

MANAGEMENT LEASE AGREEMENT FOR OPERATION OF
VILLAGE OF DERING HARBOR WATER SUPPLY AND DISTRIBUTION SYSTEM

AGREEMENT made this ____ day of November, 2019, between Suffolk County Water Authority, a public benefit corporation having its principal office at 4060 Sunrise Highway, Oakdale, New York ("SCWA") 11769, and the Village of Dering Harbor ("Village"), a municipal corporation having its principal office at 23 Locus Point Road, Shelter Island Heights, New York 11965.

WHEREAS, the Village has been duly formed pursuant to the applicable provisions of the Village Law of the State of New York and is the owner of facilities used in the sale and distribution of water to consumers in the Village as shown on the Map of the Village Water Supply and Distribution System ("Village Map") annexed hereto as Exhibit A; and

WHEREAS, the parties desire to provide for the operation of the Village's water supply and distribution system including fee based delivery of water by the Authority to all water customers located within the Village whether existing now or in the future; and

WHEREAS, the Authority requires as a condition to operate the Village's water supply and distribution system that certain capital improvements be made to the system, which improvements shall be paid for by the Village through a surcharge amount as set forth herein; and

WHEREAS, the parties desire to enter into a Lease Agreement pursuant to Village Law §11-1128 under the terms and conditions hereinafter specified;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the parties hereto agree as follows:

I. OPERATION AND MAINTENANCE

1.1 The Village hereby leases to the Authority, for the term hereinafter specified all of the right, title and interest in the entire water supply and distribution system of the Village, including wells, hydrants, water storage and distribution system, real property, other water supply facilities, and all extensions thereto as identified in Exhibit A. The leased property includes replacements, additions, betterments and improvements which may hereafter be furnished and installed in or by the Village or the SCWA during the term of this Agreement.

1.2 The SCWA agrees to operate, maintain and repair, at its own cost and expense, the entire operating plant, wells, hydrants, storage and distribution system of the Village, and to sell water to the customers located within the Village or otherwise served by the Village pursuant to the terms hereof. The Village represents that it has good title to the above facilities and that such facilities shall be leased to the SCWA in an "as is" condition as of the date of the last

inspection of such facilities by the SCWA prior to the execution of this Agreement. The Village will, to the extent reasonably practicable, advise the SCWA of all defects and conditions known to the Village that affect the operations, plant, hydrants, water storage and distribution system, real property and other water supply facilities of the Village, and all extensions thereto.

1.3 The SCWA shall be the sole supplier of water within the Village during the term of this Agreement or any extensions thereto.

1.4 The SCWA shall assume the benefit of existing equipment service agreements, if any, and the Village shall provide copies of any such agreements to the SCWA. Except as otherwise provided herein, the SCWA shall not assume any liability or obligation under any contracts or agreements the Village may have with any third parties.

1.5 This Agreement is subject to and conditioned upon the conveyance of an easement to the Village, for so long as the easement is needed by the Village for water supply purposes, providing the right to install and maintain water mains and electric utilities across the parcel of property between Yoco Road and Manhasset Road as depicted on the Village Map attached hereto as Exhibit A.

II. CAPITAL IMPROVEMENTS

2.1 In addition to the consideration stated elsewhere herein, the SCWA agrees to make \$1,140,000.00 worth of capital improvements to the water supply and distribution system within territorial boundaries of the Village within five years of the full execution of this Agreement. The currently proposed capital improvements are included on Exhibit B attached hereto. The actual capital improvements made within the Village water supply and distribution system may differ from those listed in Exhibit B, but the total cost of improvements over the initial five-year period of this Agreement shall not be less than \$1,140,000.00. If the SCWA makes less than \$1,140,000.00 in capital improvements in the first five years of this Agreement, the surcharge amount set forth in paragraph 7.1 will be recalculated to reflect the cost of the capital improvements actually made with the first five years of this Agreement.

III. REPLACEMENTS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS

3.1 The Village shall not at any time during the term of this Agreement be obligated to make replacements, additions, betterments and improvements to the water supply and distribution system within the territorial limits of the Village at its own cost and expense, unless otherwise provided for in this Agreement.

3.2 The SCWA may, in its sole discretion and at its own cost and expense, make replacements, additions, betterments and improvements or abandon any portion of the water supply and distribution system now existing or hereafter formed within the territorial limits of the Village in order to provide adequate supply of water at proper pressure to the Village. The Village agrees that such replacements, additions, betterments and improvements may be installed

at such locations as the SCWA may determine and may be connected and interconnected with the distribution system of the Village in such manner as the SCWA shall determine. Legal title to such replacements, additions, betterments and improvements installed by the SCWA at its own cost and expense shall be and remain in the Authority. However, at the option of the Village, the Village may purchase such replacements, additions, betterments and improvements at the termination of this Agreement in accordance with paragraph 9.2. Notwithstanding the foregoing, the SCWA agrees to submit any improvements to be made above grade level to the water supply and distribution system within the Village to the Village for architectural review. The SCWA will comply with the requirements of such architectural review provided such requirements do not unreasonably increase the costs of the improvements.

3.3 The Village agrees that the SCWA shall be entitled to the use, occupancy and possession of all of the water supply and distribution facilities and of the entire property associated therewith of the Village, including such facilities to be constructed and such Village property to be utilized as set forth in Exhibit B, without the imposition of any rentals or other charges of whatever kind, other than set forth in this Agreement. Notwithstanding the foregoing, the Village retains the right to install and utilize a Village structure for Village purposes on the Village property leased hereunder so long as such structure and Village use thereof do not unreasonably interfere with the operation and maintenance of the Village water supply and distribution system.

3.4 All water main extensions to the existing Village water supply and distribution system after the execution of this Agreement shall be made in accordance with the SCWA's Rules and Regulations existing at the time of the subject extension. A copy of the current SCWA Rules and Regulations is set forth in Exhibit C, but they are subject to change from time to time. In the event of changes to the SCWA Rules and Regulations, the SCWA shall notify the Village in writing at least 30 days prior to implementation. Said Rules and Regulations shall apply to all Village customers in the same manner as they are applied to SCWA customers in the same service classifications. Village customers shall not be subject to any rules, regulation, fees or charges other than those that SCWA customers in the same service classification are subject to, except as otherwise set forth herein.

IV. SERVICE CONNECTIONS

4.1 During the term of this Agreement, all service connections shall be made in accordance with the SCWA's Rules and Regulations existing at the time of the service connection. A copy of the current SCWA Rules and Regulations is set forth in Exhibit C, but they are subject to change from time to time.

V. WATER SUPPLY BY THE SCWA

5.1 On and after the effective date of this Agreement, the SCWA will furnish and supply all water to those customers located within the Village and to such other residents and

inhabitants of the Village who shall apply to the SCWA for the service of water during the term of this Agreement.

5.2 It is expressly understood and agreed that the furnishing of water and the performance of services by the SCWA to the Village and its customers shall be in accordance with and governed by this Agreement and the SCWA's Rules and Regulations and any changes, amendments or revisions thereof.

5.3 The SCWA, at its own cost and expense, shall operate and maintain the Village's water supply system by performing the following functions and services:

(a) Prepare and mail residential and commercial customer account billings for customers located in or serviced by the Village according to the SCWA's billing cycles.

(b) Promptly deposit all receipts for paying accounts in such bank or trust company as determined by the SCWA.

(c) Report all water meter readings, account billing and collected amounts.

(d) Conduct all necessary water sampling, testing, monitoring and analyses, regulatory reporting and prepare water quality statements to ensure water quality is in compliance with all federal and state laws, rules and regulations, and assure water supply and quality complies with the same.

(e) Manage and supervise the daily operations of the Village water system, including maintenance of the existing system and take all appropriate measures to ensure compliance with all regulatory requirements.

(f) Provide customer service in accordance with the level of service provided to all SCWA customers and in accordance with the SCWA's Rules and Regulations in effect and as amended from time to time.

(g) Operate, maintain and repair the Village's water mains, hydrants and appurtenances.

5.4 The Authority shall defend and save harmless to the extent provided by law the Village and its successors and/or assigns, any officers, directors, trustees, employees, representatives, servants and/or agents (collectively the "indemnified parties"), against and from all claims, damages, liabilities, suits, losses, payments, actions, recoveries, judgments, including without limitation, fees and disbursements of counsel incurred by the indemnified parties and other costs of every kind and description arising out of or occasioned by any breach of this Agreement by the SCWA, and/or any negligent act or omission of the SCWA, its agents, contractors, employees, servants or licensees, during the term of this Agreement, including without limitation any such costs incurred by the indemnified parties.

VI. OBLIGATIONS OF THE VILLAGE

6.1 Prior to the effective date of this Agreement, the Village shall furnish the Authority with the following information:

(a) Access to the Village's supply and distribution system showing the location and size of any and all water mains and extensions thereto (with identification of said mains, if possible, as to whether they are cast iron or asbestos cement or other material), existing valves and valve connections, and the location of all hydrants indicating whether such hydrants are equipped with shut-off valves. SCWA prepared the Village Map based upon such access (a copy of same is annexed hereto as Exhibit A). The SCWA shall maintain maps of the Village system and any additions, betterments or deletions to the system and shall incorporate the Village's information into the SCWA's mapping program. On the termination of this Agreement, the SCWA shall provide the Village with up-to-date maps of the Village system.

(b) An up-to-date file of customers, and tap card information for the Village's services and fire line services, to the extent such information is available, showing the street address location, including Suffolk County Tax Map information, name of the account and size of each meter and service, type of material and ties to the curb valve, and other information necessary to administer customer accounts.

(c) The Village Map shows all parcels of land and buildings used or to be used in the operation of the Village's supply and distribution system and which are to be leased to the SCWA pursuant to this Agreement (see Exhibit A annexed hereto).

6.2 The Village agrees to adopt all rates, fees, charges and/or ad valorem or other levies sufficient to pay the management fee set forth in Section VII of this Agreement.

6.3 The Village hereby represents that any debt that has been incurred by the Village, or its predecessors, for the purpose of paying for the cost of improvements to the Village water supply and distribution system that is the subject of this Agreement has been paid in full. To the extent that any debt incurred by the Village, or its predecessor, for the purpose of paying the cost of the improvements to the Village water supply and distribution system have not been paid, the Village hereby covenants and agrees that such debt is solely the responsibility of the Village, and the Village agrees to discharge existing indebtedness of the Village water supply and distribution system in accordance with the requirements of the terms of the indebtedness and the law, including Village Law §11-1128. The Village hereby expressly waives any and all claims to compensation for said existing indebtedness from the SCWA during the term of this Agreement and any extensions thereto, and agrees to indemnify and save harmless, to the extent permitted by law, the SCWA, its successors and/or assigns, any officers, directors, employees, representatives and/or agents against and from any and all claims, damages, liabilities, costs and expenses, including without limitation, fees and disbursements of counsel incurred by the SCWA arising out of the discharge of such indebtedness by the Village.

6.4 The Village shall defend, indemnify and save harmless, to the extent permitted by law, the SCWA, its officers, agents, servants and/or employees against and from any and all claims, damages, liabilities, suits, losses payments actions, recoveries, judgments, including without limitation, fees and disbursements of counsel incurred by the SCWA and other costs of every kind and description arising out of any breach of any representation, warranty, covenant or agreement of the Village contained in the Agreement, any liabilities of the Village, any claim (including, but not limited to, the claim of 9A Yoco Road, LLC against the Incorporated Village of Dering Harbor, et al., dated July 2, 2019), action or proceeding that challenges the manner in which the Village exercises its statutory authority, any act or omission of the Village, its agents, contractors, employees, servants and licensees prior to the effective date of this Agreement, any claim, action or proceeding commenced by any third party for injury to person or property suffered prior to the effective date of this Agreement and any and all other acts or omissions of the Village prior to the effective date of this Agreement.

6.5 The Village Map appears to indicate water mains on private property in several areas of the Village. It does not appear that the Village has written easements or other agreements from the private property owners. The Village shall defend, indemnify and save harmless, to the extent permitted by law, the SCWA, its officers, agents, servants and/or employees against and from any and all claims, damages, liabilities, suits, losses, payments actions, recoveries, judgments, including without limitation, fees and disbursements of counsel incurred by the SCWA and other costs of every kind and description arising out of the location of such water mains on such private property.

VII. MANAGEMENT FEE FOR SERVICES

7.1 In consideration of the services provided by the SCWA, the Village agrees to pay SCWA a management fee ("Management Fee") equal to the revenues the SCWA would receive if SCWA rates and charges were applied for water service within the Village plus the surcharge as set forth below. The applicable SCWA rates and charges are those as set forth as the prevailing rates and charges for water service on Fire Island/Shelter Island set forth in SCWA's Rules and Regulations (currently \$2.83 per thousand gallons with an annual minimum charge of \$233.45) plus \$160.20 per fire hydrant per year, all as the same may be amended from time to time. In addition, the Village shall pay an annual surcharge of \$51,125.13 for the capital improvements made in accordance with paragraph 2.1 above. The surcharge is the annual amount to be paid for the cost of the capital improvements made in accordance with paragraph 2.1 plus interest over a 25 year period. The annual surcharge portion of the Management Fee shall cease and determine after the 25 year period. The calculations for determining the annual surcharge are attached as Exhibit D.

7.2 The SCWA shall account for the billings of the customers of the Village and invoice the Village quarterly for the differential, if any, between the Management Fee set forth herein and the amounts collected on behalf of the Village as provided for in this Agreement. If

the amounts collected from the billings of the customers of the Village are greater than the Management Fee, the excess amount shall be remitted to the Village on an annual basis.

7.3 Any and all miscellaneous fees billed by the SCWA are to be billed in accordance with the SCWA's Rules and Regulations as the same may be amended from time to time. The SCWA agrees that it will not establish any miscellaneous fees for Village customers that are over and above such fees as reflected in the SCWA's Rules and Regulations – Fire Island/Shelter Island Miscellaneous Fees/Other Charges and Credits. The SCWA shall retain all receipts associated with the billing of these miscellaneous fees. The SCWA shall provide a report to the Village of any such fees collected from Village customers upon request of the Village.

7.4 All billing to customers of the Village by the SCWA will be in accordance with the rates and charges that now exist or that are hereinafter adopted or imposed by the Village. The Management Fee due to the SCWA shall be in accordance with this Agreement.

VIII. LEASE OF PORTION OF VILLAGE STRUCTURE

8.1 The SCWA agrees on the effective date of this Agreement to lease the portion of the Village structure that does not contain the Village water treatment system (known as the "Barn" or "DPW Garage"). A diagram of the Barn is set forth in Exhibit E attached hereto. In consideration of the lease of such portion of the Barn, the SCWA provided the Village with a credit in the amount of \$230,000.00 against the \$1,140,000.00 in capital improvements to be made by the SCWA pursuant to paragraph 2.1 of this Agreement. The \$230,000.00 credit is the present value of the stream of lease payments of the subject portion of the Barn over a 40-year period based upon a real property appraisal attached hereto as Exhibit F. The Village represents it has good title to the Barn, and the same shall be conveyed to the SCWA free from all mortgages, liens, encumbrances and security interests of whatever kind in an "as is" condition without warranties, except for any unexpired manufacturer's warranties that may be available to the SCWA. The Village agrees it will make reasonable efforts to cooperate with and assist the SCWA in making any such unexpired warranties available to the SCWA. The Village, to the extent reasonably practicable, shall advise the SCWA of all defects and conditions known to the Village that affect the Barn. The Village represents that the portion of the Barn that does not contain the Village treatment system is currently surplus Village property. In the event the Village needs this portion of the property for Village purposes, the Village may cancel the lease and reclaim the subject portion of the property for such Village purposes. In the event the lease is canceled for the subject portion of property, the SCWA's obligation to pay the lease amount set forth in this paragraph 8.1 shall cease and determine, and the annual surcharge amount to be paid to the SCWA by the Village set forth in paragraph 7.1 of this Agreement shall be recalculated to reflect such termination.

IX. TERM OF THIS AGREEMENT

9.1 The term of this Agreement shall be for a period of 40 years beginning on November 1, 2019 and expiring on October 31, 2059. However, the Village reserves the right to terminate this Agreement at any time.

9.2 If this Agreement is not renewed at the end of such term or any renewal thereof or is terminated prior to the expiration of said term or any renewal thereof, the Village shall acquire from the SCWA any replacements, additions, betterments and improvements or other capital improvements installed at the Authority's cost and expense during the term hereof and any renewal term. The value of the capital improvements made under paragraph 2.1 shall be based upon a 25 year life. The value of replacements, additions, betterments and improvements or other capital improvements, other than those made under paragraph 2.1, shall be computed at original cost, less depreciation, based upon a 35 year life.

9.3 In the event the Village does not acquire the capital improvements made by the SCWA pursuant to paragraph 9.2, at the end of the initial term, or any renewal thereof, the SCWA shall have the option to purchase from the Village the entire operating plant, distribution facilities and real property owned by the Village and leased to the SCWA. The value of such operating plant and distribution facilities shall be determined to be the original cost as paid by the Village less depreciation based upon a 35 year life. The value of the real property shall be its market value on the date of conveyance.

9.4 If this Agreement is not renewed at the end of the initial term or any renewal thereof, or is terminated for any cause whatsoever prior to the expiration of said term or any renewal thereof, and the Village declines to acquire the capital improvements as described in paragraph 9.3 above, the SCWA retains the right, without limitations and without the imposition of any transmission fees or any other fees or charges, to the continued ownership of and use of such capital improvements.

X. INSURANCE

10.1 The Village will provide insurance coverage evidenced by a Certificate of Insurance or proof of a self-insurance submitted in a form acceptable to the SCWA as follows:

(a) Thirty days notice of cancellation, non-renewal or reduction of coverage is required.

(b) The interest of the SCWA, as additional insured with no responsibility for payment of premium, shall be added to all policies.

(c) Coverage shall be obtained and maintained throughout the life of the Agreement as follows:

(i) General Liability - Commercial General Liability, including separate limits for Personal Injury and Products/Completed Operations. Coverage to include Contractual Liability.

Limits: \$1,000,000 general liability

\$2,000,000 aggregate
\$2,000,000 products/completed operations

(ii) Excess Liability -

Limit: \$5,000,000 on a form that follows the underlying coverage

(iii) The limits provided above shall be reviewed and increased as deemed appropriate by the SCWA during the term of this Agreement and any extensions thereto.

10.2 The SCWA will provide insurance coverage evidenced by a Certificate of Insurance or proof of a self-insurance submitted in a form acceptable to the Village as follows:

(a) Thirty days notice of cancellation, non-renewal or reduction of coverage is required.

(b) The interest of the Village, as additional insured with no responsibility for payment of premium, shall be added to all policies other than Workers' Compensation.

(c) Coverage shall be obtained and maintained throughout the life of the Agreement as follows:

(i) Automobile Liability - Comprehensive Automobile Liability, including all owned, non-owned, and hired autos, in the amount of \$1,000,000 Combined Single Limit for Bodily Injury and Property Damage Liability, New York State Personal Injury Protection.

(ii) General Liability - Commercial General Liability, including separate limits for Personal Injury. Coverage to include Contractual Liability.

Limits: \$1,000,000 per occurrence
\$1,000,000 for Personal Injury Liability
\$2,000,000 aggregate

(iii) Excess Liability -

Limit: \$5,000,000 on a form that follows the underlying coverage

(iv) Workers' Compensation - As required by the Workers' Compensation Law of the State of New York.

(v) The limits provided above shall be reviewed and increased as deemed appropriate by the SCWA during the term of this Agreement and any extensions thereto.

XI. MISCELLANEOUS

11.1 This Agreement incorporates the entire agreement between the parties hereto as to the subject matter hereof and terminates and overrides any prior agreements or understandings.

11.2 This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

11.3 The parties hereto agree to execute such further instruments, documents or certificates as may be necessary or desirable to effectuate the purposes and intent of this Agreement.

11.4 This Agreement may not be amended, changed, modified or altered except in writing executed by the parties hereto.

11.5 This Agreement shall be governed in accordance with the laws of the State of New York. The venue for said action shall be in Suffolk County, New York

11.6 Neither party shall be liable in damages or have the right to terminate this Agreement for any delay or default in performing hereunder if such delay or default is caused by conditions beyond its control including, but not limited to, acts of God, government restrictions (including the denial or cancellation of any necessary license), wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected. Notwithstanding the foregoing, this paragraph shall not be applied so as to excuse or delay payment of any monies by one party to the other, including rent and the Management Fee.

11.7 In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or enforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been stated herein.

11.8 All notices shall be in writing and will be deemed effective for all purposes as of the date such notice is mailed, postage prepaid to be delivered to the Suffolk County Water Authority, Legal Department, 4060 Sunrise Highway, P.O. Box 38, Oakdale, New York 11769 and Village of Dering Harbor, Office of Village Clerk, 23 Locus Point Road, Shelter Island Heights, New York 11965.

11.9 The SCWA agrees that it shall not assign, transfer, convey or otherwise dispose of this Agreement or any of its right, title, benefit, advantage or burden imposed on it without the prior written approval of the Village.

11.10 It is expressly understood and agreed that in case a material default be made in the performance of any of the covenants in this Agreement by either party or should either party fail

to substantially comply with any law regarding public water supply or should either party file or have filed against it a petition in bankruptcy or similar proceeding or should either party be adjudicated a bankrupt or make an assignment for the benefit of creditors or take advantage of any insolvency act, the other party may, if it so elects at any time thereafter, terminate this Agreement and the term hereof on giving the other party five days' notice in writing, and this Agreement and the term hereof shall expire and come to an end on the date fixed in such notice as if the said date were the date originally fixed in this Agreement for expiration hereof.

IN WITNESS WHEREOF, the respective parties hereto have set their hands and seals the day and seals the day and year first above written.

