilize the Site as a transloading facility. The Village finds that supplying the surplus water as

proposed in the surplus water sale agreement presented at this meeting is appropriate and is consistent with the zoning for the area where the Site is located, and the sale of such surplus water in the manner proposed at the Site which is to load such water on rail cars for distribution away from the Site is also not inconsistent with long range plans for the Village, and the Village has determined that based upon the findings made under the New York State Environmental Quality Review Act in another resolution enacted by the Village, and based other findings that it has made herein concerning the approval of the lease for operation of the Site as a transloading facility, that sale of surplus potable water as proposed is appropriate and in the interests of the Village;

NOW, THEREFORE BE IT RESOLVED, that upon due consideration by the Village of the proposed lease for the transloading facility to be constructed and operated at a portion of the former Ingersoll Rand property known as the Site, as well as the Village's consideration of the form of the surplus water sale agreement presented at this meeting, including the proposed amounts to be paid by SWEPI for the surplus water, and the Village's review of appropriate documentation and information including but not limited to the negative declaration and Type II determination under SEQR the Village makes the following findings:

- (i) The form and substance of the Surplus Water Sale Agreement (in substantially the form presented to at this meeting and/or in such form as is approved by the Mayor upon and with the advice of counsel to the Village) are hereby approved.
- (ii) The Mayor is hereby authorized, on behalf of the Village, to negotiate, execute and deliver the Surplus Water Sale Agreement and any related documents with such changes, variations, omissions and insertions as the Mayor shall approve upon and with the advice of counsel to the Village pending the execution of the Lease Agreement and pending the receipt by the Village of \$230,000.00 from SWEPI, L.P. as consideration under the Surplus Water Sale Agreement which is hereby designated to be used, on behalf of Painted Post Development, LLC, together with other available monies of the Village for the satisfaction by the Village of a certain Mortgage and payoff of a certain Note (\$230,000.00 outstanding principal plus all accrued interest) on behalf of Painted Post Development, LLC, of which the Village is the sole member, associated with the former Ingersoll Rand Foundry. The execution of the Surplus Water Sale Agreement and related documents by the Mayor shall constitute conclusive evidence of such approval. The Mayor is further hereby authorized, on behalf of the Village, to designate any additional authorized representatives of the Village.
- (i) The Mayor is hereby authorized and directed for and in the name and on behalf of the Village to do all acts and things required and to execute and deliver all such certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the Mayor, desirable and proper to effect the purposes of the foregoing resolutions and to cause compliance by the Village with all of the terms, covenants and provisions of the documents executed for and on behalf of the Village.

- (iii) Due to the complex nature of this transaction, the Village hereby authorizes its Mayor to approve, execute and deliver such further agreements, documents and certificates as the Village may be advised by counsel to the Village or Transaction Counsel to be necessary or desirable to effectuate the foregoing, such approval to be conclusively evidenced by the execution of any such agreements, documents or certificates by the Mayor.
- (iv) The resolution will take effect immediately.

Said matter having been put to a vote, the following votes were recorded:

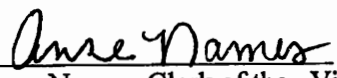
	<i>Yea</i>	<i>Nea</i>	<i>Abstain</i>	<i>Absent</i>
Roswell Crozier, Jr.	[X]	[]	[]	[]
William Scheidweiler	[]	[]	[]	[X]
Richard Lewis	[X]	[]	[]	[]
Richard Thorne	[X]	[]	[]	[]
Ralph Foster	[X]	[]	[]	[]

The resolution was thereupon duly adopted.

Certification

I, the undersigned, being the Clerk of the Village of Painted Post hereby certified that the foregoing is a complete and accurate copy of a resolution duly enacted by the Village of Painted Post at a regular meeting thereof held on the 23rd day of February, 2012, duly called, publicly noticed and publicly held at which a quorum was present and participating thereat throughout and that said resolution has not be rescinded, modified or amended in any respect.

DATED: February 23, 2012


 Anne Names, Clerk of the Village
 of Painted Post, New York