

**AMENDMENT TO THE
AGREEMENT BETWEEN THE CITY OF NEW YORK AND THE
TOWN OF NEW PALTZ, NEW YORK, FOR THE DESIGN OF
TWO GROUNDWATER SYSTEMS**

THIS AMENDMENT (the "Amendment") is entered into this 14th day of February, 2016⁷, by and between the **CITY OF NEW YORK** (the "City"), a municipal corporation of the State of New York, acting by and through its **DEPARTMENT OF ENVIRONMENTAL PROTECTION** ("DEP"), having its principal office at 59-17 Junction Boulevard, Flushing, New York 11373, and the **TOWN OF NEW PALTZ** (the "Town"), a municipal corporation of the County of Ulster, in the State of New York, having its principal office at 1 Clearwater Road, P.O. Box 550, New Paltz, New York 12561 (each, a "Party," and collectively, the "Parties").

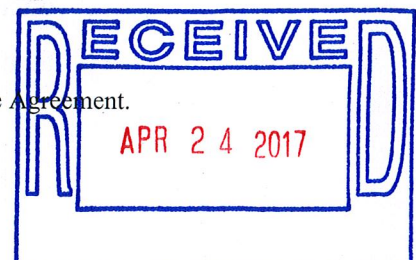
WHEREAS, DEP and the Town are parties to an agreement dated as of June 30, 2015 (the "Agreement" or "Design IGA"), pursuant to which DEP agreed to fund the Town's design of two Groundwater Systems¹, including one from a source located on property located at NYS Route 299 and Paradies Lane (the "Paradies Lane Wellsite System"); and

WHEREAS, the well water quality results of a New York State Department of Health-compliant 72-hour duration pumping test of three test production wells conducted pursuant to the Design IGA at the source of the planned Paradies Lane Wellsite System were inconsistent with the results of previous tests and revealed that, due to the water treatment process that would be necessary for the planned Paradies Lane Wellsite System to provide potable water, its construction is not an affordable option for ensuring an adequate supply of potable water for the residents of the Town and the Village of New Paltz during the planned shutdowns of the Catskill Aqueduct; and

WHEREAS, the Parties have accordingly agreed to no longer pursue the development Paradies Lane Wellsite System, and the design effort with respect thereto was terminated as of May 12, 2016, at the direction of DEP; and

WHEREAS, the Parties wish to amend the terms of the Agreement to reflect this partial termination of the scope of services as of that date (the "Partial Termination Date"); and

¹ All capitalized terms and abbreviations not otherwise defined herein are used as defined in the Agreement.



WHEREAS, due to the delay occasioned by the events described above, as well as the pendency of certain litigation seeking to derail the backup water supply project, it is necessary to extend the term of the option agreement entered into by the Town for the purchase of the property at 101 Plains Road, with funds to be provided by DEP under the planned Construction IGA presently being finalized by the Parties;

NOW, THEREFORE, in consideration of the mutual promises and covenants made herein, the Parties agree to amend the Agreement as follows:

1. The Parties agree that so much of the Agreement as concerns the design and pre-construction effort with respect to the Paradies Lane Wellsite System is terminated as of May 12, 2016, with one limited exception, as more particularly set forth below. All expenses incurred by the Town with respect to the Paradies Lane Wellsite System up until the Partial Termination Date that would otherwise qualify as Eligible Costs, shall be reimbursed by DEP, subject to the terms and conditions of the Agreement. In addition, DEP specifically approved the performance of certain additional professional services by the Town's consultants after the Partial Termination Date, in order to prepare a summary technical report for the property owner and the applicable regulators with respect to the results of the testing of the test production wells. The costs of these services performed prior to May 30, 2016, shall also be reimbursed as Eligible Costs, up to a maximum of \$5,000.00.
2. It is understood and agreed that the design of the Paradies Lane Wellsite System will not be completed by the Town. The Parties agree that the Services with respect to this Groundwater System were completed only to the extent that Extension No. 1 of Water District 3 was formed by the Town Board and two pumping tests within the Paradies Lane Wellsite System were completed.
3. Section 4 of the Agreement is amended to add the following new subsections (b)(vii) and (viii):