SUFFOLK COUNTY WATER AUTHORITY

VILLAGE OF DERING HARBOR

By: _____

By: _____

EXHIBIT A

Exhibit A

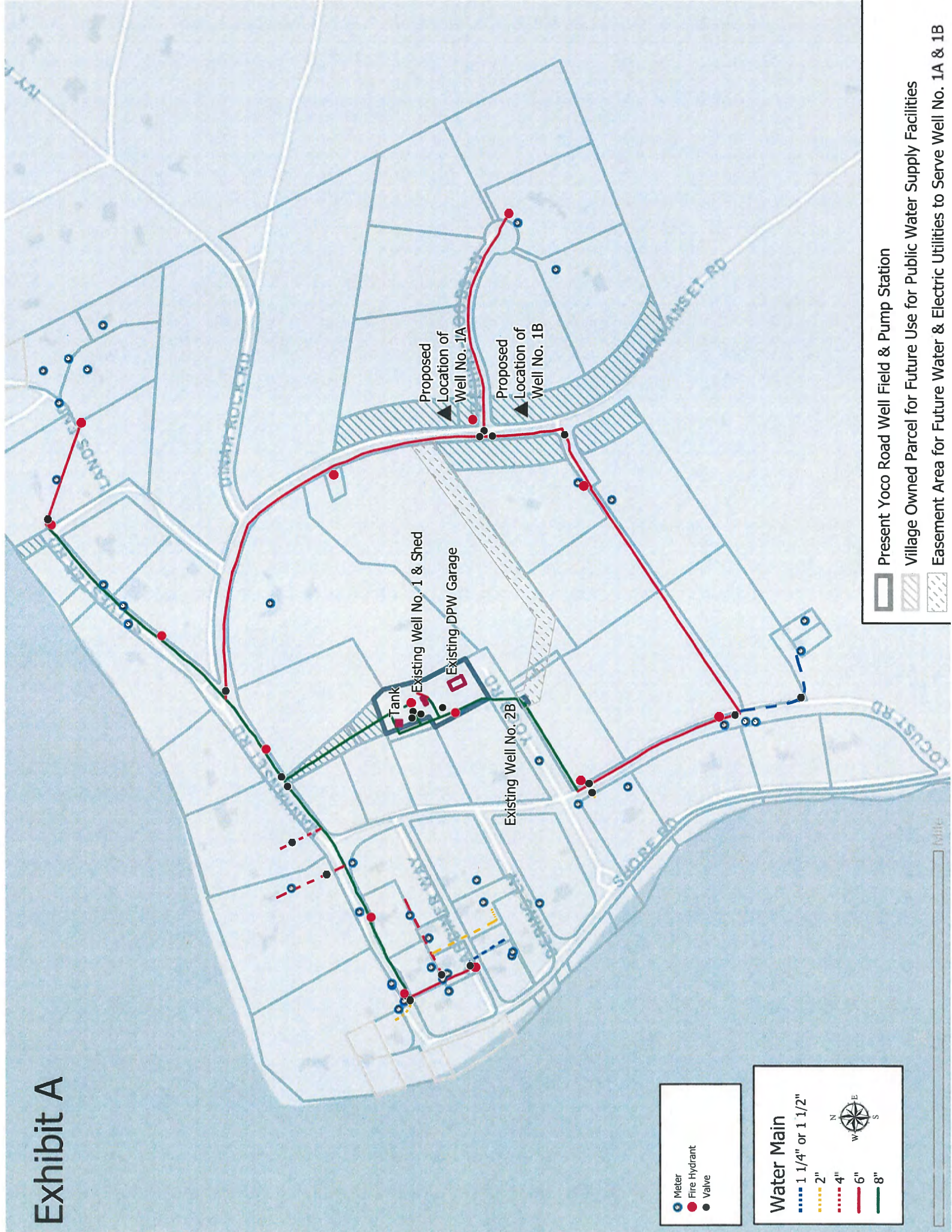


EXHIBIT B

Exhibit B

Dering Harbor Water System Capital Improvements By SCWA

| Description | Est Cost |
|--|-----------------------|
| Conversion of portion of VDH Garage to Chemical Treatment Facility | \$175,000.00 |
| Construction of two new wells on Manhasset Rd | \$350,000.00 |
| Furnish and Install well pumps for two new wells | \$40,000.00 |
| Piping and Underground Vaults | \$200,000.00 |
| Electrical | \$335,000.00 |
| Test Boring | \$40,000.00 |
| Total Capital Improvements | \$1,140,000.00 |

EXHIBIT C

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 1

COMMUNITIES SERVED

WESTERN REGIONAL OFFICE:

BABYLON DISTRICT

Amity Harbor
Amityville
Babylon
Copiague
Deer Park
Dix Hills**
Lindenhurst
North Amityville
North Babylon
North Lindenhurst
Pinelawn
West Babylon
Wheatley Heights
Wyandanch

BAY SHORE DISTRICT

Bay Shore
Brentwood
Brightwaters
Central Islip
East Islip
Edgewood
Great River
Islandia
Islip
Islip Manor
Islip Terrace
North Bay Shore
North Great River
Oakdale
West Bay Shore
West Islip

HUNTINGTON DISTRICT

Asharoken
Centerport
Cold Spring Harbor
Commack
Crab Meadow
East Huntington
East Neck
East Northport
Eaton's Neck
Fort Salonga
Halesite
Huntington
Huntington Bay
Huntington Station
Lloyd Harbor
Northport

SMITHTOWN DISTRICT

East Commack
Flowerfield*
Fort Salonga
Hauppauge
Head of the Harbor
Kings Park
Nesconset
Nissequogue**
St. James*
San Remo*
Smithtown
South Hauppauge
Village of the Branch
West St. James
West Smithtown*

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 1

FIRE ISLAND COMMUNITIES

Cherry Grove

Davis Park

Fire Island Pines

Kismet

Lonelyville

Point of Woods

Summer Club

*Included in Wholesale Water District

**Serves portion of area

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 1

CENTRAL REGIONAL OFFICE:

PATCHOGUE DISTRICT

Bayport
Bellport
Blue Point
Bohemia
Brookhaven
Coram
East Holbrook
East Patchogue
Farmingville
Gordon Heights
Hagerman
Holbrook
Holtsville
Lakeland
Lake Ronkonkoma
Medford**
North Bellport
North Patchogue
Patchogue
Ronkonkoma
Sayville
Selden
South Centereach
South Holbrook
South Medford
South Yaphank
Village of Islandia
Village of Lake Grove
Village of Patchogue
West Bellport
West Ronkonkoma
West Sayville
West Yaphank
Yaphank

PORT JEFFERSON DISTRICT

Belle Terre
Centereach
Coram
East Setauket
Lake Grove
Middle Island
Miller Place
Mount Sinai
North Centereach
North Selden
Old Field
Poquott
Port Jefferson
Port Jefferson Station
Ridge
Rocky Point
Selden
Setauket
Sound Beach
South Setauket
South Stony Brook
Stony Brook
Terryville

* Included in Wholesale Water District

** Serves portion of area

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 1

EASTERN REGIONAL OFFICE:

WESTHAMPTON DISTRICT

Center Moriches
East Moriches
East Quogue
Eastport
East Yaphank
Greenport
Manorville
Mastic
Mastic Beach
Mattituck
Middle Island**
Moriches
North Shirley
Oakville
Quogue
Quogue
Remsenburg
Shirley
Southold
South Ridge
Speonk
Westhampton
Westhampton Beach

EAST HAMPTON SATELLITE OFFICE:

EAST HAMPTON DISTRICT

Amagansett
Bridgehampton
East Hampton
Freetown
Montauk
North Haven
North Sea
Sag Harbor
Southampton
Wainscott
Watermill

* Included in Wholesale Water District

**Serves portion of area

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 2

APPLICATION FOR SERVICE

1. All applications for the use of water must be made by the owner of the premises in writing on a form provided by the Authority. On acceptance by the Authority, the application shall constitute a contract between the Authority and the applicant obligating the applicant to pay the Authority its established rates and surcharges and to comply with its rules and regulations.
2. Applications will be accepted subject to there being an existing main in a street or right of way abutting on the premises to be served but acceptance shall in no way obligate the Authority to extend its mains to serve the premises excepting as hereinafter provided.
3. A separate application must be made for each premises. The word "premises" as used herein shall be defined as follows:
 - (a) A building under one roof owned by one customer, and occupied as one residence or one place of business.
 - (b) A combination of buildings owned by one customer, in one common enclosure, occupied by one family, or one corporation or firm, as a residence or place of business.
 - (c) Each unit of a multiple house or building separated by a solid vertical partition wall, occupied by one family, or one firm, as a residence or a place of business.
 - (d) A building owned by one customer having a number of apartments, offices, or lofts which are rented to tenants, and using in common one hall and one or more means of entrance.
 - (e) A building one or more stories high under one roof, owned by one customer having an individual entrance for the ground floor occupants and one for the occupants of the upper floors.
 - (f) Garden apartments owned by one individual or firm and located in one common enclosure.

Sub-metering will not be permitted.

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 2

4. Application of contractors, builders, and others for temporary service will be accepted and temporary water service will be supplied providing it does not interfere with use of water for general purposes. The quantity of water taken for such purposes shall be determined either by meter or by estimate and paid for in accordance with the tariff applicable to metered general purposes. Customers requiring temporary service shall reimburse the Authority for its expenses in connection with providing the necessary temporary service connections and a deposit specified by the Authority will be required.
5. No agreement will be entered into by the Authority with any applicant for water service until all charges due from the applicant for water or services at any premises now or heretofore owned or occupied by him/her which are in arrears shall have been paid.
6. There are streets that, due to width or exceptional degree of difficulty inherent to crossing under the street for the purpose of providing water, where the standard connection fee, **except for a single 1 inch service to serve an individual residence**, will not apply. In these instances, the connection fee for a water service will be the cost of a service line installed by trenchless technology and it will be shared equally by those structures that would be connected to that lien. This will apply to acceptance of applications for services as detailed in Section 2, No. 2. A list of such streets will be maintained by the Authority and will be available through the local district offices.

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 3

DEPOSITS

1. As security for the payment of bills, the Authority may require a deposit of any applicant, or any customer to whom it may be supplying water. Specifically, the Authority shall require that all new residential tenants and commercial/industrial customers provide a deposit of \$50 and \$100 respectively. The Authority reserves the right to collect a larger deposit based on individual facts and circumstances.
2. When application is made by an individual or corporation for the installation of fire hydrants on a private street or other private property, the Authority may require a deposit consisting of approximately six (6) times the annual estimated revenue to be derived therefrom, as a guarantee of payment of said annual revenue. Hydrant rentals are billed semiannually. The deposit will be applied against the rental charge for each period. If a public fire district should assume payment of the rentals before the deposit has been completely depleted, the remaining balance of the deposit will be refunded forthwith. If at any time prior to assumption of payments by a public fire district the rental rate is increased, the Authority may require an additional deposit.

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 4

INSTALLATION OF SERVICES AND TAPPING FEES

1. Definitions

- (a) Public Street - For the purposes of these rules, a public street is defined as any street, avenue, road, or way that is for any highway purpose under the jurisdiction of the legislative body of any village, town, city, county, or the State of New York.
- (b) Private Street - For the purposes of these rules, a private street is defined as any street, avenue, road, or way that is not for any highway purpose under the jurisdiction of the legislative body of any village, town, city, county, or the State of New York.
- (c) Any Highway Purpose - The Authority will recognize any street, avenue, road, or way as being for highway purposes under the jurisdiction of the legislative body of any village, town, city, county, or the State of New York, if any one of the following conditions is satisfied:
 - 1. If the street has been dedicated and accepted by the legislative body;
or
 - 2. If the street has been condemned by the legislative body; or
 - 3. If the street is being maintained by the legislative body at the time application for water service is received.

2. Tapping Fees

Tapping fees are as follows:

| <u>SERVICE SIZE</u> | <u>TAPPING FEE</u> |
|---------------------|---------------------------|
| 1 " | \$1,850 (includes vault)* |
| 1½ " | \$4,400 |
| 2 " | \$4,600 |
| 4 " | \$6,200 |
| 6 " | \$6,400 |
| 8 " | \$6,900 |
| 10 " | \$7,300 |
| 12 " | \$8,200 |

Effective January 1, 2014 – Board Resolution 424-10-2013

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RULES & REGULATIONS – SECTION 4

In consideration of this fee, the Authority will, at its expense, install, operate, maintain, and, when necessary, replace at its own cost and expense the service pipe and connection between the main and the property on both public and private streets. It is further provided that easements acceptable to the Authority must be furnished to it for service installations on private streets.

The tapping fee and/or any applicable surcharge for the main installation is linked to providing an operating service line and must be paid to maintain said service line operative, a tapping fee will be charged for all service installations.

The applicable tapping fee for residential customers may be paid in full or in the amount of fifty percent (50%) upon the making of a residential application, with the remaining fifty percent (50%) to be paid in eight equal quarterly installments, said installment payment to include an interest charge equal to the interest rate currently in effect. The residential customer, for this purpose, shall be defined as an owner occupied residence, for a one (1) inch service, which is converting from a private water system to public supply or a vacant property that has been developed by the owner to be used as his residence..

When more than one (1) tap is made in a single excavation, the Authority will give a ten percent (10%) reduction in the cost for the total of the individual tapping fees. For service installations of 1½" or larger, the Authority will give a fifty percent (50%) reduction in the cost of said installation if the location of the service line is identified prior to the installation of the new main required for that service.

When the Authority is expected to incur excessive costs to install a service greater than 1" as a direct result of requirements made by an outside governing body, and the cumulative cost of installation is expected to exceed the standard fee by greater than 10%, the customer shall be responsible to pay the actual cost of installation.

3. Stub Services

From time to time, the Authority will install "Stub Services", which is a connection to the water main and a copper pipe that runs to the property line for a residence that

is not planning on hooking up to our system.

In those instances where a three-quarter (¾) inch or one (1) inch stub service is installed at the discretion of the Authority and where no tapping fee has been

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RULES & REGULATIONS – SECTION 4

received, the Authority will permit the new customer to pay a tapping fee based on the date in which the stub service was installed, or the current fee - whichever is less. The fee will also include the cost of the vault when said vault was installed at the same time as the stub service. The following schedule reflects the applicable fee:

| DATE SERVICE INSTALLED | 1/2" or 1" | 12" | 2" | 4" | 6" | 8" | 10" | 12" |
|---------------------------|------------|---------|---------|---------|---------|---------|---------|---------|
| Prior to 1970 | \$400 | \$2,100 | \$2,200 | \$3,000 | \$3,100 | \$3,300 | \$3,500 | \$3,900 |
| 1970 - 1975 | 450 | 2,300 | 2,400 | 3,300 | 3,400 | 3,700 | 3,900 | 4,400 |
| 1976 - 1980 | 500 | 2,600 | 2,700 | 3,700 | 3,800 | 4,100 | 4,400 | 4,900 |
| 1981 - 1985 | 650 | 3,300 | 3,500 | 4,800 | 5,000 | 5,400 | 5,700 | 6,300 |
| 1986 - 1991 | 700 | 3,600 | 3,800 | 5,200 | 5,300 | 5,800 | 6,100 | 6,800 |
| 1991 - 2001 | 800 | 4,100 | 4,300 | 5,900 | 6,100 | 6,600 | 7,000 | 7,800 |
| After 2001 | 950 | 4,100 | 4,300 | 5,900 | 6,100 | 6,600 | 7,000 | 7,800 |

4. When there are multiple services to a single user and no backflow prevention, the customer will be required to have the Authority install a check valve. The additional fee required per service is:

| <u>Size of Service</u> | <u>Check Valve Fee</u> |
|------------------------|------------------------|
| 4" | \$ 655 |
| 6" | \$ 884 |
| 8" | \$1,200 |

5. Real Estate Developer or Prospective Owner

A prospective owner shall be a contract vendee or purchaser in possession of premises on a public street.

A real estate developer is an owner or builder of premises in a subdivision or an owner or builder of one or more units for sale on a public street.

6. Form of Service Agreement for Real Estate Developer or Prospective Owner

| | |
|------------------------|-------------|
| Name | Acct. No. |
| Mailing Address | Deposit No. |
| Date Service Completed | |

The Applicant guarantees payment of MINIMUM REVENUE charge for water service for one and one-half years, effective from the date of completion of installation of the service from the main to the property by the Authority.

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The Applicant agrees that the Authority is entitled to take from his service deposit the annual amounts for credit to the water account for the above property in default of payments due, in accordance with the Rules, Regulations and Rates of the Authority.

The Authority agrees to refund the applicant's service deposit, upon expiration of this agreement, without interest, less any unpaid charges or as soon as a bonafide owner occupies the premises, signs a contract for water service, and makes the required deposit to guarantee payment of water bills.

This agreement is not transferable.

Signed for the Authority

Signed by the Applicant

7. Maintenance and Replacement

The Authority, at its expense, will maintain, and when necessary, replace any service pipe and service connections from the main to the property line on all public and private streets.

Service pipe and service connections shall not be trespassed upon nor interfered with in any respect. The curb stop may not be used by the customer for turning on or shutting off the water supply but is for the exclusive use of the Authority.

8. Service on Applicant's Property

At his own expense, the applicant shall install the service pipe from the approximate property line to the premises and a valve to be located preferably just inside the building wall, permitting control of the water supply by the customer. At the expense of the customer, this property shall be maintained and when necessary, replaced. For this installation and maintenance thereof, the customer shall employ a competent plumber and all work shall be performed in a manner satisfactory to the Authority. The minimum size, materials, depth of cover and method of construction shall be the same as hereinafter specified for a service pipe installed by the Authority. If any defects in workmanship or materials are found, or if the customer's service pipe has not been installed in accordance with such specifications, or with the Authority's requirements, water service either will not be turned on, or will be

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discontinued if such defects are not remedied.

No service pipe will be installed by the Authority until the service pipe and service connections from the premises to the street has been installed in a manner satisfactory to the Authority.

9. Service Pipe - Specifications

All service pipes shall have a minimum cover of four and one-half (4-1/2) feet, except in cases where ground water levels are such as to make such cover impractical. All service pipes shall not be less in size than 1" inside diameter and shall be of U. S. Government Specification Type K soft tempered copper tubing, or genuine galvanized wrought iron, or for services two (2) inches in diameter, or larger, cast iron pipe of quality equal to American Water Works Association or Federal Specifications, and that the service pipe specifications be of a weight suitable for service under pressure equivalent to at least 150 pounds per square inch. All connections of service pipes to a main with a ground cover of less than five (5) feet shall be made on the side of the main so that such service pipes shall, in no case, have less covering than the main, except in cases where ground water levels make such cover impractical. The Authority reserves the right in all cases to stipulate the size and type of service connections to be used.

10. Frost Provision

The Authority shall not be required to install any service line and service connections between November 15th and April 15th, except by special arrangement, in which case the customer shall pay for the excess over normal costs.

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RULES & REGULATIONS – SECTION 5

INSTALLATION OF METERS

1. An individual meter shall be required for each premise and for each separate service connection to a premise.
2. The meter will be furnished and connected by the Authority without cost to the customer except as noted in Section VII General Rules, as applicable. The Authority reserves the right in all cases to stipulate the size, type, and make of the meter to be used on any connection.
3. Whenever possible, a meter two inches (2") in size and under shall be set in meter vault located at a convenient point approved by the Authority so as to protect the meter and to measure the entire supply of water throughout the connection. All meters set inside the premise will be installed with a direct cable connection from the meter to a conveniently located terminal box on the building outside the premise in a place designated by the Authority. This is to permit outside meter reading.

Meters larger than two inches (2") shall be set at or near the property line or in a place designated by the Authority, and all expenses incurred by the Authority in connection with its proper housing, including by-pass for testing, if required, shall be reimbursed to the Authority.*

In all cases, irrespective of meter size, where the distance from the property line to the front wall of the building is greater than seventy-five (75) feet, the Authority may require that the meter be set at or near the property line.

When a building is constructed so that its front coincides with the property line of a public street and when a meter cannot be set inside the building in a suitable location approved by the Authority, the meter will be set within the territorial limits of the public street and all expenses incurred by the Authority in connection with its proper housing shall be reimbursed to the Authority. The meter will be furnished and connected by the Authority without cost to the customer. Meter housings located in public streets will be maintained and, when necessary, replaced at the expense of the Authority.

- 4) In cases where the Authority, in its sole discretion, has determined a meter has been tampered with, a meter tampering fee will be assessed along with additional actual costs to replace Authority property damaged as a result of the tampering.

- See Misc. Fees & Other Charges

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4. All meters and meter connections shall at all times remain the sole property of the Authority and shall not be interfered with in any respect. All meters will be maintained by and at the expense of the Authority so far as ordinary wear and tear are concerned, but the customer will be held responsible for damages due to freezing, hot water, or other external causes. In case of damage, the Authority will repair the meter, if necessary, replacing it with another meter, and the cost shall be paid by the customer. The Authority recommends the customer install, at his expense, suitable equipment properly located to prevent backflow of hot water which may cause damage to the meter or other damage to the customer's plumbing.
5. The Authority reserves the right to remove and test any meter at any time and to substitute another meter in its place. In case of a disputed account involving the question as to the accuracy of the meter, such meter will be tested by the Authority upon the request of the customer for a fee, payable in advance of the test.* In the event that the meter so tested is found to have an error in registration to the prejudice of the customer in excess of four percent (4%) at any rate of flow within the normal test flow limits, the fee advanced for testing will be refunded, and prior water bills will be adjusted for over-registration in accordance with the method as outlined in the applicable Rules and Regulations of the Public Service Commission covering the testing of water meters.
6. Meters larger than two inches (2") in size shall be placed in specially designed settings at or near the property line and will be tested in place at frequent intervals. If the diameter of a meter be two inches (2") or more, no reduction in the size of the meter will be permitted for a period of two years. In addition, any customer having a meter larger than 2 inches (2") who changes to a smaller meter and then back to a larger meter within a period of one year will be billed for the entire period at the rate applicable to the larger meter.
7. When a customer requires a larger size meter because a fireline and domestic service are combined, the Authority will install a combined fire service and domestic type meter in lieu of a turbine type meter and strainer and the customer shall pay the difference in cost. The meter shall remain the property of the Authority, and the Authority shall be responsible for testing and maintaining the meter.

* See Misc. Fees & Other Charges

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 6

PAYMENT FOR WATER SERVICE

1. All bills are payable in accordance with the terms of the applicable service classification. For new services installed at any time during the billing period, the minimum charge and the amount of water allowed thereunder, will be prorated according to the number of days remaining to complete the billing period after the service has been made available.
2. Meters will be read quarterly or monthly, and customers will be billed quarterly or monthly, at the Authority's option.
3. The quantity recorded by the meter shall be considered the amount of water passing through the meter, which amount shall be conclusive on both the customer and the Authority, except when the meter has been found to be registering inaccurately, or has ceased to register. In such cases, the quantity may be determined by the average registration of the meter in a corresponding past period when in order, or by the average registration of the new meter, whichever method is representative, in the Authority's opinion, of the conditions existing during the period in question.
4. The customer shall notify the Authority, in writing, of any change in ownership. No rebate will be given for unoccupied premises unless notice of non-occupancy is given as required in Paragraph 6 hereunder.
5. All bills are due and payable net cash twelve working days from date of bill. In case any water bill or charges provided for in and by these rules shall not be paid as required following the rendering of the bill, the Authority or its agents may, after complying with the requirements of Law, discontinue water service to the customer and service will not be re-established until such unpaid charges, together with the charge for restoration of service as elsewhere provided herein (Section VII, Paragraph 2), are fully paid.
6. Any customer may discontinue water service by giving the Authority written notice not less than ten days prior to the discontinuance, and all liability for charges for service rendered after the discontinuance of service, as herein provided for shall cease. Upon discontinuance of service, the Authority will promptly refund to the customer the pro-rata amount of every advance payment for any service after said discontinuance, said refund to be based upon the relation of the period after the discontinuance of services to the entire period of which said advance payment was made after deducting the proper charge for any excess consumed to the date of discontinuance.

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RULES & REGULATIONS – SECTION 6

The above rules relative to discontinuance of service and refunds of advance payments do not apply to "Private Fire Protection", "Public Fire Protection", or water service to real estate developers or prospective owners of premises abutting on public streets when such service is the only one rendered to the customer requesting discontinuance of service.

- 7) Any customer in good standing (balance due less than 90 days old), who is called into active duty as a member of the U.S.A. Military Reserves may request a deferment of payment on water consumption use, surcharges, tapping fees and related bills for a one-year period from date of commencement of active duty. The customer must provide a letter from his/her employer indicating the employer is not supplementing the government's salary to the customer and a copy of his/her mobilization orders. The customer will be granted an additional one-year period to pay back the Authority. No late fees, interest fees, or related fees will be assessed during this two-year period provided the customer remains current during the payback period. The deferment and payback periods may be extended upon proof of continued active duty.

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 7

GENERAL RULES

1. Water service may be discontinued by the Authority for any one of the following reasons:
 - (a) For use of water other than as represented in customer's application, or through branch connections on the street side of the meter or place reserved therefor.
 - (b) For willful waste by use of water through improper and imperfect pipes, or by any other means.
 - (c) For molesting any service pipe, seal, meter, or any other appliance owned by the Authority.
 - (d) For nonpayment of bills for water or services rendered by the Authority in accordance with this tariff.
 - (e) For cross-connecting pipes carrying water supplied by the Authority with any other source of supply, or with any apparatus which may endanger the quality of the Authority's water supply and for non-compliance of Section VII (4) of the General Rules.
 - (f) For refusal of reasonable access to the property for the purpose of reading, repairing, testing, removing or replacing meters or inspecting water pipes and other fixtures. If after reasonable attempts to access an inside meter or other fixture, the Authority is denied access to the property, the Authority may install an outside meter vault on the customer's property, at the customer's expense, in accordance with the prevailing fee(s).
 - (g) For failure to comply with testing procedures as outlined in the New York State Sanitary Code 5-1.31.
 - (h) For violation of the rules of the Authority as filed with the Secretary.

Where two or more premises are now supplied with water through one service pipe, under the control of one curb stop, if any of the parties so supplied shall violate any of the above rules, the Authority reserves the right to apply its shut-off regulations to the joint service line, except that such action shall not be taken until the innocent customer, who is not in violation of the Authority's rules, has been given reasonable opportunity to attach the service pipe leading to his premises to a separately controlled service connection.

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*See Miscellaneous Fees & Other Charges

2. After a Final Notice has been sent to a customer for nonpayment and the account remains unpaid beyond the due date as specified on the customer's Final Notice, continuance of service will be subject to collection by an Authority representative for payment in full of the amount due, plus a charge* for the expense incurred by the Authority for such collection. If the customer refuses to pay this charge*, the charge will be added to the customer's account and billed with the customer's next regular billing. If the charge is not received at that time, service shall be discontinued.

When water service to any premises has been turned off upon the order of the customer, or for any of the above reasons, and service at any premises is again desired by the same customer, a charge will be made for the restoration of service during regular business hours and during other than regular business hours, provided that the discontinuance of service has not required the removal of the Authority's equipment from the customer's premises, but only the closing of the curb stop, or turning off the water elsewhere not involving any unusual expense. If, however, by the willful acts of the customer it becomes necessary to shut off or disconnect the service pipe at the Authority's main, the charge to the customer for restoration of service will be the actual cost incurred by the Authority incident to the disconnection and reconnection of the service pipe or a charge of the meter set fee as stated in paragraph 10*.

3. No person, except as specifically authorized by the Authority, shall take water from any fire hydrant under the Authority's jurisdiction for any use whatsoever, other than for fire purposes. The use of such fire hydrants for washing streets or flushing sewers is not permitted except upon specific authorization from the Authority, and for such uses the municipality or others will be billed at meter rates set forth in the rate schedule. If water is used from such fire hydrants without specific authorization by the Authority, the quantity so used will be estimated and the user will be billed at the meter rates set forth in the rate schedule and the user shall be subjected to prosecution under County Law 1-1984.
4. In compliance with the New York State Sanitary Code 5-1.31, the Authority requires complete containment of water on customers property by use of an approved backflow device to all commercial customers or where a potential hazard exists. **A potential hazard** shall be that as defined by the New York State Sanitary Code 5-1.31, and as further outlined in the Cross Connection Control policy statement of the Suffolk County Water Authority. Where an aesthetically objectionable hazard

*See Miscellaneous Fees & Other Charges

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exists, the Authority requires the installation of a double check valve. **Aesthetically objectionable hazard** is that as defined by the New York State Sanitary Code 5-1.31.

