§ 118. Development of a supply of water for sale. Any city or village, any county on behalf of a county water district and any town on behalf of a town water district or water storage and distribution district may, in addition to all other powers possessed with respect to the development and distribution of water, provide for the development of a supply of water in excess of its own needs, for the purpose of sale to a public corporation or improvement district which possesses the power to purchase a supply of water, and, any provision of law to the contrary notwithstanding, may contract indebtedness for such purpose. The term "public corporation" as used in this article shall mean a public corporation as defined in the general corporations law.