

MINUTES OF THE BOARD OF TRUSTEES MEETING HELD ON JULY 27, 2012 AT 105 BROADWAY, SALTAIRE, NEW YORK.

Mayor Cox called the Board of Trustees meeting to order at 6:30 p.m. and the following were in attendance:

Robert Lynn Cox III, Mayor
John A. Zaccaro Jr, Trustee
Alexander K. Chefetz, Trustee
Hugh A. O'Brien, Trustee
Frank Wolf, Trustee
Joseph Harry Baker, Counselor to the Board
Mario Posillico, Administrator & Clerk
Donna Lyudmer, Treasurer
Joseph Prokop, Village Attorney
Dennis Foley, Chief of Security
And approximately 25 other attendees

PLEDGE OF ALLEGIANCE

Mayor Cox led the Board and all attendees in the Pledge of Allegiance.

APPROVAL OF MINUTES

Draft copies of the minutes of the meeting of June 30, 2012, having been previously presented to the Board and posted in draft form on the Village web site, were presented for adoption. After discussion, and all having a chance to be heard, Trustee Wolf made a motion to adopt the minutes as presented, which was seconded by Trustee Chefetz and on call without objection was unanimously approved.

APPOINTMENT OF VILLAGE PROSECUTOR

Mayor Cox stated that he has asked, and that Village resident Judge James Gowan has indicated that he would accept appointment to the post of Village Prosecutor. Trustee O'Brien then made a motion to appoint Judge James Gowan to the position of Village Prosecutor. The motion was seconded by Trustee Zaccaro, and on call without objection, the motion was unanimously so approved. The Village Clerk then administered the oath of office to Judge Gowan.

ABSTRACT AUDIT

Mayor Cox stated that the following Abstracts were presented for approval by the Village Administrator and the Village Treasurer:

General Checking No. 2A in the amount of \$76,064.47

After discussion and opportunity for questions, Trustee Zaccaro made a motion that General Checking Abstract 2A be approved as presented and that the Mayor be authorized to execute the warrants. Trustee Wolf seconded the motion and on call without objection it was unanimously approved.

OLD BUSINESS

POTENTIAL AGREEMENT WITH SUFFOLK COUNTY WATER AUTHORITY

Mayor Cox reported that the contract between the Village and the Suffolk County Water Authority (SCWA) has been delayed somewhat since the new C.E.O. of SCWA wants to review the parameters of the agreement, and has requested their engineers to investigate the possibility of tunneling the new main under the existing concrete of Lighthouse Promenade as opposed to reconstructing a new concrete walkway. The Village has gone out for public bid for the concrete portion of the work, with bids to be opened on August 24, 2012. SCWA will be going to public bid for their portion of the work within the same time frame, after which the Village and the SCWA will reconvene to discuss how the various project costs will impact the parameters of the cost-sharing agreement. It was noted and discussed that the current uncertainty in the status of the contract may put the intended construction start of Fall 2012 in jeopardy.

VERIZON SERVICE

Mayor Cox reported that the Village Attorney had been asked to research the Village's option for response to inconsistent phone service being provided to the Village of Saltaire by Verizon. Village attorney Prokop reported that there is currently a state-wide action being filed with the Public Service Commission against Verizon for service problems that are very similar to what is being experienced in Saltaire, and he stated that the Village could join that state-wide action as an interested party. After discussion, the Board concluded that the Village should hold off on that option until its full implications are evaluated, and instead the Village Attorney was instructed to draft a letter of complaint to the Public Service Commission to address the specific concerns of the Village. The Village Attorney stated that he has already drafted such a letter, and would have the final version for the Mayor's approval shortly. A petition was then distributed to the public to add support for the letter of complaint.

APPLICATION TO REALLOCATE COVENANTS & RESTRICTIONS – 306 NEPTUNE

Mayor Cox reported that the owner of 306 Neptune has been advised that before the Board will make a final determination on his request to reallocate deed restrictions placed on his property by a previous Board in 1981, it needed to see the full extent of the project scope and design so that the Board and the adjacent neighbors have a more complete sense of the impact to the surrounding area, and that any approval granted would be conditioned upon the Village being held harmless by the applicant, along with other conditions that would protect the Village and the neighbors. He stated that the matter will be held in abeyance until such time as the applicant submits the required documentation and then notifies all surrounding property owners within a 200-foot radius of the date of the Board of Trustees applicant's property of the meeting at which further discussion and possible action will take place.

NEW BUSINESS

BOND RESOLUTION FOR VILLAGE BOARDWALK RECONSTRUCTION

Trustee Zaccaro moved adoption of the following resolutions:

BOND RESOLUTION, DATED JULY 27, 2012, AUTHORIZING THE ISSUANCE OF UP TO \$2,040,000 AGGREGATE PRINCIPAL AMOUNT SERIAL BONDS OF THE VILLAGE OF SALTAIRE, COUNTY OF SUFFOLK, STATE OF NEW YORK, PURSUANT TO THE LOCAL FINANCE LAW, TO FINANCE THE COSTS OF IMPROVEMENTS TO BOARDWALK AREAS, ALL IN AND FOR THE VILLAGE.