5. Upon receipt of an application for a new service or for the reinstatement of any existing service, the Authority will assume that the piping and fixtures which the service will supply are in proper order to receive same, and the Authority will not be liable in any event for any accident, breaks, or leakage arising in any connection with the supply of water or failure to supply same.
6. The Authority undertakes to use reasonable care and diligence to provide a constant supply of water at a reasonable pressure to customers, but reserves the right, at any time, without notice, to shut off the water in its mains for the purposes of making repairs or extensions, or for other purposes, and it is expressly agreed that the Authority shall not be liable for a deficiency or failure in the supply of water or the pressure thereof for any cause whatsoever, nor for any damage caused thereby, or by the bursting or breaking of any main or service pipe or any attachment to the Authority's property. All applicants having boilers upon their premises depending upon the pressure in the Authority's pipes to keep them supplied are cautioned against danger of collapse and all such damage shall be borne exclusively by the applicant.
7. Any customer excepting those excluded by Special Provision may have service discontinued by giving written notice to the Authority at least five days prior to the date of discontinuance and be entitled to a refund equal to the difference between the charges for excess water and any advance payments after pro-rating such payments to the expired and unexpired periods.
8. An initiation fee applies when there is a change in responsibility for water service billing. A credit is made for customers who qualify for social services.*

*See Miscellaneous Fees & Other Charges

9. The interest rate applicable to Construction Revenue Contracts and tapping fee installation payments shall be a variable interest rate adjusted annually and calculated on the Municipal Bond Index rate published at the beginning of each calendar year rounded to the next whole percentage point.

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10. Fire, Fire Protection, and/or similar districts may have one (1) hydrant removed per calendar year at no cost. All other removals shall be paid for by the district at the hydrant removal fee* in effect.
11. Professional services rendered to consulting engineers and other "for profit" entities shall be charged as indicated on the "Miscellaneous Fees & Other Charges" schedule.
12. If a customer requests a service call outside normal business hours, a service call fee* will apply. The Authority will allow one free service call for the investigation of a no water complaint due to a freeze-up per year. If the service call indicates that the problem is the responsibility of the Authority, there will be no charge.
13. The Authority requires the inspection of certain installations, such as service lines and backflow devices, prior to acceptance. There is no charge for the initial inspection. The customer, the installer, or their representative must be present and be able to provide inside access at the time of the inspection. If any additional inspections are required, an inspection fee* will apply for each reinspection. This fee must be paid before the reinspection.
14. A 60-day notification for **required** backflow prevention devices installed **due to hazardous conditions** will be mailed to the consumer. If the test is not performed within 60 days, the Authority will arrange testing by a certified New York State Tester. The cost of this test will be added to the water bill. Testing for devices two-inch and under will be billed at \$75, and devices over two-inch will be billed \$125.
15. If a customer requests the Authority to inspect their existing privately-owned hydrant(s), the Authority will assess a hydrant inspection fee at the time of inspection. If the customer subsequently contracts with the Authority to repair the hydrant(s) or permanently maintain the hydrant(s), the inspection fee will be applied to that cost.
16. The Authority may require, as a condition of service, that a monitoring well or wells be installed by a customer at approved locations(s) and that an approved monitoring program be implemented if the Authority determines the customer's use at the place of service poses a risk to Authority sources of water supply.
17. If requested by a private residential community, SCWA will consider a take-over of the ownership, operation and maintenance of the private distribution system that serves that community. Prior to entering into the take-over agreement, SCWA will assess the viability of that system to determine if there are any existing deficiencies. The deficiencies could include inadequate fire flows, shallow or under sized water

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main, below SCWA standard for physical condition of hydrants and main, and other such items. After the assessment, an estimate will be prepared of the costs to correct these deficiencies. This cost will be borne by the community.

In addition to the above cost, under the agreement, the community would be responsible for the one-time private system takeover fee*, the cost to install meters on all services, the retirement of the master meter vault, additional required backflow device installation cost and other costs related to SCWA's take-over of the private distribution system. All of these costs can be paid over time up to a period of 10 years in accordance with SCWA's Rules and Regulations.

18. The Authority is responsible for the review, inspection, and approval for reduced pressure zone (RPZ) devices. A fee for these services is found in the Miscellaneous Fees and Other Charges section.

SUFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 8

EXTENSION OF MAINS

1. Installation of Water Mains

A) General

Whenever the owner of property that is not adjacent to an Authority owned water main makes a written application for water service, the Authority will extend its water mains in accordance with the terms of the appropriate form of construction contract. The size of the water main will be determined by the Authority.

B) Private Streets

Applicants for service on a private street shall execute and deliver, without cost to the Authority, permanent easements or rights-of-way over the property owned by the applicants when necessary for the installation and maintenance of the extension or subsequent additions thereto. For private property or right-of-way not owned by the applicant, the Authority shall need an easement from the owner of that land. The Authority shall not be obligated to commence any construction until it has obtained satisfactory easements or rights-of-way. In order to expedite main extension, the Water Authority will accept certified check as collateral and allow the project to proceed. The certified check will be held until the easements are received. The following schedule shows the certified check amounts that will be required.

| <u>Certified Check</u> | <u>Project Amount</u> |
|------------------------|-----------------------|
| \$ 5,000.00 | Up to \$50,000 |
| \$10,000.00 | \$50,001 - \$100,000 |
| \$20,000.00 | \$100,001 – 200,000 |

Ten thousand dollar increments for every \$100,000 above \$200,000

C) Footage Requirement Measurement

Whenever under these rules the application for service requires the measurement of the distance between an existing main and the property of an applicant for service or extension of mains:

- 1) For a developed street, said measurement shall be made

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lengthwise along the centerline of any street where water main would have to be installed, beginning at the end of the Authority's existing main appropriate for the service to be provided and extending to that point along the centerline of the street where an assumed perpendicular line drawn from the center of the front line of such building intersects the centerline of such street. When the property is vacant, the water main will be extended to the centerline of that property.

- 2) For a street being developed according to the applicable municipal specifications at the time of the main extension, said measurement shall be made lengthwise along the centerline of any street where water main would have to be installed, beginning at the end of the Authority's existing main appropriate for the service to be provided and extending to the far property line of the applicant's property.
- 3) For a street where there can be no possible future extension of the water main, except for an Authority-sponsored tie-in, said measurement shall be made lengthwise along the centerline of any street where water main would have to be installed, beginning at the end of the Authority's existing main appropriate for the service to be provided and extending to a point ten feet inside the near property line of the applicant's property.

2. Seventy-five Foot Allowance

A) Existing Home

Whenever an owner of any property not adjacent to an Authority-owned water main makes a written application for service for the purpose of converting from a private water system to public supply, Authority will extend up to seventy-five feet of water main toward serving the property at its own cost and expense.

B) New Home

For a new home that will be occupied by the property owner, the Authority will cover the expense of seventy-five (75') feet of water main after a period of one (1) year from the date the water main goes into service, subject to the following conditions:

- 1) The owner provides the Authority with a deed in their name prior to

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execution of the construction contract.

- 2) After the one-year period, the owner will be required to provide the Authority with evidence of ownership of the home and that it is still his/her residence.

C) Exclusions

The Authority will not provide seventy-five (75') feet of water main in the following situations:

- 1) New home taking service from a water main that was installed under an existing Construction Revenue Contract.
- 2) For a new home that is part of a subdivision. A subdivision shall be defined as two or more homes being constructed by a builder on the same property or contiguous properties.
- 3) For a water main project that is being financed by an entity to provide public water to homeowners whose private wells face contamination attributed to that entity.
- 4) For any water main extension on Fire Island.
- 5) For any applicant within a Suffolk County Agricultural District that results in a conversion of agricultural lands to non-agricultural uses.

D) Additional Water Main

For any additional water main required, the Authority will extend its mains in accordance with the terms of the appropriate form of Construction Contract.

3. Standard Cost per Foot

The use of standard cost per foot* shall apply to residential water main extensions except under the following circumstances:

- A) Projects utilizing community development funds.
- B) Projects undertaken on behalf of entities, which caused or will cause contamination of the water supply.
- C) Projects applicable to commercial establishments and new construction of any type.
- D) Projects on Fire Island.

* See miscellaneous fees and other charges.

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RULES & REGULATIONS – SECTION 8

4. Cost Escalator

The Authority may, by Board resolution, designate special construction cost surcharge areas. Main installation for these areas may occur over extended periods of time under different authorizations. Any new authorization issued is subject to adjustment by any percentage (increase or decrease) which occurs to the Standard Cost per foot on main installations referred to in #3 above.

5. Main Extension Cost Estimates-Developers Only

A) A non-refundable cost estimate fee* will be charged for all developers requesting multiple estimates for main extensions on the same project. The initial estimate will be provided at no charge. If any subsequent requests for estimates are made for the same project, a non-refundable fee* will be charged per request.

B) If a developer makes a connection to a water main extension where the cost was paid by another developer, the developer making the connection will pay the Authority a proportionate share of the actual cost of the said main extension. When the Authority receives this share it shall reimburse the customer(s) of record.

The proportionate share will be determined by dividing the footage required for the proposed extension by footage of the original extension. This provides a percentage, up to a maximum of 50%, which is the proportionate share.

C) Potential Development Rule

Any development which takes water supply directly from a main that was installed as an Authority improvement is required to pay the surcharge established for that main installation for each lot in the development. This will apply to all lots whether or not they take water service directly from the improvement main or not. The charge is in addition to the cost for any water main installed in the development and is increased at the same time and same percentage rate as the standard cost per foot.

* See miscellaneous fees and other charges.

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6. Forty Percent Rule

- A) Whenever a minimum of forty percent (40%) of a group of residential owners (excludes commercial and developers) on any public or private street make written application for service and pay the appropriate fees for the purpose of converting from individual private water system to public supply and require a main extension, the Authority will provide the seventy-five-foot allowance for one hundred (100%) percent of such premises along the route of the proposed main extension provided: (1) the end point premises is a residential dwelling and (2) the main extension primarily serves residential dwellings.

Reimbursable Contracts- To comply with the forty percent (40%) rule, one or more of the possible participants may agree to pay the additional applicable fees needed to reach forty percent (40%). It is further stipulated they are to be reimbursed for up to two years, the amount the Authority receives from other premise owners for the respective water main extension up to the additional fees advanced.

- B) An advantage footage fee* will be imposed for those property owners for whom an advance footage allowance was provided and did not take service within one (1) year from the in-service date of the water main.

* See miscellaneous fees and other charges.

- C) Commercial and/or non-residential property owners are excluded from participating in the 40% rule.
- D) Developers are excluded from participating in the 40% rule.

7. Construction Revenue Contracts

- A) In the event any new customer makes an application for service along the main extension subject to a surcharge imposed pursuant to a Construction Revenue Contract (hereinafter call "CRC"), it shall be a condition to providing service to the premises that the Applicant shall be

SUFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 8

responsible for a ratable portion of the balance due on the CRC. However, the Applicant shall have the option of paying the ratable portion of the balance due on the portion of the balance due on the surcharge account, as of the date of the application, or continue to pay the surcharge due under the CRC. In no event will the new customer be responsible for the surcharge billings made prior to the date of the application.

- B) The Authority shall give any new customer who wants to make application along the main extension for service subject to a CRC surcharge written notice that they shall be responsible for a ratable portion of the surcharge imposed on the premises pursuant to the CRC from the date of the application.
- C) The term “new customer”, as used herein, shall include any customer who requests service at any property location along the main extension, which is the subject of the CRC.
- D) The term “Construction Revenue Contracts”, as used herein, shall include all Authority contracts that impose a surcharge for connection to a particular section of water main.

8. Maintenance and Replacement

- A) The Authority will be responsible for the maintenance and replacement of all Authority-owned mains located within a public or private street, used to supply water to its customers; and if adequate service requires the reconstruction or replacement of such mains, said mains will be reconstructed or replaced by the Authority at its expense. However, replacement or reconstruction of mains less than two (2”) inches in diameter in excess of fifty (50’) feet in length, heretofore installed and privately owned, shall be made in accordance with the terms of the appropriate Construction Contract.
- B) When a water main extension is going to take place on private property and there is a responsible entity to pay for the water service:
 - 1) The property owner has the option of installing a master meter and installing and maintaining the water distribution system on that property. If master meter is installed, sub-metering is not

SUFOLK COUNTY WATER AUTHORITY
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permitted.

- 2) The owner shall also have the option of having the Water Authority install, operate and maintain the water distribution system including individual meters. In addition to the standard water main extension charges there shall be a one-time maintenance fee paid to the Authority. This maintenance fee shall be calculated to establish a fund that would provide the annual maintenance cost for the water main.
- 3) When there is a benefit from the water main installation on private property to the Authority's distribution system, no maintenance fee will be charged for the portion of the distribution system that offers the benefit.

9. Delay

The Authority shall not be compelled to proceed with the installation of mains under this Section when circumstances beyond the control of the Authority

prohibit such construction. Said circumstances include but shall not be limited to delays in delivery of materials, weather conditions, frost in the ground, strikes, acts of God, etc.

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RULES & REGULATIONS – SECTION 9

EXTENSION OF TRANSMISSION MAINS FOR DEVELOPERS

1. Extensions Exceeding 2,500 Feet

Rules and regulations relating to main extensions, for Real Estate Developers in public or private streets, for which a transmission main exceeding twenty-five hundred (2,500) feet in length is required to serve said development.

The Authority will install, at the expense of the Real Estate Developer, the size water main required in the opinion of the Authority Engineer in accordance with the terms of its standard Construction Loan Contract.

The Authority may elect to install a larger diameter transmission main in lieu of the size water main contracted for by the Developer and will defray the difference in cost between this main and the larger main.

The Authority will also enter into a Supplemental Contract to pay to the Developer (who contracts for the transmission main) refunds for customers served indirectly by said transmission main within a delimited area beginning at a point not less than twenty-five hundred (2,500) feet from the end of the existing water main to which the transmission main is connected, said delimited area described as follows:

- (a) The area shall be in the form of a rectangle.
- (b) The axis of the rectangle shall be equal in length to twice the distance of the extended transmission main (beyond 2,500 feet) but in no case shall exceed a distance of 2,000 feet beyond the end of the transmission main.
- (c) The distance from the axis of the rectangle to each side of same shall be equal to the length of the extended transmission (beyond 2,500 feet from the existing main) but in no case shall exceed 2,000 feet.
- (d) The Supplemental Contract hereinabove described shall include as a part thereof a plan, drawn to scale, depicting the delimited area.

The Authority will refund to the Developer who contracts for said transmission main the sum of fifty dollars (\$50.00) for each customer who takes service by indirect connection from the transmission main, provided the premises of said customer is situated within the delimited area described above and that said premises does not abut on said transmission main. Refunds will be made within 90 days of the end of each calendar year following the date of the Supplemental Contract, but on and after five years from the date of the Supplemental Contract all refunds shall cease.

SUFFOLK COUNTY WATER AUTHORITY
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The total amount to be repaid or refunded to the Developer for indirect service connections as described above shall not exceed the total cost of the extended transmission main.

The purpose of these rules is to enable a Developer, who advances to the Authority the cost of a long transmission main, an opportunity to recapture a portion of the funds advanced. Due to the complex problems involved in providing service to such Developer, each contract will have to be specifically drafted after consideration is given to all the essential facts.

2. Extensions Exceeding 5,000 Feet

Rules and regulations relating to main extensions, for Real Estate Developers in public or private streets, for which a transmission main exceeding five thousand (5,000) feet in length is required to serve said development.

The Authority will install, at partial expense of the Real Estate Developer, that size water main required in the opinion of the Authority Engineer in accordance with the terms of its standard Construction Loan Contract. The contribution by the developer will be predicated upon the cost of an approved Health Department water supply and the Authority contribution will be based upon the number of existing houses served by private wells along the route of the pipeline.

The Authority may elect to install a larger diameter transmission main in lieu of the size water main contracted for by the developer and will defray the difference in cost between this main and the larger main.

There will be a surcharge for all new applications for water service to supply residential and/or commercial buildings, providing that these buildings or premises are not supplied water by a private well at the time the application is made.

The surcharge will be charged to future customers served directly or indirectly by said transmission main within a delimited area beginning at the starting point of the new water main. Said delimited area is described as follows:

- (a) The area shall be in the form of a rectangle.
- (b) The axis of the rectangle shall be equal in length to the distance of the extended transmission main, and in no case shall exceed a distance beyond the end of the extended transmission main.

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RULES & REGULATIONS – SECTION 9

- (c) The distance from the axis of the rectangle to each side of same shall be equal to the length of the extended transmission (beyond 5,000 feet from the existing main) but in no case shall exceed 2,000 feet.

The surcharge will be \$1,000 for each single premises and payable at the time the application for water is made for each premises (defined in Section 2, Paragraph 3). Applicants for water service to supply multiple dwellings will pay a surcharge of \$1,000 for each individual dwelling unit or the cost that the developer would normally pay for an approved Health Department water supply, whichever is less.

These surcharges will be in effect for a period not to exceed ten years from the date the contract was executed with the developer. All surcharges shall cease and be at an end after this ten-year period.

The purpose of these rules is for the public health and welfare of the residents of Suffolk County, to extend its water mains into areas not previously supplied by public water, to enable new residents to be supplied with public water, and to eliminate the formation of small, private water companies within Suffolk County which have limited fire protection and supplies. Due to the complex problems involved in providing service, each contract will have to be specifically drafted after consideration is given to all the essential facts.

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 10

SERVICE CLASSIFICATION NO. 1
GENERAL SERVICE - QUARTERLY

Availability

Service under this rate schedule is available to any customer other than large volume customers within the Authority's service area.

Applicability

Any regular metered purpose.

Rate

- A. **Service Availability Charge** per bill rendered: \$24.27 per quarter.

The purpose of this charge is to help defray the cost of meter reading, Maintenance, billing, postage, accounting and customer service operations.

- B. **Commodity Charge**

All cubic feet consumed per quarter @ 1.46 per hundred cubic feet.
(\$1.95 per thousand gallons)

Minimum Bill

The minimum quarterly bill for service hereunder shall be:

| <u>Size of Meter</u> | <u>Minimum Consumption</u> | <u>Minimum Bill</u> |
|----------------------|----------------------------|---------------------|
| 5/8" | - | \$ 24.27 |
| 3/4" | 300 cubic feet | 28.65 |
| 1" | 600 cubic feet | 33.03 |
| 1½" | 1,500 cubic feet | 46.17 |
| 2" | 2,100 cubic feet | 54.93 |
| 3" | 4,500 cubic feet | 89.97 |
| 4" | 8,400 cubic feet | 146.91 |
| 6" | 17,400 cubic feet | 278.31 |
| 8" | 33,000 cubic feet | 506.07 |
| 10" | 62,400 cubic feet | 935.31 |
| 12" | 117,900 cubic feet | 1,745.61 |

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 10

SERVICE CLASSIFICATION NO.1
GENERAL SERVICE - QUARTERLY

Billing

The minimum bill hereunder shall be billed to the customer in advance and any excess consumption shall be billed in arrears.

Terms of Payment

Bills are rendered net and are payable upon presentation, in accordance with Section 7 (General Rules) of the Rules and Regulations.

Terms and Conditions

Service hereunder is subject to the Rules and Regulations of the Authority contained in the General Information section.

Where consumption is measured in gallons, the conversion factor will be 7.48 gallons per cubic foot for billing volumes.

Minimum Charge

Customers shall be obliged to pay no less than the quarterly minimum during their period of service.

Rates effective April 1, 2018 per board resolution number 104-03-2018

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SERVICE CLASSIFICATION NO. 1
GENERAL SERVICE - QUARTERLY
SHOREWOOD SERVICE AREA

Availability

Service under this rate schedule is available to any customer other than large volume customers within the Shorewood service area.

Applicability

Any regular metered purpose.

Rate

A. Service Availability Charge per bill rendered: \$24.27 per quarter.

The purpose of this charge is to help defray the cost of meter reading, maintenance, billing, postage, accounting and customer service operations.

B. Commodity Charge

All cubic feet consumed per quarter @ \$1.46 per hundred cubic feet. (\$1.95 per thousand gallons.)

Minimum Bill

The minimum quarterly bill for service hereunder shall be:

| <u>Size of Meter</u> | <u>Minimum Consumption</u> | <u>Minimum Bill</u> |
|----------------------|----------------------------|---------------------|
| 5/8" | - | \$ 24.27 |
| 3/4" | 300 cubic feet | 28.65 |
| 1" | 600 cubic feet | 33.03 |
| 1½" | 1,500 cubic feet | 46.17 |
| 2" | 2,100 cubic feet | 54.93 |
| 3" | 4,500 cubic feet | 89.97 |
| 4" | 8,400 cubic feet | 146.91 |
| 6" | 17,400 cubic feet | 278.31 |
| 8" | 33,000 cubic feet | 506.07 |

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 10

SERVICE CLASSIFICATION NO.1
GENERAL SERVICE - QUARTERLY
SHOREWOOD SERVICE AREA

Billing

The minimum bill hereunder and any excess consumption shall be billed in arrears.

Terms of Payment

Bills are rendered net and are payable upon presentation, in accordance with Section 7 (General Rules) of the Rules and Regulations.

Terms and Conditions

Service hereunder is subject to the Rules and Regulations of the Authority contained in the General Information section.

Where consumption is measured in gallons, the conversion factor will be 7.48 gallons per cubic foot for billing volumes.

Minimum Charge

Customers shall be obliged to pay no less than the quarterly minimum during their period of service.

Rates effective April 1, 2018 per board resolution 104-03-2018

SUFFOLK COUNTY WATER AUTHORITY
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SERVICE CLASSIFICATION NO. 1
GENERAL SERVICE - QUARTERLY
BRIDGEHAMPTON/SURFSIDE

Availability

Service under this rate schedule is available to any customer other than large volume customers within the Bridgehampton/Surfside service area.

Applicability

Any regular metered purpose.

Rate

- A. Service Availability Charge per bill rendered: \$24.27 per quarter

The purpose of this charge is to help defray the cost of meter reading, maintenance, billing, postage, accounting and customer service operations

- B. Commodity Charge

All cubic feet consumed per quarter @ \$1.46 per hundred cubic feet
(\$1.95 per thousand gallons.)

Minimum Bill

The minimum quarterly bill for service hereunder shall be:

| <u>Size of Meter</u> | <u>Minimum Consumption</u> | <u>Minimum Bill</u> |
|----------------------|----------------------------|---------------------|
| 5/8" | 0 cubic feet | \$ 24.27 |
| 3/4" | 300 cubic feet | 28.65 |
| 1" | 600 cubic feet | 33.03 |
| 1½" | 1,500 cubic feet | 46.17 |
| 2" | 2,100 cubic feet | 54.93 |
| 3" | 4,500 cubic feet | 89.97 |
| 4" | 8,400 cubic feet | 146.91 |
| 6" | 17,400 cubic feet | 278.31 |

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 10

SERVICE CLASSIFICATION NO.1
GENERAL SERVICE - QUARTERLY
BRIDGEHAMPTON/SURFSIDE

Billing

The minimum bill hereunder shall be billed to the customer in advance and any excess consumption shall be billed in arrears.

Terms of Payment

Bills are rendered net and are payable upon presentation, in accordance with Section 7 (General Rules) of the Rules and Regulations.

Terms and Conditions

Service hereunder is subject to the Rules and Regulations of the Authority contained in the General Information section.

Where consumption is measured in gallons, the conversion factor will be 7.48 gallons per cubic foot for billing volumes.

Minimum Charge

Customers shall be obliged to pay no less than the quarterly minimum during their period of service.

Rates effective April 1, 2018 per board resolution number 104-03-2018

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SERVICE CLASSIFICATION No. 1
GENERAL SERVICE - QUARTERLY
DAVIS PARK, FIRE ISLAND SERVICE AREA

Availability

Service under this rate schedule is available to the Casino Restaurant, Town of Brookhaven (Marina Docks and Restrooms), Town of Brookhaven (Marina Baths), the Harbor Store and Tel Enterprises Corp. (motel) and Fire Island National Seashore.

Rate

A. Commodity Charge

All gallons consumed per quarter @ \$4.76 per thousand gallons.
(\$3.5625 per hundred cubic feet)

B. Surcharge

Annual surcharges for 25 years starting 1999 and ending 2023 as follows:

- (1) \$163 for installation of new underground distribution system.
- (2) \$17.00 for "winterization" of distribution system.