(vii) Submit, for DEP approval, a proposed agreement extending the term of the purchase option agreement entered into by the Town as of April 14, 2016, with the owner of the property located at 101 Plains Road, for as long as possible but no less than a cumulative total of twelve additional months beyond the latest date for the

exercise thereof under the original option agreement (i.e., after invoking the 60-day extension under that agreement, beyond September 30, 2016. Such extension shall be able to be invoked upon request in four successive three-month segments, for which the total Eligible Cost shall not exceed two hundred thousand dollars (\$200,000.00) or, if the cumulative total is more than twelve additional months, in four successive segments of suitable length.

4. Section 5 of the Agreement is amended to provide that the required IMA described in that Section shall be amended to clarify that the provision conditioning the parties' purchase and sale obligations upon the "successful completion" of the contemplated construction work does not include completion of the Paradies Lane Wellsite System. In addition, the required term of the IMA shall be changed to 40 years. A draft of such amended IMA shall be submitted to DEP in advance for approval.

4. Section 6 of the Agreement is amended to add the following new subsection (a)(iv):

(iv) It is understood and agreed that no costs related to the Paradies Lane Wellsite System shall be considered Eligible Costs if they are reimbursement for services performed after the Partial Termination Date of May 12, 2016, except that consulting costs up to five thousand dollars (\$5,000.00) in connection with preparation of the final report on the test production wells for the Paradies Lane Wellsite System and incurred prior to May 30, 2016, shall be considered as Eligible Costs.

5. Subsection 6(b) of the Agreement is replaced in its entirety with the following:

Total Eligible Costs. Notwithstanding anything to the contrary herein, the aggregate total of all Eligible Costs payable by the City hereunder shall not exceed One Million Three Hundred Thirty Thousand Two Hundred Dollars (\$1,330,200.00) ("Total Eligible Costs").

6. Exhibit B to the Agreement is replaced with the amended Exhibit B attached hereto.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the date above first written.

THE CITY OF NEW YORK

TOWN OF NEW PALTZ

BY: _____

BY: _____

Title: _____

Title: _____

Department of Environmental Protection

Supervisor

Approved as to Form
Certified as to Legal Authority

Acting Corporation Counsel

Date: _____

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the date above first written.

THE CITY OF NEW YORK

TOWN OF NEW PALTZ

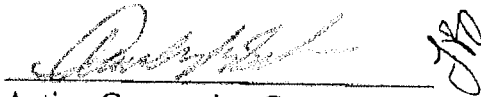
BY: _____

BY: _____

Title:
Department of Environmental Protection

Title:

Approved as to Form
Certified as to Legal Authority



Acting Corporation Counsel

Date: SEP 20 2016

Exhibit B
Milestones

Milestone	Completion Date
Town awards design contract for Groundwater Systems	September 4, 2015
Town submits draft IMA (Water Sale Agreement) between Village and Town for DEP review and comment	September 5, 2015
Town submits a list of necessary real property purchase options to DEP for review	October 20, 2015
Town submits executed IMA between Village and Town in a form acceptable to DEP	October 20, 2015
Town completes SEQRA review and issues appropriate determination	February 25, 2016
Town submits option price and purchase price, and terms of option agreement for necessary real property	January 30, 2016
Town submits Basis of Design Report for Groundwater Systems to DEP for review	February 15, 2016
Town acquires all necessary approvals to establish Water District No.5	March 1, 2016
Town acquires all necessary approvals to expand Water District No. 3	March 1, 2016
Town acquires option to purchase real property necessary for the 101 Plains Road Wellsite System	April 15, 2016
DEP and Town complete negotiation of Construction IGA	September 1, 2016
Town amends the purchase option agreement for 101 Plains Road to add Town rights to extensions of option period	September 25, 2016
Town submits 90% Plans and Specifications and Construction Cost Estimate to DEP for review	December 1, 2016
Town submits 100% design/construction bid documents for the 101 Plains Road Wellsite System, together with evidence that all necessary permits and regulatory approvals have been obtained	March 31, 2017