WHEREAS, the Board of Trustees of the Village of Saltaire (the “Village”), a municipal corporation of the State of New York, located in the County of Suffolk, hereby determines that it is in the public interest of the Village to authorize the financing of the costs of improvements to boardwalk areas, all in and for the Village, including any preliminary and incidental costs related and allocated proportionally thereto, at a total estimated cost not to exceed \$2,040,000, all in accordance with the Local Finance Law;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Village of Saltaire, County of Suffolk, State of New York, as follows:

Section 1. There is hereby authorized to be issued serial bonds of the Village, and/or bond anticipation notes issued in anticipation of the issuance of such serial bonds, in the aggregate principal amount not to exceed \$2,040,000, pursuant to the Local Finance Law, in order to finance the costs of improvements to boardwalk areas, all in and for the Village, including any preliminary and incidental costs related thereto (collectively, the “Project”).

Section 2. It is hereby determined that the Project is a specific object or purpose, or of a class of object or purpose, as described in subdivisions 19(c) of paragraph A of Section 11.00 of the Local Finance Law and that the period of probable usefulness of the Project is twenty (20) years. The serial bonds authorized herein shall have a maximum maturity of twenty (20) years computed from the earlier of (a) the date of issuance of such serial bonds, or (b) the date of issuance of the first bond anticipation notes issued in anticipation of the issuance of such serial bonds.

Section 3. The Board of Trustees of the Village has ascertained and hereby states that (a) the estimated maximum costs of the Project are not to exceed \$2,040,000; (b) no money has heretofore been authorized to be applied to the payment of the costs of the Project; (c) the Board of Trustees of the Village plans to finance the costs of the Project from the proceeds of the serial bonds authorized herein, and/or of bond anticipation notes issued in anticipation of the issuance of such serial bonds; (d) the maximum maturity of such serial bonds authorized herein shall be in excess of five (5) years; and (e) on or before the expenditure of moneys to pay for any costs in connection with the Project for which the proceeds of any obligations authorized herein are to be applied to reimburse the Village, the Board of Trustees of the Village took “official action” for federal income tax purposes to authorize the capital financing of such expenditure.

Section 4. Subject to the terms and conditions of this bond resolution and the Local Finance Law, including the provisions of Sections 21.00, 30.00, 50.00 and 56.00 to 60.00, inclusive, the power to authorize serial bonds as authorized herein, and bond anticipation notes issued in anticipation of the issuance of such serial bonds, including renewals thereof, the power to prescribe the terms, form and contents of such serial bonds and such bond anticipation notes, and the power to issue, sell and deliver such serial bonds and such bond anticipation notes, are hereby delegated to the Village Treasurer, as the chief fiscal officer of the Village. The Village Treasurer is hereby authorized to execute on behalf of the Village all serial bonds issued pursuant to this bond resolution, and all bond anticipation notes issued in anticipation of the issuance of such serial bonds, and the Village Clerk is hereby authorized to impress the seal of the Village (or to have imprinted a facsimile thereof) on all such serial bonds and all such bond anticipation notes and to attest such seal. Each interest coupon, if any, representing interest payable on such serial bonds shall be authenticated by the manual or facsimile signature of the Village Treasurer.

Section 5. The faith and credit of the Village are hereby and shall be irrevocably pledged for the punctual payment of the principal of and interest on all obligations authorized and issued pursuant to this bond resolution as the same shall become due.

Section 6. When this bond resolution takes effect, the Village Clerk shall cause the same, or a summary thereof, to be published together with a notice in substantially the form prescribed by Section 81.00 of the Local Finance Law in the Islip Bulletin, a newspaper having a general circulation in the Village. The validity of the serial bonds authorized herein, and of bond anticipation notes issued in anticipation of the issuance of such serial bonds, may be contested only if such obligations are authorized for an object or purpose, or class of object or purpose, for which the Village is not authorized to expend money, or the provisions of law, which should have been complied with at the date of the publication of this bond resolution, or such summary thereof, were not substantially complied with, and an action, suit or proceeding contesting such validity is commenced within twenty (20) days after the date of such publication, or if such obligations are authorized in violation of the provisions of the Constitution of the State of New York.

Section 7. Prior to the issuance of any obligations authorized herein, the Board of Trustees of the Village shall comply with all applicable provisions prescribed in Article 8 of the Environmental Conservation Law, all regulations promulgated thereunder by the New York State Department of Environmental Conservation, and all applicable Federal laws and regulations in connection with environmental quality review relating to the Project (collectively, the "environmental compliance proceedings"). In the event that any of the environmental compliance proceedings are not completed, or require amendment or modification subsequent to the date of adoption of this bond resolution, the Board of Trustees of the Village will re-adopt, amend or modify this bond resolution prior to the issuance of any obligations authorized herein upon the advice of bond counsel. It is hereby determined by the Board of Trustees of the Village that the Project will not have a significant effect on the environment.