Minimum Bill

The minimum quarterly bill for service hereunder shall be:

| <u>Size of Meter</u> | <u>Minimum Consumption</u> | <u>Minimum Bill</u> |
|----------------------|----------------------------|---------------------|
| 5/8" | 9,000 gal. | \$ 42.75 |
| 3/4" | 12,000 gal. | 57.00 |
| 1" | 21,000 gal. | 99.75 |
| 1½" | 39,000 gal. | 185.25 |
| 2" | 63,000 gal. | 299.25 |
| 3" | 135,000 gal | 641.25 |
| 4" | 252,000 gal | 1,197.00 |
| 6" | 522,000 gal | 2,479.50 |

SUFFOLK COUNTY WATER AUTHORITY
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SERVICE CLASSIFICATION No. 1
GENERAL SERVICE - QUARTERLY
DAVIS PARK, FIRE ISLAND SERVICE AREA

Billing

The minimum bill hereunder and any excess consumption shall be billed in arrears. Meters will be read on or about July 15 and November 1.

Terms and Conditions

Service hereunder is subject to the Rules and Regulations of the Authority contained in the General Information section.

Seasonal service covers the period from approximately April 15 to November 1. The seasonal period is subject to the limits imposed by the possibility of freezing. The Authority reserves the right to determine this hazard and adjust the dates for service to start and discontinue accordingly.

(Adopted 10/27/98)

(Revised 1/27/2003)

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 10

SERVICE CLASSIFICATION No. 1
GENERAL SERVICE - QUARTERLY
POINT O'WOODS SERVICE AREA

Availability

Service under this rate schedule is available to any residential customer within the Authority's Point O'Woods service area.

Applicability

Point O'Woods Association

Rate

- A. **Service Availability Charge** - Annual Charge of \$203 per service to be billed in January
- B. **Commodity Charge** - All gallons consumed at \$2.03 per hundred cubic feet (\$2.72) per thousand gallons). Consumption billed in July and October.
- C. **Surcharge** - Quarterly surcharge of \$2,130.76 for 25 years (beginning July 1997 thru June 2022) based on acquisition debt.
Quarterly surcharge of \$676.52 for 25 years (April 1998 thru March 2023) to cover the cost of winterizing the water system.

A and B above are billed to the Point O'Woods Association from the individual contract accounts. C is billed under the contract to the Association.

Billing

The minimum bill hereunder shall be billed to the customer in advance and any consumption shall be billed in arrears.

Terms and Conditions

Service hereunder is subject to the Rules and Regulations of the Authority contained in the General Information section.

Where consumption is measured in gallons, the conversion factor will be 7.48 gallons per cubic foot for billing volumes

Effective April 1, 2018 per Board Resolution No. 104-03-2018

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RULES & REGULATIONS – SECTION 10

SERVICE CLASSIFICATION NO. 1
GENERAL SERVICES – QUARTERLY
GREENPORT SERVICE AREA

Availability

Service under this rate schedule is available to any customer other than large volume customers within the Authority's Greenport service area.

Applicability

Any regular metered purpose.

Rate

A. Service Availability Charge per bill rendered: \$24.27 per quarter.

The purpose of this charge is to help defray the cost of meter reading, maintenance, billing, postage, accounting and customer service operations

B. Commodity Charge

All cubic feet consumed per quarter @ \$1.46 per hundred cubic feet.
(\$1.95 per thousand gallons.)

Minimum Bill

| <u>Size of Meter</u> | <u>Minimum Consumption</u> | <u>Minimum Bill</u> |
|----------------------|----------------------------|---------------------|
| 5/8" | - | \$ 24.27 |
| 3/4" | 300 cubic feet | 28.65 |
| 1" | 600 cubic feet | 33.03 |
| 1½" | 1,500 cubic feet | 46.17 |
| 2" | 2,100 cubic feet | 54.93 |
| 3" | 4,500 cubic feet | 89.97 |
| 4" | 8,400 cubic feet | 146.91 |
| 6" | 17,400 cubic feet | 278.31 |
| 8" | 33,000 cubic feet | 506.07 |

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 10

SERVICE CLASSIFICATION NO. 1
GENERSERVICE – QUARTERLY
GREENPORT SERVICE AREA

Billing

The minimum bill hereunder shall be billed to the customer in advance and any excess consumption shall be billed in arrears.

Terms of Payment

Bills are rendered net and are payable upon presentation, in accordance with Section 7 (General Rules) of the Rules and Regulations.

Terms and Conditions

Service hereunder is subject to the Rules and Regulations of the Authority contained in the General Information Section.

Where consumption is measured in gallons, the conversion factor will be 7.48 gallons per cubic foot for billing volumes.

Minimum Charge

Customers shall be obliged to pay no less than the quarterly minimum during their period of service.

Rates effective April 1, 2018 per Board Resolution No. 104-03-2018

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SERVICE CLASSIFICATION NO. 1
POND WOODS SERVICE AREA – QUARTERLY

Availability

Service under this rate schedule is available to any customer within the Authority's Pond Woods service area.

Applicability

Any regular metered purpose.

Rate

- A. **Service Availability Charge** per bill rendered: \$24.27 per quarter

The purpose of this charge is to help defray the cost of meter reading, maintenance, billing, postage, accounting and customer service operations.

- B. **Commodity Charge**

All cubic feet consumed per quarter @ \$1.46 per hundred cubic feet.
(\$1.95 per thousand gallons)

- C. **Surcharge**

One-time payment of \$9,229 is due at time of connection to Suffolk County Water Authority; or in lieu of full payment, \$279.85 to be paid to Suffolk County Water Authority in 40 quarterly installments, which includes interest. This amount shall be adjusted if connections serving more than 21 residential premises are made to the Suffolk County Water Authority system in the Pond Woods Service Area. Adjustments will be made to existing accounts from the date the new connections are made and shall not be applied retroactively.

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 10

POND WOODS SERVICE AREA - QUARTERLY

Minimum Bill

The minimum quarterly bill for service shall be:

| <u>Size of Meter</u> <u>Inches</u> | <u>Minimum Consumption</u> <u>Cubic Feet</u> | <u>Minimum Bill</u> |
|---------------------------------------|---|---------------------|
| 5/8 | -- | \$ 24.27 |
| 3/4 | 300 | 28.65 |
| 1 | 600 | 33.03 |
| 1½ | 1,500 | 46.17 |
| 2 | 2,100 | 54.93 |
| 3 | 4,500 | 89.97 |
| 4 | 8,400 | 146.91 |
| 6 | 17,400 | 278.31 |
| 8 | 33,000 | 506.07 |

Billing

The minimum bill hereunder shall be billed to the customer in advance and any excess consumption shall be billed in arrears.

Terms of Payment

Bills are rendered net and are payable upon presentation, in accordance with Section 7 (General Rules) of the Rules and Regulations.

Terms and Conditions

Service is subject to the Rules and Regulations of the Authority contained in the General Information section.

Where consumption is measured in gallons, the conversion factor will be 7.48 gallons per cubic for billing volumes.

Minimum Charge

Customers shall be obliged to pay no less than the quarterly minimum during their period of service.

Rates effective April 1, 2018 per Board Resolution 104-03-2018

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SERVICE CLASSIFICATION NO. 1A
GENERAL SERVICE - MONTHLY

Availability

Service under this rate schedule is available to any large volume customer within the Authority's service area.

Applicability

Any regular metered purpose.

Rate

A. Service Availability Charge per bill rendered: \$8.09 per month.

The purpose of this charge is to help defray the cost of meter reading, Maintenance, billing, postage, accounting and customer service operations.

B. Commodity Charge

All cubic feet consumed per month @ 1.46 per hundred cubic feet.
\$1.95 per thousand gallons)

Minimum Bill

The minimum monthly bill for service hereunder shall be:

| <u>Size of Meter</u> | <u>Minimum Consumption</u> | <u>Minimum Bill</u> |
|----------------------|----------------------------|---------------------|
| 5/8" | - | \$ 8.09 |
| 3/4" | 100 cubic feet | 9.55 |
| 1" | 200 cubic feet | 11.01 |
| 1½" | 500 cubic feet | 15.39 |
| 2" | 700 cubic feet | 18.31 |
| 3" | 1,500 cubic feet | 29.99 |
| 4" | 2,800 cubic feet | 48.97 |
| 6" | 5,800 cubic feet | 92.77 |
| 8" | 11,000 cubic feet | 168.69 |
| 10" | 20,800 cubic feet | 311.77 |
| 12" | 39,300 cubic feet | 581.87 |

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 11

SERVICE CLASSIFICATION NO. 1A
GENERAL SERVICE - MONTHLY

Billing

The minimum bill hereunder shall be billed to the customer in advance and any excess consumption shall be billed in arrears.

Terms of Payment

Bills are rendered net and are payable upon presentation, in accordance with Section VII of the General Rules.

Terms and Conditions

Service hereunder is subject to the rules and regulations of the Authority contained in the General Information section.

Where consumption is measured in gallons, the conversion factor will be 7.48 gallons per cubic foot for billing volumes.

Minimum Charge

Customers shall be obliged to pay no less than three times the monthly minimum bill during their period of service.

Rates effective April 1, 2018 per Board Resolution Number 104-03-2018

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 11

SERVICE CLASSIFICATION NO. 1A
GENERAL SERVICE - MONTHLY
BRIDGEHAMPTON/SURFSIDE

Availability

Service under this rate schedule is available to any customer within the Authority's Bridgehampton and Surfside service area.

Applicability

Any regular metered purpose.

Rate

- A. Service Availability Charge per bill rendered: \$8.09 per month

The purpose of this charge is to help defray the cost of meter reading, maintenance, billing, postage, accounting and customer service operations.

- B. Commodity Charge

All cubic feet consumed per quarter @ \$1.46 per hundred cubic feet (\$1.95 per thousand gallons).

Minimum Bill

The minimum monthly bill for service hereunder shall be:

| <u>Size of Meter</u> | <u>Minimum Consumption</u> | <u>Minimum Bill</u> |
|----------------------|----------------------------|---------------------|
| 5/8" | -0- | \$ 8.09 |
| 3/4" | 100 cubic feet | 9.55 |
| 1" | 200 cubic feet | 11.01 |
| 1½" | 500 cubic feet | 15.39 |
| 2" | 700 cubic feet | 18.31 |
| 3" | 1,500 cubic feet | 29.99 |
| 4" | 2,800 cubic feet | 48.97 |
| 6" | 5,800 cubic feet | 92.77 |

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 11

SERVICE CLASSIFICATION NO.1A
GENERAL SERVICE - MONTHLY
BRIDGEHAMPTON/SURFSIDE

Billing

The minimum bill shall be billed to the customer in advance hereunder and any excess consumption shall be billed in arrears.

Terms of Payment

Bills are rendered net and are payable upon presentation, in accordance with Section VII of the General Rules.

Terms and Conditions

Service hereunder is subject to the rules and regulations of the Authority contained in the General Information section.

Where consumption is measured in gallons, the conversion factor will be 7.48 gallons per cubic foot for billing volumes.

Minimum Charge

Customers shall be obliged to no less than three times the monthly minimum bill during their period of service.

Rates effective April 1, 2018 per board resolution number 104-03-2018

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 11

SERVICE CLASSIFICATION NO. 1A
GENERAL SERVICE - MONTHLY
SHOREWOOD SERVICE AREA

Availability

Service under this rate schedule is available to any customer other than large volume customers within the Shorewood service area.

Applicability

Any regular metered purpose.

Rate

A. Service Availability Charge per bill rendered: \$8.09 per month.

The purpose of this charge is to help defray the cost of meter reading, maintenance, billing, postage, accounting and customer service operations.

B. Commodity Charge

All cubic feet consumed per month @ \$1.46 per hundred cubic feet. (\$1.95 per thousand gallons.)

Minimum Bill

The minimum monthly bill for service hereunder shall be:

| <u>Size of Meter</u> | <u>Minimum Consumption</u> | <u>Minimum Bill</u> |
|----------------------|----------------------------|---------------------|
| 5/8" | - | \$ 8.09 |
| 3/4" | 100 cubic feet | 9.55 |
| 1" | 200 cubic feet | 11.01 |
| 1½" | 500 cubic feet | 15.39 |
| 2" | 700 cubic feet | 18.31 |
| 3" | 1,500 cubic feet | 29.99 |
| 4" | 2,800 cubic feet | 48.97 |
| 6" | 5,800 cubic feet | 92.77 |
| 8" | 11,000 cubic feet | 168.69 |

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 11

SERVICE CLASSIFICATION NO.1A
GENERAL SERVICE - MONTHLY
SHOREWOOD SERVICE AREA

Billing

The minimum bill hereunder and any excess consumption shall be billed in arrears.

Terms of Payment

Bills are rendered net and are payable upon presentation, in accordance with Section VII of the General Rules.

Terms and Conditions

Service hereunder is subject to the rules and regulations of the Authority contained in the General Information section.

Where consumption is measured in gallons, the conversion factor will be 7.48 gallons per cubic foot for billing volumes.

Minimum Charge

Customers shall be obliged to pay no less than three times the monthly minimum bill during their period of service.

Rates effective April 1, 2017 per Board Resolution No. 104-03-2018

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 11

SERVICE CLASSIFICATION NO. 1A
GENERAL SERVICE - MONTHLY
GREENPORT SERVICE AREA

Availability

Service under this rate schedule is available to any large volume customer within the Authority's Greenport service area.

Applicability

Any regular metered purpose.

Rate

A. Service Availability Charge per bill rendered: \$8.09 per month.

The purpose of this charge is to help defray the cost of meter reading, maintenance, billing, postage, accounting and customer service operations.

B. Commodity Charge

All cubic feet consumed per month @ \$1.46 per hundred cubic feet. (\$1.95 per thousand gallons.)

Minimum Bill

The minimum monthly bill for service hereunder shall be:

| <u>Size of Meter</u> | <u>Minimum Consumption</u> | <u>Minimum Bill</u> |
|----------------------|----------------------------|---------------------|
| 5/8" | - | \$ 8.09 |
| 3/4" | 100 cubic feet | 9.55 |
| 1" | 200 cubic feet | 11.01 |
| 1½" | 500 cubic feet | 15.39 |
| 2" | 700 cubic feet | 18.31 |
| 3" | 1,500 cubic feet | 29.99 |
| 4" | 2,800 cubic feet | 48.97 |
| 6" | 5,800 cubic feet | 92.77 |
| 8" | 11,000 cubic feet | 168.69 |

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 11

SERVICE CLASSIFICATION NO. 1A
GENERAL SERVICE - MONTHLY
GREENPORT SERVICE AREA

Billing

The minimum bill hereunder shall be billed to the customer in advance and any excess consumption shall be billed in arrears.

Terms of Payment

Bills are rendered net and are payable upon presentation, in accordance with Section VII of the General Rules.

Terms and Conditions

Service hereunder is subject to the rules and regulations of the Authority contained in the General Information section.

Where consumption is measured in gallons, the conversion factor will be 7.48 gallons per cubic foot for billing volumes.

Minimum Charge

Customers shall be obliged to pay no less than three times the monthly minimum bill during their period of service.

Rates effective April 1, 2018 per Board Resolution No. 104-03-2018

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 12

SERVICE CLASSIFICATION NO. 1B
SPECIAL SERVICE-WATER DISTRICTS

Availability

Service under this rate schedule is available to water districts within the Authority's service area.

Applicability

Any regular metered purpose.

Rate

\$1,450 per one million gallons.

Minimum Bill

The minimum annual bill for service hereunder shall be \$84,100.

Billing

Bills for water consumed shall be billed monthly, subject to adjustment to the annual minimum charge at the end of each 12 month period, commencing from the first day of the billing period during the month in which service is first rendered under this classification.

Terms of Payment

Bills are rendered net and are payable upon presentation.

Terms and Conditions

Service hereunder is subject to the rules and regulations of the Authority contained in the General Information section.

Effective: January 1, 2014

| | |
|----------------------------|-----------------|
| * St. James Water District | (Per Contract*) |
| * Smithtown Water District | (Per Contract*) |
| * Village of Greenport | (Per Contract*) |

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 13

SERVICE CLASSIFICATION 1C
STANDBY SERVICE - PRIVATE WATER COMPANY

Availability

Service under this rate schedule is available to any private water utility customer interconnected with the Authority's service facilities, provided adequate capacity is available. The customer must pay in advance for the costs of any facilities needed to interconnect with the Authority.

Applicability

Any metered purpose.

Rate

A monthly service charge and commodity charge as follows:

A. Service Charge

\$5.40 per gallon per minute (gpm) of delivery capability, as determined by the Authority, but not less than 500 gpm.

B. Commodity Charge

\$802.00 per million gallons of use, as modified by the minimum bill provisions, if applicable.

Minimum Bill

The monthly minimum bill shall be the Service Charge or, in any month during which water is taken, a commodity charge of not less than 15 days use of the delivery capability (gpm), whichever is greater.

Terms of Payment

Bills are rendered net and are payable upon presentation.

Terms and Conditions

Service hereunder is subject to the rules and regulations of the Authority contained in the General Information section.

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 14

SERVICE CLASSIFICATION NO. 1D
GENERAL SERVICE – METERED RESIDENTIAL
KISMET, FIRE ISLAND SERVICE AREA

Availability

Service under this rate schedule is available to any residential customer with metered service within the Authority's Kismet, Fire Island service area.

Rate

- A. Service Availability Charge
Annual charge of \$203.00 to be billed in January of each year.
- B. Commodity Charge
All gallons consumed @ \$2.72 per thousand gallons (2.03 per hundred cubic feet).
- C. Surcharge
Annual charge of \$95 for 20 years (from 2008 thru 2027) for the purpose of winterizing the water system.

Billing

Meters will be read on or about July 1 and October 1.

Terms and Conditions

Service hereunder is subject to the Rules and Regulations of the Authority contained in the General Information section.

Effective April 1, 2018 per board resolution number 104-03-2018

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 14

SERVICE CLASSIFICATION No. 1D
GENERAL SERVICE - ANNUAL
DAVIS PARK, FIRE ISLAND SERVICE AREA

Availability

Service under this rate schedule is available to any residential customer within the Authority's Davis Park, Fire Island service area.

Rate

- A. Service Availability Charge
Annual charge of \$203.00 billed in January of each year.
- B. Commodity Charge
All gallons consumed @ \$2.72 per thousand gallons (2.03 per hundred cubic feet).
Consumption billed in July and October of each year.
- C. Surcharge
Annual charge of \$163 for 25 years (from 1999 thru 2023) for the purpose of replacing distribution system. Annual charge of \$17 for 25 years to cover the cost of winterizing the water system

Billing

Meters will be read on or about July 1 and October 1.

Terms and Conditions

Service hereunder is subject to the rules and regulations of the Authority contained in the General Information section.

Rates Effective April 1, 2018 per board resolution number 104-03-2018

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 14

SERVICE CLASSIFICATION No. 1D
GENERAL SERVICE - ANNUAL RESIDENTIAL
SUMMER CLUB, FIRE ISLAND SERVICE AREA

Availability

Service under this rate schedule is available to any residential customer within the Authority's Summer Club, Fire Island service area.

Rate

- A. Service Availability Charge
Annual charge of \$203.00 billed in January of each year.
- B. Commodity Charge
All gallons consumed @ \$2.72 per thousand gallons (2.03 per hundred cubic feet).
Consumption billed in July and October of each year.
- C. Surcharge
\$93.46 for 20 years (April, 2003 thru April, 2022) for winterization of water system.

Billing

Meters will be read on or about July 1 and October 1.

Terms and Conditions

Service hereunder is subject to the rules and regulations of the Authority contained in the General Information section.

Rates effective April 1, 2018 per board resolution number 104-03-2018

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 14

SERVICE CLASSIFICATION No. 1D
GENERAL SERVICE - ANNUAL RESIDENTIAL
LONELYVILLE, FIRE ISLAND SERVICE AREA

Availability

Service under this rate schedule is available to any residential customer within the Authority's Lonelyville, Fire Island service area.

Rate

- A. Service Availability Charge
Annual charge of \$203.00 billed in January of each year.
- B. Commodity Charge
All gallons consumed @ \$2.72 per thousand gallons (2.03 per hundred cubic feet).
Consumption billed in July and October of each year.

Billing

Meters will be read on or about July 1 and October 1.

Terms and Conditions

Service hereunder is subject to the rules and regulations of the Authority contained in the General Information section.

Rates Effective April 1, 2018 per board resolution number 104-03-2018

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 14

SERVICE CLASSIFICATION No. 1D
GENERAL SERVICE - ANNUAL RESIDENTIAL
BROWN'S HILLS ESTATES SERVICE AREA

Availability

Service under this rate schedule is available to any residential customer within the Authority's Brown's Hills Estates service area.

Applicability

Private residential customer.

Rate

Annual Charge - \$1,500.00

Minimum Bill

The minimum annual bill for a residence - \$1,500.00

Billing

The minimum bill hereunder shall be billed to the customer quarterly, in advance.

Fee for winterization of Brown's Hills Point-of Use Filtration System will be equal to the cost billed by the third-party contractor to Suffolk County Water Authority.

Terms and Conditions

Service hereunder is subject to the rules and regulations of the Authority contained in the General Information section.

All bills rendered are for the full service period and shall not be prorated.

Effective January 1, 2011
Adopted November 23, 2010 via Board Resolution No. 412-11-2010

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 14

SERVICE CLASSIFICATION No. 1D
GENERAL SERVICE - ANNUAL
CHERRY GROVE, FIRE ISLAND SERVICE AREA

Availability

Service under this rate schedule is available to any customer within the Cherry Grove, Fire Island service area.

Rate

- A. Service Availability Charge
Annual charge of \$203.00 billed in January of each year.
- B. Commodity Charge
All gallons consumed @ \$2.72 per thousand gallons. (2.03 per hundred cubic feet.) Consumption billed in July and October of each year.
- C. Surcharge
Annual charge not to exceed \$70 and billed in April of each year commencing in 1997 and expiring in 2021.

Section A and B of these rates shall be fixed for a minimum of five (5) years from date of acquisition

Billing

Meters will be read on or about July 1 and October 1.

Terms and Conditions

Service hereunder is subject to the rules and regulations of the Authority contained in the General Information section.

Date of Acquisition November 25, 1996
Rates Effective April 1, 2018 per board resolution number 104-03-2018

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 14

SERVICE CLASSIFICATION No. 1D
GENERAL SERVICE - ANNUAL
FIRE ISLAND PINES SERVICE AREA

Availability

Service under this rate schedule is available to any customer within the Authority's Fire Island Pines service area.

Rate

- A. Service Availability Charge
Annual charge of \$203.00 to be billed in July of each year.
- B. Commodity Charge
All gallons consumed @ \$2.72 per thousand gallons (\$2.03 per hundred cubic feet.) Consumption billed in April, July and October of each year.

Billing

Meters will be read on or about April 1, July 1 and October 1.

Terms and Conditions

Service hereunder is subject to the rules and regulations of the Authority contained in the General Information section.

Rates effective April 1, 2018 per board resolution number 104-03-2018

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 14

SERVICE CLASSIFICATIONS NO. 1D
GENERAL SERVICE – ANNUAL
ATLANTIQUE, FIRE ISLAND SERVICE AREA

Availability

Service under this rate schedule is available to any customer within the Atlantique Fire Island service area.

Rate

- A. Service Availability Charge
Annual charge of \$203.00 billed in January of each year.
- B. Commodity Charge
All gallons consumed @ \$2.72 per thousand gallons (\$2.03 per hundred cubic feet. Consumption billed in July and October of each year.

Billing

Meters will be read on or about July 1 and October 1.

Terms and Conditions

Service hereunder is subject to the rules and regulations of the authority contained in the General Information section.

Rates effective April 1, 2018 per board resolution number 104-03-2018

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 14

GENERAL SERVICE – METERED RESIDENTIAL
OCEAN BAY PARK SERVICE AREA

Availability

Service under this rate schedule is available to any residential customer within the Authority's Ocean Bay Park service area.

237Rate

- A. Service Availability Charge
Annual charge of \$203.00 to be billed in January.
- B. Commodity Charge
All gallons consumed at \$2.72 per thousand gallons (2.03 per hundred cubic feet.)
Consumption to be billed in July and October each year.
- C. Surcharge
Residential
Annual charge of \$138 to be billed in January.
Consumption charge of \$1.87 per thousand gallons (\$1.3988 per hundred cubic feet billed in July and October each year.)
Commercial
Annual charge based on meter size to be billed in January.

| | |
|--------------|--------|
| 5/8" | \$ 138 |
| 3/4" | 325 |
| 1" | 1,000 |
| 1½" | 4,000 |
| 2" + Greater | 7,000 |

Consumption charge of \$1.87 per thousand gallons (\$1.3988 per hundred cubic feet to be billed in July and October each year.

Surcharge fixed for 25 years (expiring December 31, 2031) to cover cost of Ocean Bay Park Water Corporation's debt paid off at acquisition.

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 14

SERVICE CLASSIFICATION NO. 1D
GENERAL SERVICE – METERED RESIDENTIAL
OCEAN BAY PARK SERVICE AREA

Terms and Conditions

Service hereunder is subject to the Rules and Regulations of the Authority contained in the General Information section

Billing

Meters will be read on or about July 1 and October 1.

Rates effective April 1, 2018 per board resolution number 104-03-2018

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 15

SERVICE CLASSIFICATION NO. 2
PRIVATE FIRE PROTECTION SERVICE

Availability

Private Fire Protection Service is available to any customer within the Authority's service area.

Applicability

Any regular private fire protection purpose.

Where service lines directly connect to a hydrant, the hydrant shall be billed in accordance with the fireline rates in effect.

Rate

FIRELINE/HYDRANT SERVICE RATES

| <u>Size of Service</u> | <u>Rate per Quarter</u> |
|------------------------|-------------------------|
| 16" | \$1,120.86 |
| 12" | 525.97 |
| 10" | 364.78 |
| 8" | 255.97 |
| 6" | 127.87 |
| 4" | 61.57 |
| 3" | 42.68 |

Fire Hydrant Service Rate - \$209.02 annually

ONE-TIME HYDRANT FEE

Effective May 24, 2010, owners of hydrants installed on private property and maintained by Suffolk County Water Authority will be charged a one-time fee as follows:

| <u>Service Requested</u> | <u>Fee Per Hydrant</u> |
|---|-------------------------------|
| • Annual Hydrant Inspection & Maintenance Only | \$5,500 (already established) |
| • Annual Hydrant Inspection & Maintenance with yearly Flow Test | \$7,250 (New Fee) |
| • Annual Hydrant Inspection & Maintenance with flow test every five years | \$5,850 (New Fee) |

Owners of existing private hydrants who have been charged the annual fire hydrant service fee will have the option at any time of paying the one-time fee in effect at the time of request or continuing to pay the annual fire hydrant service fee. Should SCWA perform flow tests as part of its maintenance agreement on the hydrant, the following fees, as applicable will be assessed:

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 15

| | |
|----------------------------|---------------|
| Annual Flow Test | \$50 per year |
| Flow Test Every Five Years | \$10 per year |

These fees will be added to the base hydrant service fee.

Credit

If the owner has a private hydrant inspection and maintenance agreement with the Authority, but chooses a contractor to perform a flow test and paint the hydrant according to a color code of water availability in which some town Fire Marshals are requiring, an annual credit of \$2.63 per hydrant is proposed. The request for credit must be made to Customer Service.

Billing

For accounts billed monthly, sprinkler service rates shall be billed monthly to the customer in advance. For accounts billed quarterly, sprinkler service rates shall be billed quarterly to the customer in advance. Fire hydrant service shall be billed semi-annually in arrears.

Terms of Payment

Bills are rendered net and are payable upon presentation, in accordance with Section VII of the General Rules.

Terms and Conditions

Service hereunder is subject to the rules and regulations of the Authority contained in the General Information section.

Special Provisions

1. Fireline/hydrant service connections are to be used for fire purposes only, and are to have no connection whatsoever with any taps that may be used for other than fire purposes, and because of the danger of pollution, shall have no connection with any source of supply not approved by the Department of Health of the State of New York.
2. No water may be drawn through a fire line for any purpose except extinguishing fires and periodic testing of the fire line system.
3. The Authority shall be notified before the time of all tests so that an Authority representative may be present, as deemed necessary.
4. The Authority shall have free access to the premises at any reasonable time and upon reasonable notice for the purpose of inspecting fire lines and connections.

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 15

5. Water supplied for fireline or hydrant and connections is subject to the rights of public authorities to use water from mains in the street through hydrants for fire purposes. The Authority reserves the right to shut off the supply at any time, without notice, in case of accident or to make alterations, extensions, connections or repairs to its water distribution system. The Authority makes no guarantee as to the pressure of the water in fire lines and/or appurtenances or the mains supplying the same, and shall not under any circumstances, be held liable for loss or damage from a deficiency in water pressure or failure in the supply of water.
6. The Authority reserves the right, at any time, to set a meter on a fireline or hydrant connection that will meet the specifications of fire insurance companies. In case a meter is installed, the established water rates, including both water and minimum charges in accordance with the appropriate service classification, shall apply. No meters larger than six inches will be permitted.
7. The Authority reserves the right to disconnect the pipe, shut off supply and terminate service for any fire line or connections upon a violation of these Special Provisions or any other section of these Rules and Regulations.
8. RPZ devices shall be installed on fire lines within 1,700 feet of an alternate water service or if a system uses chemical additives. The installation of a double check valve shall be required on all fire lines not requiring the installation of an RPZ.

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 15

SERVICE CLASSIFICATION NO. 2
PRIVATE FIRE PROTECTION SERVICE
SHOREWOOD WATER SERVICE AREA

Availability

Private Fire Protection Service is available to any customer within the Authority's Shorewood Water service area.

Applicability

Any regular private fire protection purpose.

Rate

SPRINKLER SERVICE RATES

| <u>Size of Service</u> | <u>Rate per Quarter</u> |
|------------------------|-------------------------|
| 16" | \$1,120.86 |
| 12" | 525.97 |
| 10" | 364.78 |
| 8" | 255.97 |
| 6" | 127.87 |
| 4" | 61.57 |
| 3" | 42.68 |

ONE-TIME HYDRANT FEE

Effective May 24, 2010, owners of hydrants installed on private property and maintained by Suffolk County Water Authority will be charged a one-time fee as follows:

| <u>Service Requested</u> | <u>Fee Per Hydrant</u> |
|---|-------------------------------|
| • Annual Hydrant Inspection & Maintenance Only | \$5,500 (already established) |
| • Annual Hydrant Inspection & Maintenance with yearly Flow Test | \$7,250 (New Fee) |
| • Annual Hydrant Inspection & Maintenance with flow test every five years | \$5,850 (New Fee) |

Owners of existing private hydrants who have been charged the annual fire hydrant service fee will have the option at any time of paying the one-time fee in effect at the time of request or continuing to pay the annual fire hydrant service fee of \$312. Should SCWA perform flow tests as part of its maintenance agreement on the hydrant, the following fees, as applicable will be assessed:

| | |
|----------------------------|---------------|
| Annual Flow Test | \$50 per year |
| Flow Test Every Five Years | \$10 per year |

These fees will be added to the base hydrant service fee.

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 15

SERVICE CLASSIFICATION NO. 2
PRIVATE FIRE PROTECTION SERVICE
SHOREWOOD WATER SERVICE AREA

Credit

If the owner has a private hydrant inspection and maintenance agreement with the Authority, but chooses a contractor to perform a flow test and paint the hydrant according to a color code of water availability in which some town Fire Marshals are requiring, an annual credit of \$2.63 per hydrant is proposed. The request for credit must be made to Customer Service.

Billing

For accounts billed quarterly, sprinkler service rates shall be billed quarterly to the customer in advance. Fire hydrant service shall be billed semi-annually in arrears.

Terms of Payment

Bills are rendered net and are payable upon presentation, in accordance with Section VII of the General Rules.

Terms and Conditions

Service hereunder is subject to the rules and regulations of the Authority contained in the General Information section.

Special Provisions

1. Fire line connections are to be used for fire purposes only, and are to have no connection whatsoever with any taps that may be used for other than fire purposes, and because of the danger of pollution, shall have no connection with any source of supply not approved by the Department of Health of the State of New York.
2. No water may be drawn through a fire line for any purpose except extinguishing fires and periodic testing of the fire line system.
3. The Authority shall be notified before the time of all tests so that an Authority representative may be present, as deemed necessary.
4. The Authority shall have free access to the premises at any reasonable time and upon reasonable notice for the purpose of inspecting fire lines and connections.
5. Water supplied for fire lines and connections is subject to the rights of public

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SERVICE CLASSIFICATION NO. 2
PRIVATE FIRE PROTECTION SERVICE
SHOREWOOD WATER SERVICE AREA

authorities to use water from mains in the street through hydrants for fire purposes. The Authority reserves the right to shut off the supply at any time, without notice, in case of accident or to make alterations, extensions, connections or repairs to its water distribution system. The Authority makes no guarantee as to the pressure of the water in fire lines and/or appurtenances or the mains supplying the same, and shall not under any circumstances, be held liable for loss or damage from a deficiency in water pressure or failure in the supply of water.

6. The Authority reserves the right, at any time, to set a meter on a fire line connection that will meet the specifications of fire insurance companies. In case a meter is installed, the established water rates, including both water and minimum charges in accordance with the appropriate service classification, shall apply. No meters larger than six inches will be permitted.
7. The Authority reserves the right to disconnect the pipe, shut off supply and terminate service for any fire line or connections upon a violation of these Special Provisions or any other section of these Rules and Regulations.

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 15

SAMPLE AGREEMENT

PRIVATE FIRE PROTECTION SERVICE
_____ PLANT

AN AGREEMENT, made this _____ day of _____ in the year _____, between _____, party of the first part, and the SUFFOLK COUNTY WATER AUTHORITY, party of the second part, hereinafter referred to as the Water Authority.

IT IS AGREED, that the Water Authority, in consideration of payment of tapping fee, will furnish and lay at the expense of the party of the second part, a _____ inch connection from the _____ inch main in _____ to the property of the party of the first part on _____. The approximate location of said connection is shown at point _____ on sketch attached.

IT IS ALSO AGREED, that the aforesaid connection will be furnished and used under the rules and regulations of the Water Authority as now on file with the Secretary of the Suffolk County Water Authority, and any modifications, alterations or amendments thereafter as may be made from time to time, hereby made part of this agreement, and upon the following expressed conditions:

1. This connection is to be used for fire purposes only, and is to have no connection whatever with any taps that may be used for other than fire purposes, and because of the danger of pollution, shall have no connection with any source of supply not approved by the Department of Health of the State of New York.
2. The party of the first part agrees specifically not to draw any water whatever through this connection for any purpose except to extinguish fires, or in a periodic test of the fire protection system.
3. The party of the first part agrees to notify the Water Authority at the time of all tests so that, if desired, the Water Authority may have a representative present. Such notification, however, need not be formal and written, but may be given by telephone to office of the Water Authority.
4. Any authorized representative of the Water Authority shall have free access to the premises of the consumer at any reasonable time for the purpose of inspecting this connection.
5. Violation by the party of the first part of either condition No. 1 or condition No. 2 of this agreement shall terminate this agreement, and the Water Authority may disconnect the pipe or shut off the supply.

SUFFOLK COUNTY WATER AUTHORITY
RULES & REGULATIONS – SECTION 15

SAMPLE AGREEMENT

PRIVATE FIRE PROTECTION SERVICE

_____ PLANT

6. The party of the first part agrees to pay for service rendered under this contract the rates, under terms set forth in Service Classification No. ____ for Water Service. If at any time the party of the first part elects to change the terms of this contract with respect to size of connection or number of fire protection devices, this contract shall be modified accordingly or a new contract shall be executed. The charges set forth in Service Classification No. ____ for Water Service are subject to change from time to time as rates may be modified.

7. Water through this connection is to be supplied subject to the rights of public authorities to use water in the street mains through hydrants for fire purposes. The right is also reserved by the Water Authority to shut off the supply at any time, without notice, in case of accident or to make alterations, extensions, connections, or repairs. The Water Authority makes no guarantee as to pressure of the water in this pipe or the main supplying the same, and shall not, under any circumstances, be held liable for loss or damage from a deficiency or failure in the supply of water, whether occasioned by the shutting off of water in case of accident or for alterations, extensions, connections, or repairs or for any cause whatsoever unless arising from the gross negligence or willful misconduct of its officers, agents or servants.

It is understood, however, that if the water is shut off, or there is a deficiency or failure in the supply from any cause continuing for two days, that the party of the first part shall be entitled to a credit on its next regular bill at pro-rata rates, based on the length of time that the water was shut off.

8. The Water Authority reserves the right to cancel this agreement upon three months' notice in writing.

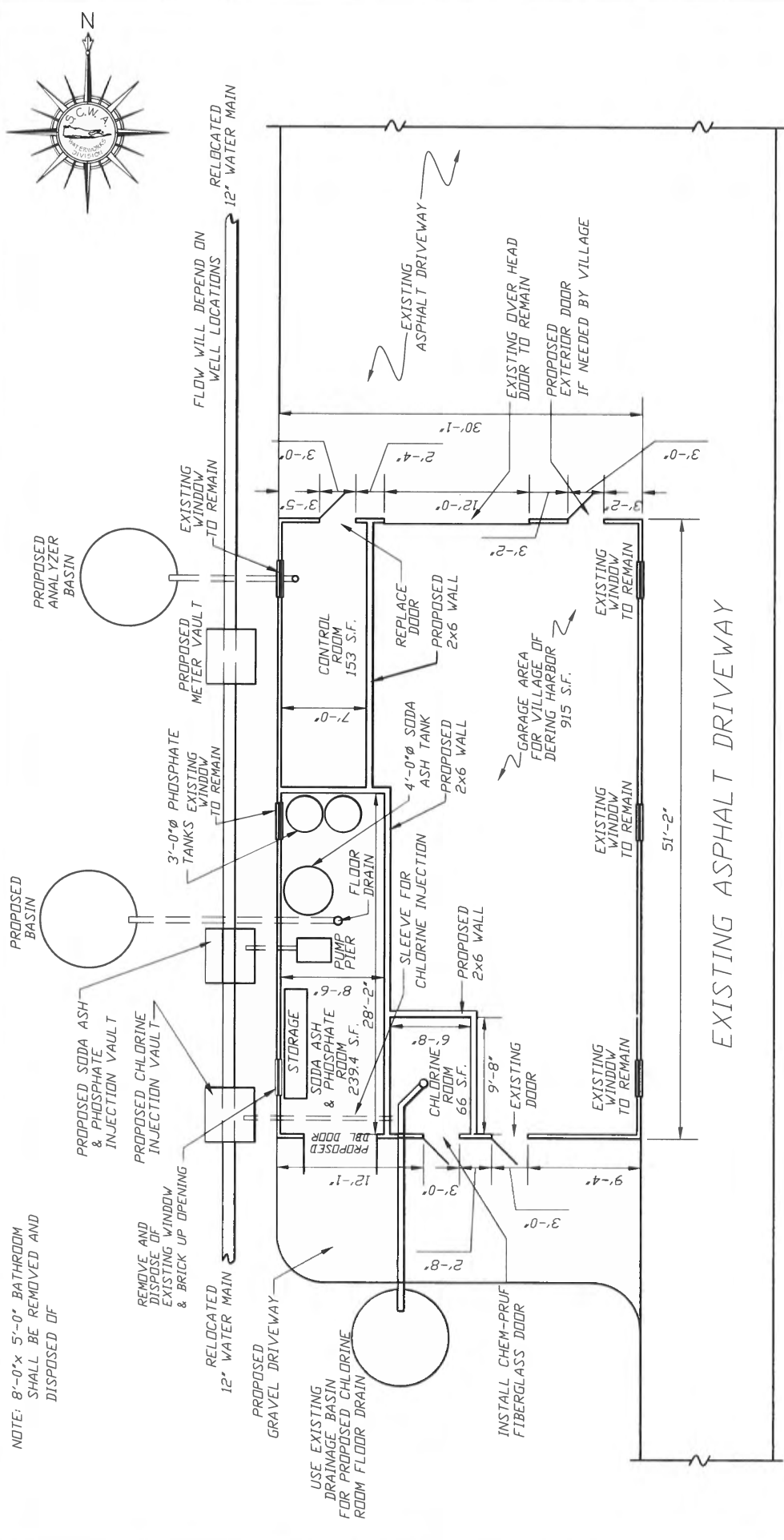
IN WITNESS WHEREOF each corporation party hereto has caused its corporate seal to be hereto affixed, and these presents to be signed by its duly authorized officer or officers the day and year first above written; and the party of the first part, if an individual or co-partnership, has signed and sealed these presents the same date.

EXHIBIT D

| Dering Harbor (Appendix D) | | | | | |
|--|----------|---|-----|---|--------------|
| Gallons | | | | 4,000,000 | 4,000,000 |
| Estimated Pumpage - conversion | | | | 7.48052 | 4,000,000 |
| Estimated Water Loss | | | | 0% | - |
| | | | | | 4,000,000 |
| Customers | | | | 41 | 41 |
| Estimated Average Consumption per customer | | | | | 97,561 |
| SCWA Rates | | | | | |
| Service Charge | \$ 58.36 | q | | \$ 233.44 | \$ 233.44 |
| Consumption Charge | \$ 2.83 | | | Per Thousand | 276 |
| | | | | Per Customer | \$ 509 |
| Service & Consumption Charge Revenue | | | | | \$ 20,887 |
| Operating Expenditures | | | | 78% | 16,292 |
| Fire Island Premium | | | | 0% | - |
| Net Revenues to pay debt service | | | | | \$ 4,595 |
| | Rate | | Yrs | Factor | |
| Capital Recovery Factor | 3.58% | | 25 | 6.12% | 0.061231 |
| Capitalized Value of Revenue Stream | | | | | \$ 75,046 |
| Capital Improvements | | | | | |
| Distribution Improvements -Meters | | | | | \$ - |
| Wells | | | | | - |
| Tanks | | | | | - |
| Debt Service Requirement | | | | | - |
| Other | | | | | 1,140,000 |
| Total | | | | | \$ 1,140,000 |
| | | | | Additional required to borrow: | \$ 1,064,954 |
| | | | | LESS: PV of Rents | (\$230,000) |
| | | | | Adjusted Requirement to Borrow: | \$ 834,954 |
| | | | | Capital Recovery Factor: | 6.12% |
| | | | | Annual Surcharge: | \$ 51,125.13 |
| | | | | Plus: 14 Hydrants @ \$160.20 per annum: | \$ 2,242.80 |
| | | | | Total Annual Bill: | \$ 53,367.93 |

EXHIBIT E

NOTE: 8'-0"x 5'-0" BATHROOM
SHALL BE REMOVED AND
DISPOSED OF



| | | | | | | | | | | |
|---|------------------------|---------------------|-------------------------------------|---------|----------|-----|--|--|----------|---------|
| <div>NOTE</div> <div>THE EDUCATION DEPARTMENT OF THE STATE OF NEW YORK PROHIBITS ANY PERSON FROM ALTERING ANYTHING ON THESE DRAWINGS AND/OR ACCOMPANYING SPECIFICATIONS UNLESS IT IS UNDER THE DIRECTIONS OF A LICENSED PROFESSIONAL ENGINEER. WHERE SUCH ALTERATIONS ARE MADE, THE COGNIZANT PROFESSIONAL ENGINEER MUST SEAL, DATE AND DESCRIBE THE REVISIONS ON THE DRAWINGS AND/OR SPECIFICATIONS (SEE SECTION 7209 PAR 2)</div> | <div>PRELIMINARY</div> | <div>APPROVED</div> | <div>CHEM BLDG CONVERSION</div> | | | | | | GO # | |
| | | | <div>VILLAGE OF DERING HARBOR</div> | | | | | | DIST MAP | PROP ID |
| | | | <div>SHELTER ISLAND</div> | | | | | | AUTH NO. | |
| | | | <div>TOWN OF SOUTHAMPTON</div> | | | | | | | |
| | | | DATE | 9/25/18 | DRAWN BY | WAL | | | DWG/FILE | A01 |
| SCALE | 1/8" = 1' | CHECKED BY | | | | | | | | |
| <div>TIMOTHY J. KILCOMMONS, P.E. CHIEF ENGINEER; N.Y.S. P.E. LICENSE NO. 073594</div> | | | | | | | | | | |

EXHIBIT F

RENTAL COMPARABILITY STUDY

9 YOCO ROAD

9 Yoco Road, Dering Harbor,
Town of Shelter Island, Suffolk County, New York
SCTM # District: 701, Section: 1, Block: 3, Part of Lot: 7
Owner: Village of Dering Harbor



SUFFOLK COUNTY WATER AUTHORITY
4060 Sunrise Highway, P.O. Box 38
Oakdale, NY 11769

Attention: Mr. Joseph M. Pokorny

David W. Berger

Berger & Associates Appraisers, LLC



Berger & Associates Appraisers, LLC
Real Estate Appraisers and Consultants

20 Dewey Street, Huntington, NY 11743
Tel: 631-549-7111 • Fax: 631-549-7373 • www.bergerassoc.net

David Berger
david.berger@bergerassoc.net

Benjamin J. Berger
benjamin.berger@bergerassoc.net

October 7, 2019

SUFFOLK COUNTY WATER AUTHORITY
4060 Sunrise Highway, P.O. Box 38
Oakdale, NY 11769

ATTN: Mr. Joseph M. Pokorny

RE: Rental Comparability Study of 9 YOCO ROAD
Industrial Unit within 9 Yoco Road
Dering Harbor, Suffolk County, New York
Berger & Associates Appraisers File No. 19-178

Dear Mr. Pokorny:

As per your request and authorization that we prepare a rental study on the subject property, we have inspected the property and appraised the Fair Market Rental Value of the Fee Simple Estate.

The subject unit is comprised of 915 square feet of rentable space within the northeast side of a larger, 1,541± square foot industrial building located at 9 Yoco Road in the Incorporated Village of Dering Harbor, Town of Shelter Island, Suffolk County, New York. The building is situated on the following Suffolk County Tax Map: District: 701, Section: 1, Block: 3, Lot: 7. This tax parcel is comprised of 1.293-acres or 56,329 square feet. The improvements consist of industrial space, which is currently occupied by the Incorporated Village of Dering Harbor. The appraiser was asked to do a rental study of the subject unit within the building of the property in this analysis. The unit within the building we are analyzing consists of approximately 915 square feet. The improvements were constructed in 1950 and considered to be in average condition. The subject unit is currently 100% occupied. The subject is more fully described within the enclosed report.

In determining a rental value for the unit of the property within this analysis, we have taken into consideration all the pertinent factors affecting the property including factors affecting real estate conditions and values as of the September 24, 2019. The appraiser notes that the client instructed the appraiser to derive a rental value of the subject on a rent per square foot basis, based on an assumed 40-year lease. The client further instructed the appraiser to derive a one-time payment representing the present value of the lease.

Berger & Associates Appraisers, LLC

It is our opinion that the Fair Market Rental Value of the subject unit, which reflects the above lease terms is:

| MARKET RENTAL VALUE CONCLUSIONS | | | | | |
|---|--------------------|--------------------|---------------------|----------------------|--------------------------|
| Appraisal Premise | Interest Appraised | Date of Value | Annual Rental Value | Monthly Rental Value | Present Value (40-Years) |
| As Is | Fee Simple Estate | September 24, 2019 | \$8,693 | \$724 | \$230,000 |
| Compiled by Berger & Associates Appraisers, LLC | | | | | |

It has been our pleasure to serve you.

Very truly yours,

BERGER & ASSOCIATES APPRAISERS, LLC – REAL ESTATE APPRAISERS & CONSULTANTS



David W. Berger

President

NY State Certification No: 46-29280

Phone: (631) 549-7111

Fax: (631) 549-7373

Email: david.berger@bergerassoc.net

REAL ESTATE APPRAISERS & CONSULTANTS

Berger & Associates Appraisers, LLC

CERTIFICATION OF THE RENT STUDY

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the limiting conditions and reported assumptions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in, or bias with respect to the parties involved with this assignment or the property that is the subject of this report.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the amount of the rental value opinion, the development or reporting of a predetermined value or direction in value that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event related directly to the intended use of this study.
6. This rental study assignment was not based upon a requested minimum or specific rental valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of New York.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, David W. Berger has completed the Standards and Ethics continuing education requirement of the State of New York.
11. David W. Berger has made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property rental value assistance to the persons signing this report.

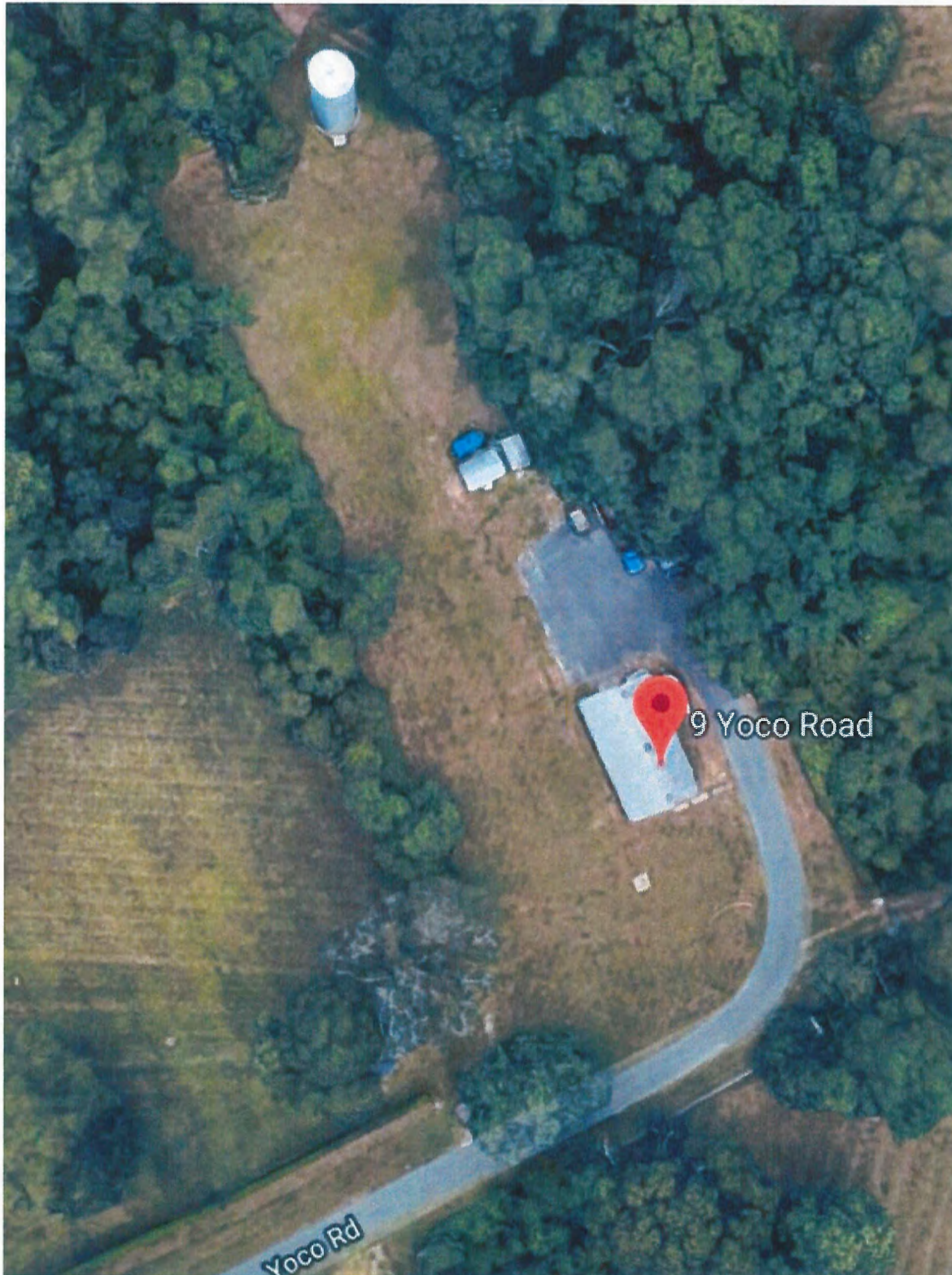


David W. Berger

NY State Certification No: 46-29280

SUBJECT PHOTOGRAPHS

AERIAL VIEW





FRONT VIEW OF THE SUBJECT BUILDING



REAR VIEW OF THE SUBJECT BUILDING



REAR VIEW OF THE SUBJECT BUILDING



REAR VIEW OF THE SUBJECT BUILDING



INTERIOR GARAGE VIEW



INTERIOR GARAGE VIEW



INTERIOR GARAGE VIEW



INTERIOR GARAGE VIEW



VIEW OF YOCO ROAD – LOOKING EAST



VIEW OF YOCO ROAD – LOOKING WEST

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SUMMARY OF SALIENT FACTS

| | | |
|---|---|-----------|
| Property Name: | 9 Yoco Road | |
| Location: | 9 Yoco Road, Dering Harbor, New York | |
| Assessor's Parcel Number: | District: 701, Section: 1, Block: 3, Lot: 7 | |
| Property Type: | industrial | |
| Total Property Site Area: | 56,329 SF | |
| Reputed Owner: | Village of Dering Harbor | |
| Zoning: | A - Residence | |
| Highest and Best Use | | |
| As Though Vacant: | Industrial/Utility Development | |
| As Improved: | Industrial/Utility Development | |
| Property Rights Appraised: | Fee Simple Estate | |
| Total Land Area: | 1.293 AC | 56,329 SF |
| Date of Rental Value: | September 24, 2019 | |
| Fair Market Rental Value Per Annum: | \$8,693 | |
| Fair Market Rental Value Per Month: | \$724 | |
| Annual Rental Rate Increase: | 3% | |
| Present Value of Subject's 40-year Lease Term: | \$230,000 | |

Compiled by Berger & Associates Appraisers, LLC

EXTRAORDINARY ASSUMPTIONS, HYPOTHETICAL CONDITIONS

There are no extraordinary assumptions or hypothetical conditions in this rent comparability study.

INTRODUCTION

PROPERTY IDENTIFICATION

The subject unit is comprised of 915 square feet of rentable space and is located on the northeast side of a larger industrial building located at 9 Yoco Road in the Incorporated Village of Dering Harbor, Town of Shelter Island, New York. The building is situated with Republic Airport on a portion of the following Suffolk County Tax Map: District: 701, Section: 1, Block: 3, Lot: 7. This tax parcel is comprised of 1.293-acres or 56,329 square feet. The improvements consist of industrial space, which is currently occupied by the Incorporated Village of Dering Harbor. The appraiser was asked to do a rental study of the subject unit within the building of the property in this analysis. The unit within the building we are analyzing consists of approximately 915 square feet. The improvements were constructed in 1950 and considered to be in average condition. The subject unit is currently 100% occupied. The subject is more fully described within the enclosed report.

In determining a rental value for the unit of the property within this analysis, we have taken into consideration all the pertinent factors affecting the property including factors affecting real estate conditions and values as of the September 24, 2019. The appraiser notes that the client instructed the appraiser to derive a rental value of the subject on a rent per square foot basis, based on an assumed 40-year lease. The client further instructed the appraiser to derive a one-time payment representing the present value of the lease.

PURPOSE OF THE RENTAL STUDY

The purpose of the rental study is to assume the above lease terms and to estimate the fair market rental value of the property for decision making purposes of the client.

DEFINITION OF MARKET RENT

The rental income that a property would most probably command in the open market; it is indicated by the current rents paid for comparable space as of the date of the appraisal. Market rent is sometimes referred to as economic rent. Market Rent is defined as follows "The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs)."¹

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed., Page 140 (Chicago: Appraisal Institute, 2015).

SCOPE OF SERVICES

We have been retained by Suffolk County Water Authority, the previously noted addressee to estimate the market rental value of the subject rental unit that is located in the Incorporated Village of Dering Harbor, Town of Shelter Island, Suffolk County, State of New York. The subject property is identified on the Suffolk County Tax Maps as follows: District: 701, Section: 1, Block: 3, Part of Lot: 7. The subject parcel is located on the north side of Yoco Road approximately 413.05 feet east of Locust Road. The subject unit is located on the northeast side of the building.

In completing this assignment, we performed the following scope of services:

- Inspected the subject property and its environs.
- Identified the subject property and researched the sales history and ownership.
- Reviewed demographics and economic trends in the immediate and surrounding area as well as the region.
- Reviewed zoning regulations governing the subject property.
- Implemented a Highest and Best Use Analysis.
- Considered the utilization of the Income Approach to Value to derive a rental value conclusion as explained in the report.

More specifically the Fair Market Rental Value of the subject property, in leased fee estate, was derived from the appraiser's research and analysis of market data and discussions with State and County officials and professional market participants. The subject is comprised of an industrial building and the unit within our analysis consists of industrial space currently occupied by the Incorporated Village of Dering Harbor. Our research included a physical inspection of the subject unit and site, a review of the Zoning Ordinance of the Incorporated Village of Dering Harbor, a determination of the subject's Highest and Best Use, and valuation based upon the application of recognized appraisal procedures.

The Highest and Best Use Analysis will take into consideration and reflect the zoning determinations, restrictive nature of the site relevant to the topography, site layout, road access, surrounding property uses and proximity to the roadways along with other factors in which the subject property is assumed to fall under. The rent study involves the rental value derivation of a 915 square foot unit within a larger industrial building situated on a parcel of land that consists of a total of 1.293 acres or 56,329 square feet.

A survey of the property was provided for this analysis. It is noted that we have estimated the total land area of the site, based on the property survey, Suffolk County Tax Maps and information from the Tax Assessors Office. It is further noted that we have adopted the size of the subject unit based on the size indicated by a floor plan of the building provided by the client.

EXTENT TO WHICH THE PROPERTY IS IDENTIFIED

Berger & Associates Appraisers collected the relevant information about the subject from the client, representatives of the Incorporated Village of Dering Harbor, public records, and through an inspection of the subject. The property was legally identified through its postal address and assessor's records.

EXTENT TO WHICH THE PROPERTY IS INSPECTED

Berger & Associates Appraisers inspected both the interior and exterior of the subject, as well as its surrounding environs as of the effective date of this study.

TYPE AND EXTENT OF DATA RESEARCHED

Berger & Associates Appraisers reviewed the micro and macro market environments with respect to physical and economic factors relevant to the valuation process. This process included interviews with regional and local market participants, available published data, and other various resources. Berger & Associates Appraisers also conducted local research with respect to applicable tax data, zoning requirements, demographics and comparable rental information.

TYPE AND EXTENT OF ANALYSIS APPLIED

Berger & Associates Appraisers analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable rental value indication via the income approach to value. The steps required to complete the income approach are discussed in the methodology section. Berger & Associates Appraisers then correlated and reconciled the results into a reasonable and defensible rental value conclusion, as defined herein.

SPECIAL RENTAL STUDY INSTRUCTIONS

At the request of the client, we have concluded a market rental rate for the subject property in this analysis. The market rental rate for the facility can be found in the Income Approach to Value. We have been instructed by the client to derive a rental value of the subject while assuming a 40-year lease term of the subject lease. There have been no other special instructions for this assignment.

OWNERSHIP AND PROPERTY HISTORY

The subject property is currently vested in the name of Village of Dering Harbor.

To the best of our knowledge, there has been no ownership transfer of the property during the previous five years and the subject property is not currently listed for sale, nor is it under contract.

PROPERTY INSPECTION & CONTACTS

| | |
|---|---|
| Appraiser(s) | David W. Berger |
| Interviewed: | Property Owner, Town Officials, Client, and County Officials |
| Date of Report: | October 7, 2019 |
| Date of Inspection: | September 24, 2019 |
| Date of Value | September 24, 2019 |
| Compiled by Berger & Associates Appraisers, LLC | |

DEFINITION OF INTEREST APPRAISED

The subject property's rental value is determined on the basis of a Leased Fee Interest. According to the Appraisal Institute's Dictionary of Real Estate Appraisal, Sixth Edition, 2015, a Leased Fee Interest is defined as "The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires".

ASSESSED VALUATION AND TAXES

| AD VALOREM TAX INFORMATION | | |
|---|------------------|-----------------|
| Assessor's Market Value | | 2019/20 |
| District: 701, Section: 1, Block: 3, Lot: 7 | | \$564,000 |
| Assessed Value @ | | 100.00% |
| | | \$564,000 |
| Total Town Tax Rate | (per \$100 A.V.) | 5.9304 |
| Town Tax: | | \$33,447 |
| Village Tax Rate | (per \$100 A.V.) | 5.485000 |
| Village Taxes | | \$30,935 |
| Total Taxes (Town & Village) | | \$64,383 |
| Source: Assessor's Office | | |

The appraiser notes the subject is currently 100% exempt from taxes because it is owned by the Incorporated Village of Dering Harbor. The above taxes represent what the subject parcel's total taxes would be if it were not exempt from taxes.

ZONING

The following chart summarizes the zoning requirements for the subject property.

| ZONING SUMMARY | |
|---------------------------------|--|
| Current Zoning | A - Residence |
| Legally Conforming | No |
| Uses Permitted | Single Family Residences, accessory buildings, golf courses, or municipal buildings serving the needs of the community |
| Zoning Change | Not likely |
| Category | Zoning Requirements |
| Minimum Lot Size | 3 Acres |
| Minimum Lot Width | 200 Feet |
| Maximum Height | 35 Feet |
| Minimum Setbacks | |
| Front Yard | 75 Feet |
| Side Yard (Any 1 Side) | 50 Feet |
| Total Side Yard | 100 Feet |
| Rear Yard | 50 Feet |
| Maximum Bldg. Coverage | 10% |
| Minimum Lot Depth | 300 Feet |
| Source: Planning & Zoning Dept. | |

The subject property does not meet the minimum lot size requirement for the zone in which the property is situated in. However, since the subject facility is owned by the Incorporated Village of Dering Harbor, the zoning regulations did not apply to the property. The subject property represents a legal non-conforming use under the current zoning regulations of the Village of Dering Harbor.

HIGHEST AND BEST USE

Highest and Best use may be defined as "the most profitable, likely use to which a property may be put". The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonable near future. However, elements affecting value which depend upon events or a combination of occurrences which, while within the realm of possibility, are not fairly shown to be reasonably probable, should be excluded from consideration. Also, if the intended use is dependent upon an uncertain act of another person, the intention cannot be considered". The selection of the Highest and Best Use of the subject property was based on the following criteria:

Highest and best use analysis involves assessing the subject both as if vacant and as improved under the following four criteria:

Legal Permissibility

The use must be legal and/or probable. That is, the use must conform to existing zoning restrictions or there must be a reasonable probability that a rezoning may be granted.

The legally permissible uses of the subject property were discussed in detail in the Zoning Section, and will be discussed further in the Land and Site Data Analysis. As discussed in the Zoning analysis of this report, the site has been improved with an industrial building that represents a legal non-conforming use. The use is non-conforming because subject property does not meet the minimum lot size requirement for the zone in which the property is situated in.

In terms of legal permissibility, the highest and best use of the subject is for a development of a municipal building(s) in conjunction with the needs of the Incorporated Village of Dering Harbor if the property were vacant.

As improved, the highest and best use of the site is for its continued use as industrial buildings and a water tower.

Physical Possibility

The use must be analyzed in terms of to what degree is the property physically adaptable to various uses. This takes into consideration factors such as size, shape, topography, soil characteristics, land contours, etc.

The subject is served adequately by utilities, has an adequate size and shape, adequate access, etc., to be a separately developable site. There are no known physical reasons why the subject site would not support any legally probable development. The subject site would reasonably accept a site layout for any of the legally probable uses. The existence of the present development on the site provides additional support for the physical possibility of development.

In terms of physical possibility, the highest and best use of the subject is for a development of a municipal building(s) in conjunction with the needs of the Incorporated Village of Dering Harbor if the property were vacant.

As improved, the highest and best use of the site is for its continued use as industrial buildings and a water tower.

Financial Feasibility

The determination of financial feasibility is predominantly dependent on the supply and demand for the legally probable land uses versus the cost to create said probable uses. Demand is analyzed in relation to the physical, social, economic and political forces, which affect value. The demand for office buildings within the vicinity of the subject property is relatively strong, as development of new office buildings has occurred over the past few years. Furthermore, the Route 100 corridor has a relatively large conglomeration of office developments. Furthermore, the subject's close proximity to major routes of transportation and its adjacent proximity to Republic Airport enhance the demand for an office building in this location.

The site has been improved with industrial buildings and a water tower, and their remains a strong demand for municipal and industrial buildings in this market.

In terms of financial feasibility, the highest and best use of the subject is for a development of a municipal building(s) in conjunction with the needs of the Incorporated Village of Dering Harbor if the property were vacant.

As improved, the highest and best use of the site is for its continued use as industrial buildings and a water tower.

Maximum Profitability

There must be consideration given to all possible uses for which the property may be utilized. In this analysis, a use must be selected that would yield the greatest net return to the land over a given period of time. The use must not depress surrounding land values.

Industrial buildings have been acquired or continue to be used by industrial owners and tenants. None of the comparable buildings within this rental analysis have been acquired for conversion to an alternative use. These comparables would indicate that the maximally productive use of the subject property is consistent with an industrial building development.

In terms of maximum profitability, the highest and best use of the subject is for a development of a municipal building(s) in conjunction with the needs of the Incorporated Village of Dering Harbor if the property were vacant.

As improved, the highest and best use of the site is for its continued use as industrial buildings and a water tower.

Conclusion

After considering the above, the highest and best use of the subject property as vacant is for the construction of municipal and utility related buildings.

As improved, the subject property represents industrial buildings and a water tower. Industrial buildings are not a permitted use within the subject's zoning district. However, since the subject facility is owned by the Incorporated Village of Dering Harbor, the zoning regulations did not apply to the property. Considering the demand and the fact that the subject building is being utilized as industrial space as of the date of this analysis, it is the appraiser's opinion that the highest and best use of the subject property is for an industrial related use in conjunction with its current utility (water tower) related use(s). After considering the legal and physical possibilities, and what is most financially feasible and maximally profitable for the subject property, the appraiser has determined that as improved, the highest and best use for the subject improvements is for its continued use as industrial buildings and a water tower.

AREA ANALYSIS



LOCATION

The Nassau-Suffolk Primary Metropolitan Statistical Area (PMSA) is the sixth densest in the nation. The towns in Nassau County (North Hempstead, Hempstead and Oyster Bay) represent some of the most densely populated areas in the country, while Suffolk County is overall less populated.

Long Island Population

Prior to World War II, Nassau and Suffolk Counties consisted primarily of farmland, estates, and resorts. After the Second World War there was considerable migration from New York City eastward into Nassau and Suffolk. The pre-war population was roughly 200,000. In the post-war decades, population has grown by more than 2.7 million.

Although, it had served for decades as a "bedroom community" for the business district in Manhattan, and a retreat for the wealthy, many firms have located manufacturing plants, branches and headquarters in Suffolk County over the past 50 years. Suffolk County is one of the more expensive residential areas in the nation, offering many beautiful homes and estates, as well as access to the Atlantic Ocean and the Long Island Sound.

Statistics published by the Long Island Power Authority indicate the population of Nassau and Suffolk County as follows:

LONG ISLAND POPULATION STATISTICS

| Town | 2010 | 2015 | Annual % Change | 2016 | Annual % Change |
|--|------------------|------------------|--------------------|------------------|--------------------|
| <u>NASSAU COUNTY</u> | | | | | |
| Town of North Hempstead | 223,659 | 229,105 | 0.5% | 231,114 | 0.9% |
| Town of Hempstead | 753,645 | 767,916 | 0.4% | 770,367 | 0.3% |
| Town of Oyster Bay | 291,609 | 296,876 | 0.4% | 298,961 | 0.7% |
| City of Long Beach | 33,442 | 33,470 | 0.0% | 33,717 | 0.7% |
| City of Glen Cove | 26,728 | 27,245 | 0.4% | 27,341 | 0.4% |
| TOTAL NASSAU COUNTY* | 1,329,851 | 1,354,612 | 0.4% | 1,361,500 | 0.5% |
| <u>SUFFOLK COUNTY</u> | | | | | |
| Town of Huntington | 202,185 | 204,240 | 0.2% | 203,236 | -0.5% |
| Town of Babylon | 213,654 | 214,132 | 0.0% | 212,137 | -0.9% |
| Town of Islip | 333,707 | 336,747 | 0.2% | 333,758 | -0.9% |
| Town of Smithtown | 117,597 | 118,373 | 0.1% | 117,481 | -0.8% |
| Town of Brookhaven | 480,105 | 488,930 | 0.4% | 486,599 | -0.5% |
| Town of Riverhead | 32,506 | 33,769 | 0.8% | 33,637 | -0.4% |
| Town of Southampton | 56,537 | 57,730 | 0.4% | 58,119 | 0.7% |
| Town of Southold | 21,769 | 22,204 | 0.4% | 22,165 | -0.2% |
| Town of East Hampton | 21,168 | 21,844 | 0.6% | 22,009 | 0.8% |
| Town of Shelter Island | 2,604 | 2,812 | 1.5% | n/a | n/a |
| TOTAL SUFFOLK COUNTY | 1,481,832 | 1,500,781 | 0.3% | 1,489,141 | -0.8% |
| TOTAL NASSAU & SUFFOLK COUNTY | 2,811,683 | 2,855,393 | 0.3% | 2,850,641 | -0.2% |

Source: United State Census Bureau

As indicated by the above chart, all towns on Long Island have had an increase in population between 2010 and 2015. While all towns within Nassau County have increased between 2015 and 2016, all towns in Suffolk County have declined in population between 2015 and 2016, with the exception of Southampton and East Hampton. The increased rate in Southampton and East Hampton (known as the Hamptons) is probably due to the fact that the Hamptons are desirable retirement communities, and baby boomers are currently reaching retirement age. This may also be attributed to the declining population in all other communities within Suffolk County between 2015 and 2016, as baby boomers have been migrating toward the Hamptons or less expensive communities within the country. The increased population in Nassau County between 2015 and 2016 is likely due to city dwellers choosing to move to Nassau since land is less expensive, as you travel further away from New York City.

Transportation

A network of major highways connects Suffolk and Nassau Counties. Before the age of the superhighway, the only major Suffolk County route was Sunrise Highway, which led to the Hampton resort areas. Sunrise Highway has been consistently improved and now meets Montauk Highway, which extends to the lighthouse at Montauk Point, the easternmost point of the county.

More recent highways are the Northern and Southern State Parkways. Both serve only noncommercial vehicles, and reach only one-quarter of the way into Suffolk County from Nassau County. The Long Island Expressway (Route 495) is part of the Federal Interstate Highway System. This road extends from the Nassau County border to the edge of the Suffolk County fork. The Long Island Expressway forms the major east-west commercial route west to New York City.

However, traffic is a significant problem on Long Island, as the number of registered motor vehicles on the island is increasing as the population grows. The Long Island Expressway, which had an original design capacity of 80,000 vehicles a day, now has volumes exceeding 200,000 vehicles a day in some sections.

The Long Island Rail Road provides all rail transportation in the Nassau-Suffolk area. Although primarily a commuter rail line, freight is handled when necessary. As with the highway systems, major rail lines run east and west, feeding into Brooklyn, Manhattan, and Queens. The three largest branches serving Suffolk County are: the Babylon line servicing the south shore to Montauk, the Ronkonkoma line serving the mid-Island areas and the north fork and the Port Jefferson Branch serving the north shore. The west end of Suffolk County is near both John F. Kennedy International Airport and LaGuardia Airport in Queens. In Suffolk County, MacArthur Airport is becoming a major airport. Operated by the Town of Islip, the airport is now the hub for many flights to urban centers in the country, including Chicago, Florida and Boston. Both passenger and freight service is available. MacArthur is currently served by six airlines. Republic Airport, located off Route 110 serves some private and commercial flights. Brookhaven Airport is a private airfield operated and maintained by the Town of Brookhaven. The Grumman Aircraft Corporation uses the Grumman Peconic Airport near Calverton. East Hampton Airport operates year round, and services commercial and private flights. The Suffolk County Air Force Base in Westhampton is no longer used by the United States Air Force but is utilized as a New York Air National Guard training station.

Income

According to the United States Census Bureau, the median household income in 2015 for Nassau County was \$99,465, while Suffolk County was \$88,663 and the State of New York was \$59,269. The higher income in Nassau County as opposed to Suffolk County is most likely due to the fact that properties are more expensive as you get closer to New

York City. As such, personal incomes need to be higher in order to afford these higher property values.

Employment

Employment Surveys by the N.Y.S. Department of Labor shows the following breakdown of employment in Nassau-Suffolk Counties:

The top Nassau-Suffolk employers are as follows:

Top 9 Major Employers on Long Island

Northwell Health (formerly North Shore-Long Island Jewish)

Diocese of Rockville Centre

SUNY at Stony Brook

U.S. Postal Service

J. P. Morgan Chase & Co.

Cablevision Systems

Long Island Rail Road

Winthrop South Nassau University Health System

Verizon Communications

The following chart depicts the total employment and the composition of the various employment industries in Nassau and Suffolk County. The figures below reflect historical employment between 2009 and 2018.

| ANNUAL EMPLOYMENT BY INDUSTRY NASSAU-SUFFOLK MSA 2009-2018 (000's) | | | | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|
| Industry | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | Avg. Ann. Growth | Total % Change |
| Goods Producing | 140.2 | 134.2 | 134.1 | 136.6 | 141.4 | 143.3 | 145.7 | 149.7 | 152.9 | 153.7 | 1.07% | 9.63% |
| Mining, Logging & Construction | 65.1 | 61.1 | 60.8 | 62.5 | 67.9 | 71.3 | 74.1 | 78.1 | 81.3 | 82.7 | 3.00% | 27.04% |
| Manufacturing | 75.1 | 73.1 | 73.3 | 74.1 | 73.5 | 72.0 | 71.6 | 71.6 | 71.6 | 71.0 | -0.61% | -5.5% |
| Service Producing | 1,090.4 | 1,097.5 | 1,113.1 | 1,127.3 | 1,141.6 | 1,152.3 | 1,165.3 | 1,181.0 | 1,191.5 | 1,192.3 | 1.04% | 9.3% |
| Trade, Transportation & Utilities | 257.1 | 256.5 | 259.4 | 263.0 | 267.6 | 272.2 | 273.9 | 274.4 | 275.7 | 273.2 | 0.70% | 6.3% |
| Information | 27.3 | 25.1 | 24.4 | 24.0 | 23.6 | 21.8 | 20.3 | 19.1 | 18.5 | 17.5 | -3.99% | -35.9% |
| Financial Activities | 70.8 | 70.4 | 71.0 | 72.2 | 72.6 | 73.3 | 72.4 | 72.5 | 72.4 | 70.3 | -0.08% | -0.7% |
| Professional & Business Services | 153.6 | 152.8 | 158.3 | 163.7 | 168.2 | 169.4 | 171.5 | 175.0 | 174.3 | 172.3 | 1.35% | 12.2% |
| Educational and Health Services | 222.1 | 227.9 | 233.4 | 237.6 | 240.5 | 244.7 | 251.7 | 259.9 | 265.4 | 272.1 | 2.50% | 22.5% |
| Leisure & Hospitality | 98.4 | 100.8 | 105.1 | 110.5 | 115.6 | 118.5 | 120.7 | 123.0 | 127.5 | 128.4 | 3.39% | 30.5% |
| Other Services | 52.7 | 53.1 | 54.5 | 55.1 | 56.1 | 57.4 | 58.3 | 59.6 | 60.3 | 61.1 | 1.77% | 15.9% |
| Government | 208.4 | 210.9 | 207.0 | 201.2 | 197.4 | 195.0 | 196.5 | 197.5 | 197.4 | 197.4 | -0.59% | -5.3% |
| Total Employment | 1,230.6 | 1,231.7 | 1,247.2 | 1,263.9 | 1,283.0 | 1,295.6 | 1,311.0 | 1,330.7 | 1,344.4 | 1,346.0 | 1.04% | 9.4% |
| Employment Change | | | | | | | | | | | | |
| Goods Producing | | -4.3% | -0.1% | 1.9% | 3.5% | 1.3% | 1.7% | 2.7% | 2.1% | 0.5% | | |
| Service Producing | | 0.7% | 1.4% | 1.3% | 1.3% | 0.9% | 1.1% | 1.3% | 0.9% | 0.1% | | |
| Total Employment | | 0.1% | 1.3% | 1.3% | 1.5% | 1.0% | 1.2% | 1.5% | 1.0% | 0.1% | | |

Source: US Bureau of Labor Statistics

The table presented above indicates that annual employment in the area has grown by 1.04% per year during the period between 2009 and 2018. It should be noted that 2006 through 2007 displayed increases prior to the economic downturn. Although employment dropped significantly from 2007 to 2009, increases followed through to 2018. The area is predominantly a service oriented economy, with over 88.5% of the current employment within the services producing sector. Over the period between 2009 and 2018, the services producing sector experienced average annual growth of 1.04% or compounded growth of 9.3%. As indicated by these figures, increases in the services sectors have partially offset declines in the goods producing sector of the economy. This trend is expected to continue as technological breakthroughs continue to occur, thus reducing the amount of labor required in many fields. Many manufacturing jobs are also being exported to other regions in the nation and the world.

The following table illustrates the employment growth between July 2018 and July 2019. During this one-year period, total employment has increased by 0.9%. Five of the ten sectors have displayed an increase. The Educational & Health Services sector displayed the greatest percentage increase at 20.2% while the Information sector displayed the greatest percentage decreases at -4.8%. The notable growth in the Educational & Health Services sector can be attributed to the continued growth in the region's population and the aging of baby boomers. The significant decrease in the Information sector may be attributed to more efficiencies in automation due to advancements in technology within this sector. This decrease may also be due to the fact that this sector includes only non-internet related publishing industries, and many employees with publishing jobs are leaving this industry to publish for internet sites.

| NON-AGRICULTURAL INSURED EMPLOYMENT BY MAJOR INDUSTRY DIVISION | | | | | |
|--|---|---------------|--|---------------|-------------|
| July 2018 to July 2019 Comparison - Not Seasonally Adjusted | | | | | |
| NASSAU-SUFFOLK | | | | | |
| INDUSTRY | Average Employment July 2018 (000's) | SHARE | Average Employment July 2019 (000's)* | SHARE | CHANGE |
| Natural Resources, Construction & Mining | 85.4 | 6.3% | 93.9 | 6.8% | 9.1% |
| Manufacturing | 71.2 | 5.2% | 72.1 | 5.2% | 1.2% |
| Trade Transportation & Utilities | 272.1 | 20.0% | 272.9 | 19.8% | 0.3% |
| Information | 17.5 | 1.3% | 16.7 | 1.2% | -4.8% |
| Financial Activities | 71.5 | 5.2% | 69.9 | 5.1% | -2.3% |
| Professional & Business Services | 177.2 | 13.0% | 170.4 | 12.4% | -4.0% |
| Educational & Health Services | 269.5 | 19.8% | 278.1 | 20.2% | 3.1% |
| Leisure & Hospitality | 146.1 | 10.7% | 150.0 | 10.9% | 2.6% |
| Other Services | 61.2 | 4.5% | 59.7 | 4.3% | -2.5% |
| Government | 191.6 | 14.1% | 191.5 | 13.9% | -0.1% |
| TOTALS | 1,363.3 | 100.0% | 1,375.2 | 100.0% | 0.9% |
| * Preliminary | | | | | |
| Source: U.S. Bureau of Labor Statistics; Compiled by Berger & Associates Appraisers, LLC | | | | | |

In terms of economic contribution, the Educational & Health Services sector is the largest and accounts for 20.2% of total employment, with Trade Transportation & Utilities following closely behind at 19.8%.

The following chart summarizes the annual unemployment rate for the Nassau-Suffolk MSA over the past ten years.

| NASSAU-SUFFLOK HISTORICAL UNEMPLOYMENT | |
|--|-------------------|
| YEAR | UNEMPLOYMENT RATE |
| 2009 | 7.1% |
| 2010 | 7.5% |
| 2011 | 7.2% |
| 2012 | 7.4% |
| 2013 | 6.3% |
| 2014 | 5.1% |
| 2015 | 4.5% |
| 2016 | 4.1% |
| 2017 | 4.3% |
| 2018 | 3.7% |
| Jun-18 | 3.7% |
| Jun-19 (Preliminary) | 3.1% |
| SOURCE: New York State Department of Labor | |

Unemployment indicated improving conditions from 2012 through 2018, as the metropolitan area continues to recover from the 2008/09 recession. The most recent twelve months shows a continued decline in the unemployment rate, which is reflective of a continued financial recovery.

Other

There are numerous recreational facilities including state and local parks and lakes. Long Island was ranked the fourth best place to live in the United States by Money Magazine. The Island has 115 golf courses, 95 tennis clubs, 86 major parks with 55,000 acres; 99,481 motorboats, 215 charter boats; and 429 yacht clubs and marinas. Residents also have access to the unsurpassed cultural activities of New York City- Broadway, museums, operas, symphonies, etc.

Risk Factors

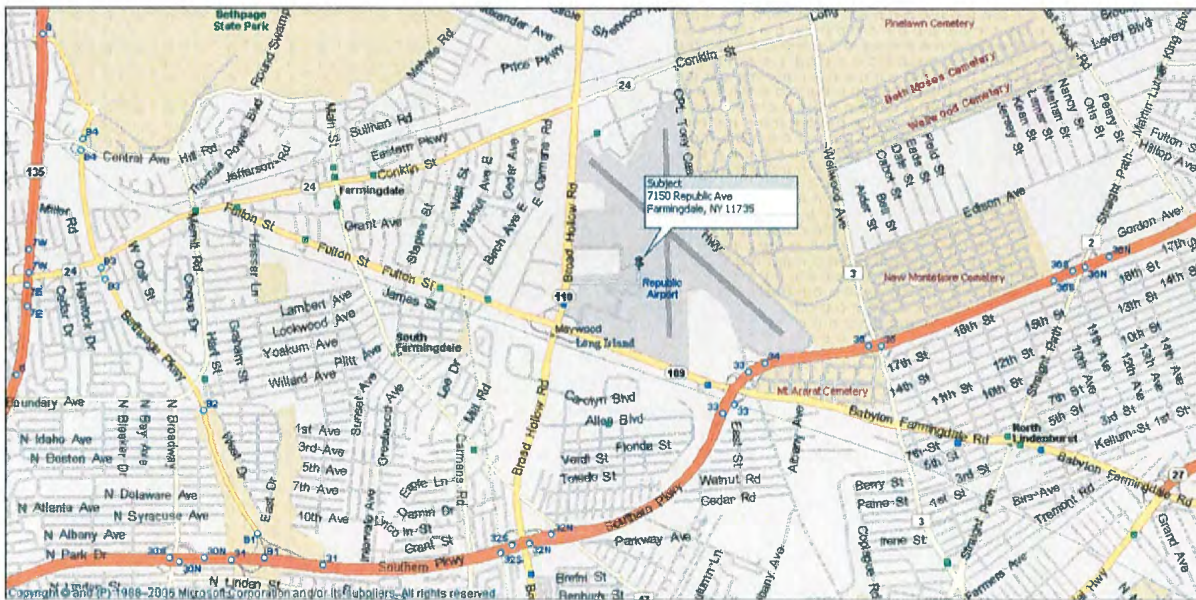
Costs in Nassau and Suffolk County are high, particularly in terms of housing, taxes, and electricity. In addition, environmental concerns have halted many projects, closed beaches, reduced the quality of life, and imposed increased costs upon governments, businesses and individuals.

Conclusion

Although the 2008/09 national economic recession and the resulting tightening of credit had had a significant impact on Long Island, as the unemployment rate for Nassau and Suffolk County has increased substantially since 2007, the current economic recovery, coupled with currently favorable interest rates has sparked a renewed interest in real estate. Furthermore, Nassau and Suffolk County still have a strong economic base, and its proximity to New York City, and desirable living conditions should continue to have a positive effect on future real estate values over the long term. Nassau and Suffolk County have been, and should continue to be in the future, desirable and viable counties to live in.

Its extensive resources, including recreational facilities, educational institutions, employment centers, retail sites and transportation system, should contribute to an environment conducive to growth and development over the long term.

NEIGHBORHOOD ANALYSIS



LOCATION

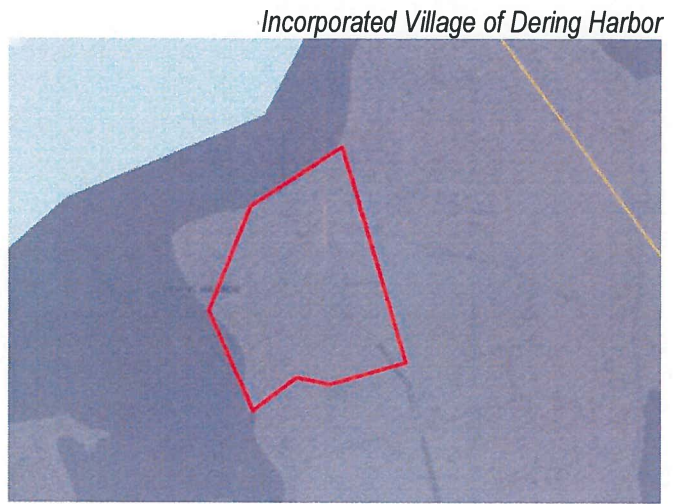
The subject property is located in the Incorporated Village of Dering Harbor within the Town of Shelter Island, Suffolk County and State of New York. The Town of Shelter Island is one of ten towns in Suffolk County. It is located in the eastern end of the county, between the Twin (North and South) Forks of Long Island.

Town of Shelter Island

Shelter Island Sound is to the west and Gardiners Bay to the east separates the town from Long Island's mainland. Shelter Island is accessible only by ferry services that provide access from the northern terminus of Summerfield Place in the Hamlet of Shelter Island Heights to Long Island's North Fork and from the southern terminus of S. Ferry Road (State Route 114) in the Hamlet of Shelter Island to Long Island's South Fork. Both ferries transport vehicles to and from the island.



Dering Harbor is an Incorporated Village located at the northern and western elevations of Shelter Island. According to the United States Census Bureau, the Village of Dering Harbor has a total area of 0.24 square miles. The population was 11 as of 2018 according to the U.S. census. According to City-data.com, the estimated 2016 median household income for Shelter Island Heights was \$48,041.

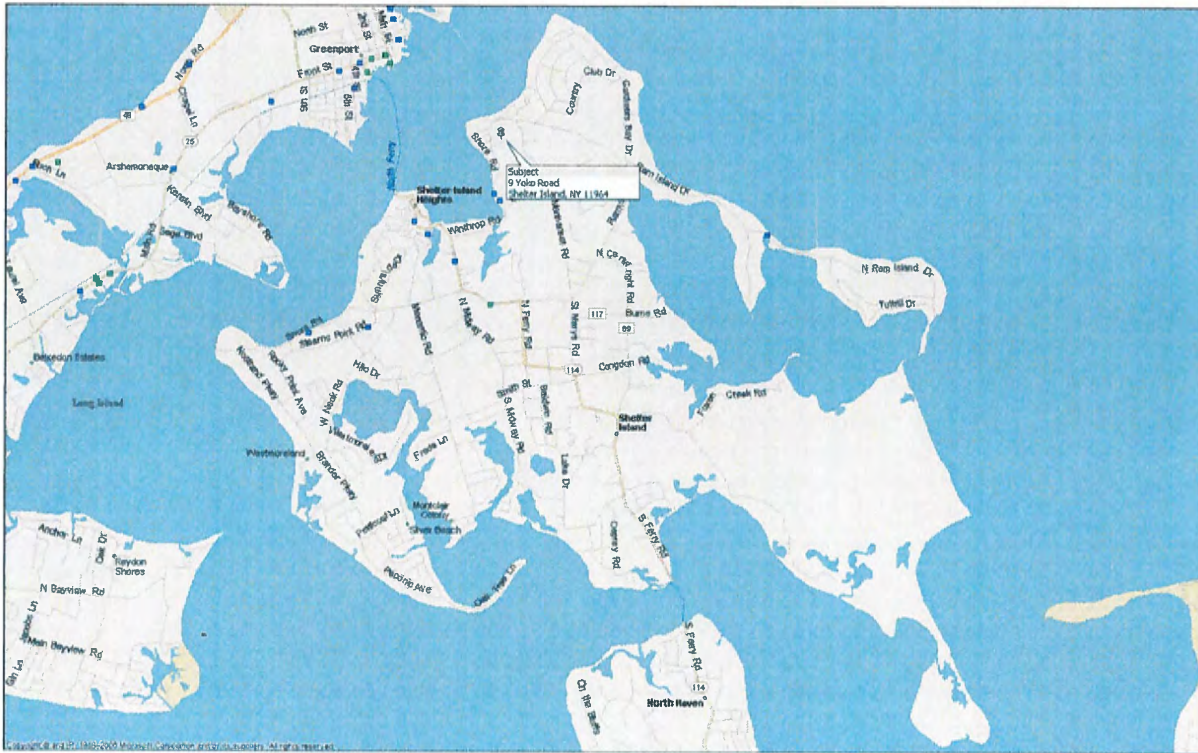


Shelter Island was a major port for its area, having developed a strong fishing and whaling industry in the past, although currently there are only a handful of commercial fishing vessels operating out of Shelter Island. More recently the tourism industry has grown substantially too, especially in the warm summer months.

Most of the tourism stems from maritime activities, as well as proximity to the more than 40 vineyards on the East End of Long Island. Shelter Island has many small shops and boutiques, ice cream parlors, bed and breakfasts, and restaurants ranging from fine-dining to paper-napkin crab shacks.

Transportation in the immediate area is supplied primarily by automobile with N. Ferry Road (State Route 114) the primary north/south artery, consisting largely of a single lane in each direction and the Island's only two ferry docks at each end of this road.

Within the immediate vicinity of the subject, the area is predominately improved with single-family dwellings (many dating back to the 1800's) commercial boat-related properties and retail stores.

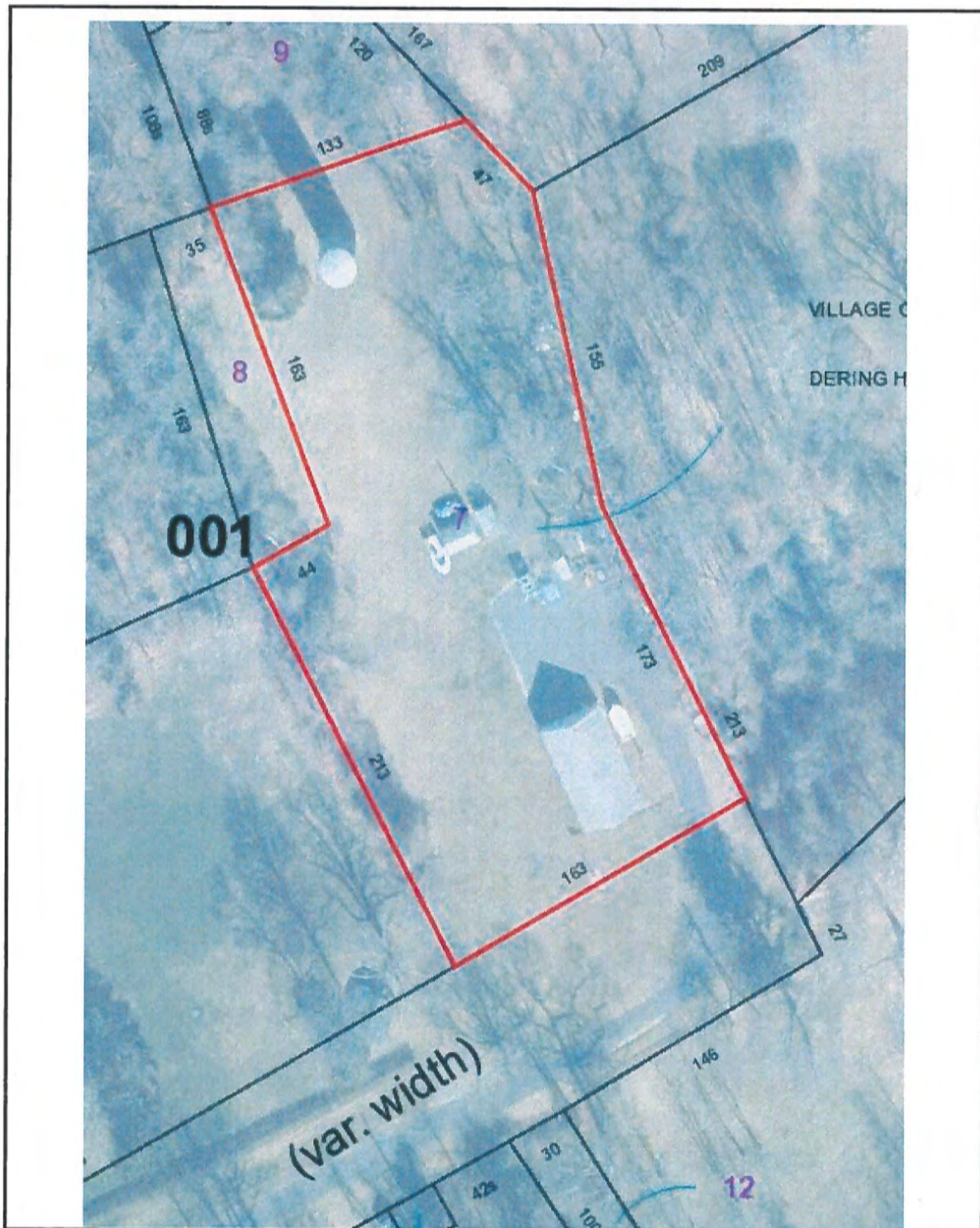


As evidenced in location map above, the subject is situated at the northern elevation of Shelter Island.

CONCLUSION

In conclusion, the Incorporated Village of Dering Harbor is a quiet residential-based community known largely for its summer crowds and fishing opportunities. Although somewhat seasonal, many year-round residence and businesses provide a stable tax base and revenue source for the community.

TAX MAP OF SUBJECT PROPERTY



SURVEY OF SUBJECT PROPERTY



SITE DESCRIPTION

The subject parcel is located on the north side of Yoco Road approximately 413.05 feet east of Locust Road. The subject unit is located on the northeast side of the building. The subject property contains a total of approximately 56,329 square feet, or 1.293 acres. The site is irregular in shape, and at grade with the street on which it fronts. The terminus of Yoco Road extends into the subject's driveway that leads to an asphalt paved parking lot behind a one-story industrial building. The site is also improved with two (2) frame sheds, a water tower, a paved parking area, a grass lawn with trees and a concrete apron to the subject's industrial garage building.

Ingress and egress is available to the site via the aforementioned terminus extension of Yoco Road at the southeast elevation of the site. The building in which the subject unit is situated within has vehicular access via an internal roadway (Yoco Road extension) and a concrete apron from the rear asphalt paved parking lot. There are no known access agreements that may affect the subject's value or marketability. There are no known covenants, conditions and restrictions impacting the site that are considered to affect the marketability or highest and best use.

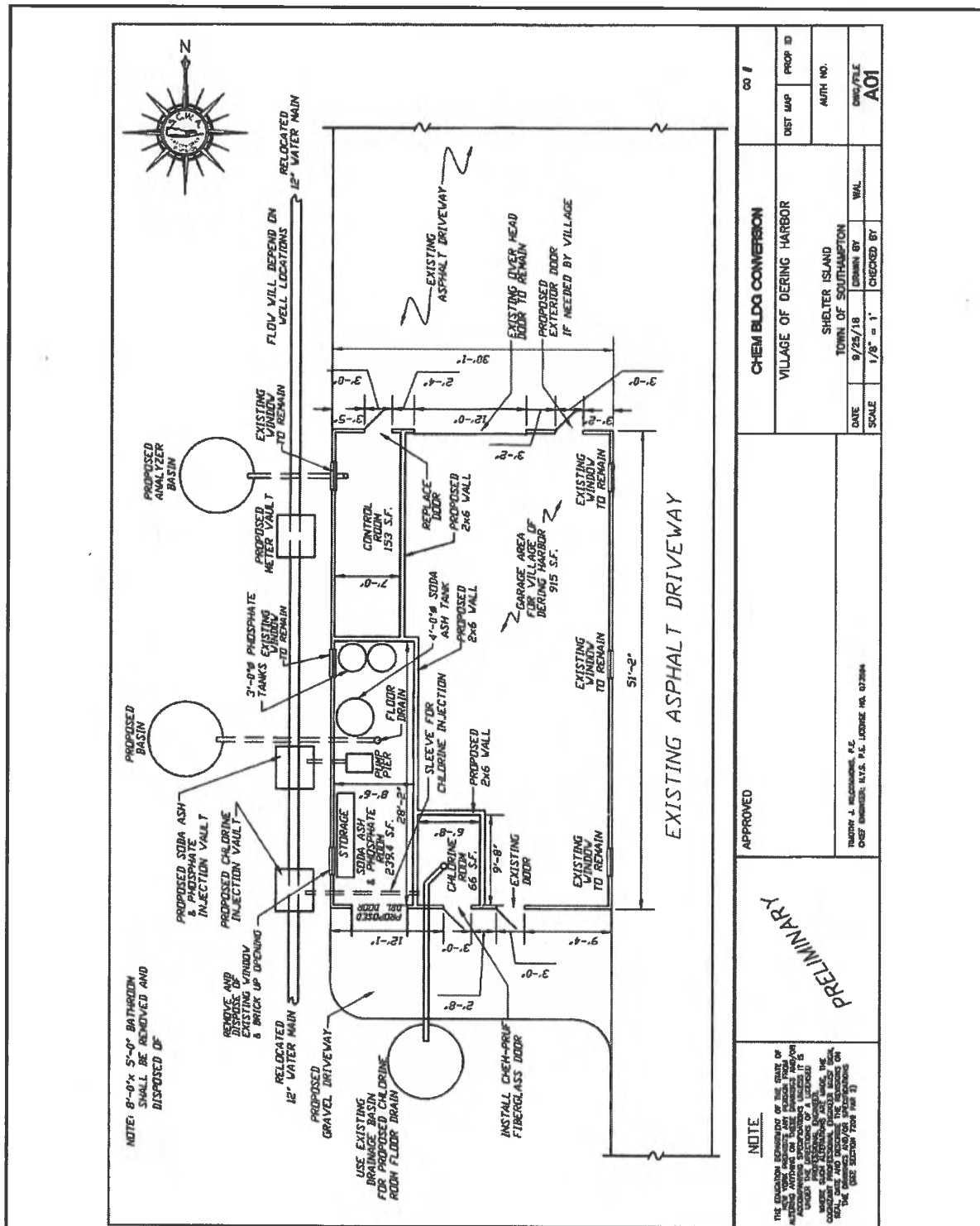
At the subject property, Yoco Road is a secondary residential street traversing in an east-west direction that is improved with one lane of traffic in each direction. The street is not improved with any curbs or sidewalks.

The site has a generally level topography at its southern elevation and a sloping topography, which declines from north to south at its northern elevation. The topography of the site is considered adequate for development. At the time of our inspection, we did not observe any drainage problems and assume that none exist.

A soil analysis for the site was not provided prior to the delivery date of this study. As such, it is a specific assumption that the site has adequate soils to support its highest and best use.

A title policy for the property has not been provided prior to the delivery date of this study, and based on all of the records we were provided, our visual inspection and review of the tax map and survey, the property does not appear to be adversely affected by any easements or encroachments.

FLOOR PLAN OF SUBJECT BUILDING



IMPROVEMENT DESCRIPTION

The site is improved with a 1-story industrial building, two (2) frame sheds and a water tower. The subject unit is comprised of 915 square feet of rentable space located within the northeast side of a larger frame constructed 1,541± square foot industrial building. The building is currently occupied by the Incorporated Village of Dering Harbor in its entirety. The improvements were constructed in 1950 and considered to be in average condition at the time of inspection. The unit description within the building consists of the following:

| | |
|--------------------------------|--|
| Layout: | The unit improvements consist of a 1-story industrial unit in an industrial building. The entire unit is comprised of one large garage area. The unit is in average overall condition. |
| Total Building Area: | The total area of the building is 1,541± square feet. |
| Total Unit Area in This Study: | Approximately 915 Square Feet. This was adopted from the subject's floor plan provided by the client. |
| Foundation: | Poured concrete slab foundation |
| Exterior Walls: | Frame with concrete and cedar siding |
| Entry Doors: | One (1) steel overhead garage door (northern elevation) and two (2) solid-core wood and doors (northwestern and south-southeastern elevations) |
| Windows: | Double paned and clad in wood framing |
| Interior Finish: | Exposed concrete flooring, pegboard walls and ceiling exposed to wood grids. |
| Ceiling Height: | The ceiling height is approximately 12 feet. |
| Roof: | Pitched asphalt shingled roof. The appraiser did not observe any evidence of leaks within the building. |
| Heating, Ventilating and | |
| Air Conditioning: | Electric heating for the building; no air conditioning |
| Fire Protection: | The unit has adequate fire exits. No interior sprinklers exist within the building. |
| Violations: | There are no known violations outstanding with respect to the site or construction. |

RENTAL ANALYSIS

The following industrial rentals were used in our analysis:



SUMMARY OF COMPARABLE INDUSTRIAL RENTALS

| Comp. No. | Location | Year Built / Condition | GBA (SF) | Clear Height | Parking | Quoted Rental Rate | Expense Basis | Pass Thru/ Stop Amt. | Tenant Name | Lease Area (SF) | Lease Date | Lease Term | Affective Base Rent | Rent Adjusted to Industrial Gross |
|-----------------|--|------------------------|----------|--------------|----------|--------------------|---------------|----------------------|--------------|-----------------|------------|------------|---------------------|-----------------------------------|
| 1 | 66 Old Country Road, Quogue, NY | 1989 / Avg. | 11,800 | 10 to 12 Ft. | Adequate | \$9.00 PSF | Ind. Gross | None | Undisclosed | 2,400 | Sep-18 | 1.0 Yr. | \$9.00 PSF | \$9.00 PSF |
| 2 | 5 Windemere Court, Speonk, NY | 2008 / Avg. | 13,256 | 18 Ft. | Adequate | \$15.00 PSF | Ind. Gross | None | Undisclosed | 2,200 | Mar-18 | 3.0 Yrs. | \$14.00 PSF | \$14.00 PSF |
| 3 | 35350 County Road 48, Southold, NY | Average | 4,990 | 15 Ft. | Adequate | \$8.40 PSF | Ind. Gross | None | Undisclosed | 4,990 | Mar-18 | 5.0 Yrs. | \$8.40 PSF | \$8.40 PSF |
| 4 | 1074 Pulaski Street - Bldg. 3, Riverhead, NY | 2009 / Avg. | 10,000 | 16 to 26 Ft. | Adequate | \$12.00 PSF | Net | Taxes | Undisclosed | 1,700 | Sep-17 | 5.0 Yrs. | \$12.00 PSF | \$14.41 PSF |
| 5 | 22355 County Road 48, Cutchogue, NY | Average | 52,659 | 12 Ft. | Adequate | \$12.00 PSF | Ind. Gross | None | Undisclosed | 1,800 | Dec-16 | 5.0 Yrs. | \$12.00 PSF | \$12.00 PSF |
| 6 | 1448 Speonk Riverhead Road, Speonk, NY | 1987 / Avg. | 10,000 | 28 Ft. | Adequate | \$12.00 PSF | Ind. Gross | None | Antique Cars | 1,800 | Nov-16 | n/a | \$12.00 PSF | \$12.00 PSF |
| Subj. Pro Forma | 9 Yoco Road, Dering Harbor, New York | Average | 1,541 | 12 Ft. | Adequate | --- | --- | | | 915 | | | --- | |

Compiled by Berger & Associates Appraisers, LLC



RENTAL NO. 1 - 66 OLD COUNTRY ROAD, QUOGUE, NY



RENTAL NO. 2 - 5 WINDEMERE COURT, SPEONK, NY



RENTAL NO. 3 – 35350 COUNTY ROAD 48, SOUTHOLD, NY



RENTAL NO. 4 – 1047 PULASKI STREET – BUILDING NO. 3, RIVERHEAD, NY



RENTAL NO. 5 – 22355 COUNTY ROAD 48, CUTCHOGUE, NY



RENTAL NO. 6 – 1448 SPEONK RIVERHEAD ROAD, SPEONK, NY

The following grid analyzes the improved industrial rentals in comparison to the subject property:

| INDUSTRIAL RENT ADJUSTMENT GRID | | | | | | | |
|-----------------------------------|--------------|-------------|------------|--------------|------------|-------------|-------------|
| Comparable Number | 1 | 2 | 3 | 4 | 5 | 6 | Subject |
| Building Information | | | | | | | |
| Year Built / Condition | 1989 / Avg. | 2008 / Avg. | Average | 2009 / Avg. | Average | 1987 / Avg. | 1950 / Avg. |
| GBA (SF) | 11,800 | 13,256 | 4,990 | 10,000 | 52,659 | 10,000 | 1,541 |
| Clear Height (Feet) | 10 to 12 Ft. | 18 Ft. | 15 Ft. | 16 to 26 Ft. | 12 Ft. | 28 Ft. | 12 Ft. |
| Parking | Adequate | Adequate | Adequate | Adequate | Adequate | Adequate | Adequate |
| Quoted Rental Rate | \$9.00 | \$15.00 | \$8.40 | \$12.00 | \$12.00 | \$12.00 | --- |
| Expense Basis | Ind. Gross | Ind. Gross | Ind. Gross | Net | Ind. Gross | Ind. Gross | --- |
| Lease Specific Information | | | | | | | |
| Leased Area (SF) | 2,400 | 2,200 | 4,990 | 1,700 | 1,800 | 1,800 | 915 |
| Lease Date | Sep-18 | Mar-18 | Mar-18 | Sep-17 | Dec-16 | Nov-16 | |
| Lease Term (Yrs) | 1.0 Yr. | 3.0 Yrs. | 5.0 Yrs. | 5.0 Yrs. | 5.0 Yrs. | n/a | |
| Base Rent Per Sq.Ft. | \$9.00 | \$14.00 | \$8.40 | \$12.00 | \$12.00 | \$12.00 | |
| Adj. Rent Per Sq.Ft. | \$9.00 | \$14.00 | \$8.40 | \$14.41 | \$12.00 | \$12.00 | |
| Market Conditions (Time) | 5.0% | 5.0% | 5.0% | 10.0% | 15.0% | 15.0% | |
| Subtotal | \$9.45 | \$14.70 | \$8.82 | \$15.85 | \$13.80 | \$13.80 | |
| Location | -10% | -10% | -5% | -10% | -5% | -10% | |
| Size | 5% | 5% | 20% | 5% | 5% | 5% | |
| Year Built / Condition | -5% | -15% | 5% | -15% | -15% | -5% | |
| Quality of Finish | 0% | 0% | 0% | -10% | -10% | -10% | |
| Parking | 0% | 0% | 0% | 0% | 0% | 0% | |
| Ceiling Height | 0% | -5% | 0% | -10% | 0% | -15% | |
| Utility/Other | -5% | -5% | -5% | -5% | -5% | -5% | |
| Total Other Adjustments | -15% | -30% | 15% | -45% | -30% | -40% | |
| Indicated Rent Per Sq.Ft. | \$8.03 | \$10.29 | \$10.14 | \$8.72 | \$9.66 | \$8.28 | |

Compiled by Berger & Associates Appraisers, LLC

EXPLANATION OF ADJUSTMENTS

Industrial Building

MARKET CONDITIONS: Upward time adjustments were made to each rental to reflect improved market conditions from 2016 to the effective date of rental value (September 24, 2019). The appraiser notes that according to CoStar, the overall average asking rental rate for industrial space on Long Island was approximately \$11.56 per square foot as of 2016, \$12.33 for 2017, \$13.05 for 2018 and \$13.62 for 2019. The above rental rate increases equate to approximately 5% per year. As such, each rental was increased by 5% per year in this study.

| | |
|-------------------------|--|
| LOCATION: | The subject's industrial rental unit is located within Shelter Island, which requires ferry transportation to attain access to the subject. All rentals are situated within areas that command higher rental rates as compared to the subject's location and adjusted downward accordingly for this category. |
| SIZE: | The subject's unit is relatively small for industrial units within this market. All Rentals are relatively larger than the subject and adjusted upward accordingly for size to reflect the premise that larger units rent for less than smaller units when analyzed on a price per square foot basis. |
| YEAR BUILT / CONDITION: | The subject was constructed in 1950 and in average condition. Rentals 1, 2, 4, 5 and 6 are superior to the subject in terms of overall condition and therefore adjusted downward accordingly for this category. Conversely, Rental 3 is inferior to the subject and adjusted upward for this category. |
| QUALITY OF FINISH: | Rentals 1, 2 and 3 each have a corrugated steel construction which is similar to the subject's frame construction in this category and no adjustments are indicated. Rentals 4, 5 and 6 are superior to the subject with masonry construction and adjusted downward to reflect their superior quality of construction as compared to the subject in this regard. |
| PARKING: | The subject has adequate parking for its size. Each rentals has a similar parking area as compared to the subject and not adjusted for this category. |
| CEILING HEIGHT: | The subject has a ceiling height of approximately 12 feet. Rentals 1, 3 and 5 have similar ceiling heights as compared to the subject and not adjusted for this category. Rentals 2, 4 and 6 have higher ceiling heights as compared to the subject and adjusted downward for this category. |

UTILITY/OTHER: The subject unit does not have a lavatory and is heated by electricity. All rentals are superior to the subject in this regard with lavatories and gas or oil heat. As such, each rental is adjusted downward to account for their superiority to the subject in this category.

Correlation and Conclusion of Rental Value

Rentals after adjustments range from **\$8.03 to \$10.29** per square foot. After giving careful consideration to the above rentals and all matters pertinent to value, it is the appraiser's opinion that the fair market rental value of the subject property is **\$9.50** per square foot. The appraiser assumes 3% annual rental rate increases, which is in-line with typical leases within this market, conversations with market and our in-house indices.

| RENTAL VALUE CONCLUSION | | | | |
|---|---|--------------|---|----------------|
| NRA (SF) | X | Value Per SF | = | Value |
| 915 | X | \$9.50 | = | \$8,693 |
| RENTAL VALUE CONCLUSION | | | | |
| Indicated Rental Value Per Annum (1st Year) | | | | \$8,693 |
| Indicated Rental Value Per Month | | | | \$724 |
| Annual Rental Rate Increases | | | | 3% |
| Compiled by Berger & Associates Appraisers, LLC | | | | |

The appraiser notes that the subject unit's rental rate indicated above reflects the assumption that the subject is an industrial gross lease, whereby the tenant is responsible for their own electric and heat, and all other expenses including real estate taxes, repairs & maintenance / CAM and all insurance premium costs applicable to the leased premises are the responsibility of the landlord. As indicated by the rental comparables, industrial buildings are predominantly rented on an industrial gross basis in this market. As such, the subject's above noted rental rate is reflective of market parameters.

The appraiser notes the client instructed us to derive the present value of a one-time payment representing the value of the lease under an assumed 40-year lease term. The chart below derives the present value of the subject's rental rate under the aforementioned 40-year lease term.

PRESENT VALUE OF SUBJECT'S 40-YEAR LEASE

| Lease Summary | | | | | | | |
|-------------------------------------|------------|-----|------|----------------------|-----------------------|----------------|-------------------------|
| Term of Lease (Years) | | 40 | | Discount Rate | | 5.00% | |
| Projected Annual Increase | | 3% | | (Safe Rate) | | | |
| Unit Size (Square Feet) | | 915 | | Rent Per Square Foot | | \$9.50 | |
| Present Value Estimate of Exemption | | | | | | | |
| Projection Year | Lease Year | | | % Rental Increase | Estimated Rental Rate | Est. Full Rent | Present Val. Of Savings |
| 1 | 2019 | / | 2020 | --- | \$9.50 | \$8,693 | \$8,279 |
| 2 | 2020 | / | 2021 | 3% | \$9.79 | \$8,953 | \$8,121 |
| 3 | 2021 | / | 2022 | 3% | \$10.08 | \$9,222 | \$7,966 |
| 4 | 2022 | / | 2023 | 3% | \$10.38 | \$9,499 | \$7,814 |
| 5 | 2023 | / | 2024 | 3% | \$10.69 | \$9,783 | \$7,666 |
| 6 | 2024 | / | 2025 | 3% | \$11.01 | \$10,077 | \$7,520 |
| 7 | 2025 | / | 2026 | 3% | \$11.34 | \$10,379 | \$7,376 |
| 8 | 2026 | / | 2027 | 3% | \$11.68 | \$10,691 | \$7,236 |
| 9 | 2027 | / | 2028 | 3% | \$12.03 | \$11,011 | \$7,098 |
| 10 | 2028 | / | 2029 | 3% | \$12.40 | \$11,342 | \$6,963 |
| 11 | 2029 | / | 2030 | 3% | \$12.77 | \$11,682 | \$6,830 |
| 12 | 2030 | / | 2031 | 3% | \$13.15 | \$12,032 | \$6,700 |
| 13 | 2031 | / | 2032 | 3% | \$13.54 | \$12,393 | \$6,572 |
| 14 | 2032 | / | 2033 | 3% | \$13.95 | \$12,765 | \$6,447 |
| 15 | 2033 | / | 2034 | 3% | \$14.37 | \$13,148 | \$6,325 |
| 16 | 2034 | / | 2035 | 3% | \$14.80 | \$13,543 | \$6,204 |
| 17 | 2035 | / | 2036 | 3% | \$15.24 | \$13,949 | \$6,086 |
| 18 | 2036 | / | 2037 | 3% | \$15.70 | \$14,367 | \$5,970 |
| 19 | 2037 | / | 2038 | 3% | \$16.17 | \$14,798 | \$5,856 |
| 20 | 2038 | / | 2039 | 3% | \$16.66 | \$15,242 | \$5,745 |
| 21 | 2039 | / | 2040 | 3% | \$17.16 | \$15,700 | \$5,635 |
| 22 | 2040 | / | 2041 | 3% | \$17.67 | \$16,171 | \$5,528 |
| 23 | 2041 | / | 2042 | 3% | \$18.20 | \$16,656 | \$5,423 |
| 24 | 2042 | / | 2043 | 3% | \$18.75 | \$17,155 | \$5,319 |
| 25 | 2043 | / | 2044 | 3% | \$19.31 | \$17,670 | \$5,218 |
| 26 | 2044 | / | 2045 | 3% | \$19.89 | \$18,200 | \$5,119 |
| 27 | 2045 | / | 2046 | 3% | \$20.49 | \$18,746 | \$5,021 |
| 28 | 2046 | / | 2047 | 3% | \$21.10 | \$19,309 | \$4,925 |
| 29 | 2047 | / | 2048 | 3% | \$21.74 | \$19,888 | \$4,832 |
| 30 | 2048 | / | 2049 | 3% | \$22.39 | \$20,484 | \$4,740 |
| 31 | 2049 | / | 2050 | 3% | \$23.06 | \$21,099 | \$4,649 |
| 32 | 2050 | / | 2051 | 3% | \$23.75 | \$21,732 | \$4,561 |
| 33 | 2051 | / | 2052 | 3% | \$24.46 | \$22,384 | \$4,474 |
| 34 | 2052 | / | 2053 | 3% | \$25.20 | \$23,055 | \$4,389 |
| 35 | 2053 | / | 2054 | 3% | \$25.95 | \$23,747 | \$4,305 |
| 36 | 2054 | / | 2055 | 3% | \$26.73 | \$24,459 | \$4,223 |
| 37 | 2055 | / | 2056 | 3% | \$27.53 | \$25,193 | \$4,143 |
| 38 | 2056 | / | 2057 | 3% | \$28.36 | \$25,949 | \$4,064 |
| 39 | 2057 | / | 2058 | 3% | \$29.21 | \$26,728 | \$3,986 |
| 40 | 2058 | / | 2059 | 3% | \$30.09 | \$27,529 | \$3,910 |
| Total Present Value | | | | | | | \$233,238 |
| Present Value of Subject's Lease | | | | | | | (Rounded) \$230,000 |

ASSUMPTIONS AND LIMITING CONDITIONS

Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties in this study is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. Berger & Associates Appraisers is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. Berger & Associates Appraisers, however, has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject property's title should be sought from a qualified title company that issues or insures title to real property.

Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties in this study are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. Berger & Associates Appraisers professionals are not engineers and are not competent to judge matters of an engineering nature. Berger & Associates Appraisers has not retained independent structural, mechanical, electrical, or civil engineers in connection with this study and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of Berger & Associates Appraisers by ownership or management; Berger & Associates Appraisers inspected less than 100% of the entire interior and exterior portions of the improvements; and Berger & Associates Appraisers was not furnished any engineering studies by the owners or by the party requesting this study. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this study. Accordingly, if negative findings are reported by engineering consultants, Berger & Associates Appraisers reserves the right to amend the report study conclusions reported herein.

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. Berger & Associates Appraisers has no knowledge of the existence of such materials on or in the property. Berger & Associates Appraisers, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the study.

All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to Berger & Associates Appraisers. This report may be subject to amendment upon re-inspection of the subject property subsequent to repairs, modifications, alterations and completed new

construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.

It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise specifically noted in the report. Unless otherwise specifically noted in the report, Berger & Associates Appraisers has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, Berger & Associates Appraisers reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify Berger & Associates Appraisers of any questions or errors.

The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This rent study is based on market conditions existing as of the date of this study. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the study. However, Berger & Associates Appraisers will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.

Berger & Associates Appraisers assumes no private deed restrictions, limiting the use of the subject property in any way.

Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposits or subsurface rights of value involved in this study, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.

Berger & Associates Appraisers is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.

The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.

Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. Berger & Associates Appraisers does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of Berger & Associates Appraisers.

Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of Berger & Associates Appraisers to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.

Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property studied assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from

any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.

This study may not be duplicated in whole or in part without the specific written consent of Berger & Associates Appraisers nor may this report or copies hereof be transmitted to third parties without said consent, which consent Berger & Associates Appraisers reserves the right to deny. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this study was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of Berger & Associates Appraisers which consent Berger & Associates Appraisers reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. Berger & Associates Appraisers shall have no accountability or responsibility to any such third party.

Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.

The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal or rent study and are invalid if so used.

The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.

No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to Berger & Associates Appraisers unless otherwise stated within the body of this report. If the Consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. Berger & Associates Appraisers assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor Berger & Associates Appraisers assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.

Berger & Associates Appraisers assumes that the subject property analyzed herein will be under prudent and competent management and ownership; neither inefficient nor super-efficient.

It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the report.

No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.

The *Americans with Disabilities Act* (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, Berger & Associates Appraisers has not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since Berger & Associates Appraisers has no specific information relating to this issue, nor is Berger & Associates Appraisers qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject property.

Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate rent study results to others, which acts of the Client proximately result in damage to Appraiser. The Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover from the other reasonable attorney fees and costs.

ADDENDA

ADDENDUM A
ENGAGEMENT LETTER

AGREEMENT

This Agreement made this 17 day of September, 2019, (the "Agreement") is by and between Suffolk County Water Authority, with a principal place of business at P.O. Box 38, 4060 Sunrise Highway, Oakdale, New York 11769 ("SCWA") and Berger & Associates Appraisers, LLC, 20 Dewey Street, Huntington, New York, 11743, ("Berger"), each entity being a "Party" and taken together the "Parties."

Whereas, SCWA issued Request for Proposal #1546 entitled "Request For Proposals for Appraisal Services" (the "Request"), and

Whereas, Berger submitted a proposal dated July 24, 2019 in response to the Request (the "Proposal").

Whereas, SCWA wishes to retain Berger to perform and provide the services described in the Request (the "Work").

Now, therefore, the Parties, in consideration of the premises, agree as follows:

1. The above recitals are incorporated herein and made a part hereof.
2. The Request and the Proposal are incorporated herein and made a part of this Agreement.
3. SCWA retains Berger to provide the Work. Berger shall perform the Work, its duties and obligations in accordance with the terms of the Request, the Proposal and this Agreement.
4. SCWA shall pay Berger in accordance with the Proposal.
5. Berger shall add SCWA to its insurance policies as an additional insured pursuant to the terms of the Request. Berger shall not be considered "approved" until it has obtained all insurance required under the Request and such insurance has been approved by SCWA.
6. In the event of a conflict between the terms of the Agreement, the Request and the Proposal, the terms of the Agreement shall prevail. If there is a conflict between the terms of the Request and the Proposal, the terms of the Request shall prevail.

In Witness Whereof, the Parties have caused this Agreement to be signed and to effective as of the date first above written.

Suffolk County Water Authority

By:


Jeffrey W. Szabo, CEO

Berger & Associates Appraisers, LLC

By:


David W. Berger, President

Real Estate Appraisers & Consultants



Berger & Associates Appraisers, LLC
20 Dewey Street
Huntington, NY 11743

July 24, 2019

David W. Berger, President

SUFFOLK COUNTY WATER AUTHORITY
4060 Sunrise Highway, PO Box 38
Oakdale, NY 11769

ATTN: Purchasing Director

RE: RFP – Appraisal Services – Rental Value for Garage Space
SCTM # District: 701, Section: 1, Block: 3, Lot: 7
9 Yoco Road, Shelter Island, NY

Dear Purchasing Director:

As per your request that we prepare a fee proposal, we set forth the following proposal in reference to an appraisal to determine the lease value of approximately 915 square feet of garage space within the building of the above referenced property. As a prerequisite, we understand that a fee proposal must be submitted and approved.

The Suffolk County Water Authority is interested in leasing 915± square feet of garage space within the above noted building from the Village of Dering Harbor. The appraisal assignment is to determine the rental value of the 915 square foot portion on a per foot basis, annual rental basis and the present value of a one-time payment representing the value of the lease. The term of the rental would be for 40 years.

The lease value estimate will take into consideration market lease reimbursements (if any) such as real estate taxes, CAM, insurance, and management or other factors having a potential impact on the lease value of the subject.

The appraisal report will contain an explanation of the critical and major aspects of the appraisal problem.

Aspects of the income capitalization approach to value will be considered within our analysis. Comparable rentals of garage buildings and garage leases that have occurred within the market over the past three years will be analyzed and compared to the subject property.

Purchasing Director
Fee Proposal – SCWA Rental Value, 9 Yoco Road, Shelter Island, NY
July 2, 2019
Page 2 of 2

As part of our appraisal assignment, we must conduct a complete investigation and research the records of all regulatory agencies affecting highest & best use and value. Federal, State, County and local agencies must be contacted. Additionally, we will contact the Town's Planning Department with respect to researching the subject's present and future use and utility and current zoning regulations.

We must look for any and all easements, R.O.W. and any encumbrances affecting value, and where found will be so noted and included in the appraisal with respect to their impact on value.

We understand that our official authorization to proceed will be by formal execution of a contract. We will be able to complete the appraisal within twenty-one (21) days subsequent to our authorization to proceed.

Our fee, exclusive of testimony, conferences, and fees to individuals such as engineers, building contractors, etc., in the event that such services are required, is as follows:

District 701, Section 1, Block 3, Lot 7 \$1,975

We respectfully submit said fee proposal for your consideration. We are looking forward to your authorization to proceed.

Very truly yours,

BERGER & ASSOCIATES APPRAISERS, LLC – REAL ESTATE APPRAISERS & CONSULTANTS



David W. Berger

President

NY State Certification No: 46-29280

Phone: (631) 549-7111

Fax: (631) 549-7373

Email: david.berger@bergerassoc.net

ADDENDUM B
QUALIFICATIONS



Berger & Associates Appraisers, LLC
Real Estate Appraisers and Consultants

20 Dewey Street, Huntington, NY 11743

Tel: 631-549-7111 • Fax: 631-549-7373

www.bergerassoc.net

david.berger@bergerassoc.net

QUALIFICATIONS

DAVID W. BERGER

NEW YORK STATE CERTIFIED GENERAL REAL ESTATE APPRAISER

LICENSE # 46000029280

EDUCATION: Ohio State University - Bachelor of Science Degree, Real Estate & Urban Analysis.

CW Post - Graduate Courses, Real Estate.

AFFILIATIONS: Completed all Appraisal Institute required courses for the MAI designation. Associate Member of the Appraisal Institute (Pursuing the MAI Designation)

LICENSE: Licensed as a Real Estate Appraiser, Certified General Real Estate Appraiser - New York State

EXPERIENCE: **BERGER & ASSOCIATES APPRAISERS, LLC – (2008-Present)**

Real Estate Appraiser, Consultant & Analyst

CB Richard Ellis

(2003-2008)

Valuation & Advisory Services

Senior Real Estate Analyst

Rogers & Taylor Appraisers, Inc.,

(1999-2003)

Senior Commercial Real Estate Appraiser

Benjamin J. Berger Real Estate Appraisers & Consultants

(1993-1999)

Commercial Real Estate Appraiser