Section 8. The Village hereby declares its intention to issue the serial bonds authorized herein, and/or bond anticipation notes issued in anticipation of the issuance of such serial bonds (collectively, the "obligations"), to finance the costs of the Project. The Village covenants for the benefit of the holders of such obligations that it will not make any use of the proceeds of such obligations, any funds reasonably expected to be used to pay the principal of or interest on such obligations, or any other funds of the Village, and will not make any use of the Project which would cause the interest on such obligations to become subject to federal income taxation under the Internal Revenue Code of 1986, as amended (the "Code") (except for the federal alternative minimum tax imposed on corporations by section 55 of the Code), or subject the Village to any penalties under section 148 of the Code, and that it will not take any action or omit to take any action with respect to such obligations, the proceeds thereof or the Project financed thereby, if such action or omission would cause the interest on such obligations to become subject to federal income taxation under the Code (except for the federal alternative minimum tax imposed on corporations by section 55 of the Code), or subject the Village to any penalties under section 148 of the Code. The foregoing covenants shall remain in full force and effect notwithstanding the defeasance of any serial bonds authorized and issued under this bond resolution, or any other provisions hereof, until the date which is sixty (60) days after the final maturity date or earlier prior redemption date thereof. The proceeds of any obligations authorized herein may be applied to reimburse expenditures or commitments of the Village made in connection with the Project on or after a date which is not more than sixty (60) days prior to the date of adoption of this bond resolution by the Board of Trustees of the Village.

Section 9. For the benefit of the holders and beneficial owners from time to time of the serial bonds authorized herein, and of bond anticipation notes issued in anticipation of the issuance of such serial bonds, the Village agrees, in accordance with and as an obligated person with respect to such obligations under, Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934, to provide or cause to be provided such financial information and operating data, financial statements and notices, in such manner as may be required for purposes of the Rule. In order to describe and specify certain terms of the Village's continuing disclosure agreement for that purpose, and thereby to implement that agreement, including provisions for enforcement, amendment and termination, the Village Treasurer is authorized and directed to sign and deliver, in the name and on behalf of the Village, the commitment authorized by subsection 6(c) of the Rule (the "Commitment") to be

placed on file with the Village Clerk, which shall constitute the continuing disclosure agreement made by the Village for the benefit of holders and beneficial owners of such obligations authorized herein in accordance with the Rule, with any changes or amendments that are not inconsistent with this bond resolution and not substantially adverse to the Village and that are approved by the Village Treasurer on behalf of the Village, all of which shall be conclusively evidenced by the signing of the Commitment or amendments thereto. The agreement formed collectively by this paragraph and the Commitment shall be the Village's continuing disclosure agreement for purposes of the Rule, and its performance shall be subject to the availability of funds and their annual appropriation to meet costs the Village would be required to incur to perform thereunder. The Village Treasurer is further authorized and directed to establish procedures in order to ensure compliance by the Village with its continuing disclosure agreement, including the timely provision of information and notices. Prior to making any filing in accordance with the agreement or providing notice of the occurrence of any material event, the Village Treasurer shall consult with, as appropriate, the Village Attorney and bond counsel or other qualified independent special counsel to the Village and shall be entitled to rely upon any legal advice provided by the Village Attorney or such bond counsel or other qualified independent special counsel in determining whether a filing should be made.

Section 10. This bond resolution is subject to a permissive referendum and will take effect upon its adoption by the Board of Trustees of the Village and the expiration of the period prescribed in the Village Law during which petitions for a permissive referendum may be submitted and filed with the Village Clerk.

The motion was seconded by Trustee Chefetz, and on call without objection was unanimously so carried.

BAY SHORE PROPERTY: ZONING CHANGE AND OUTDOOR STORAGE PERMIT

Village Administration Posillico reported that the Town of Islip Planning Commission will hear the Village's application for a change of zoning from Business 1 to Business 2, which will formalize the legal non-conforming status of the Bay Shore property for ferry and parking use. The application will also request the issuance of a special-use permit for outdoor boat storage. He reported that he is working with the Town on an acceptable resolution of the Village's participation in drainage improvement along Maple Avenue, which should be in place before the hearing, and further stated that if both applications (for zoning change and outdoor storage) are approved, there is a possibility that the facility would be available for outdoor boat storage this autumn. Trustee Zaccaro made a motion to authorize the Village Administrator to seek proposals from marine operators to lease the property for winter storage of boats. The motion was seconded by Trustee O'Brien, and the motion on call was unanimously so approved.

TRUSTEE REPORTS

Each Trustee provided a report on his area of responsibility.

ZONING ISSUES

Trustee O'Brien reported that as part of the overall review of the zoning code that he is undertaking and reported on, specific zoning issues have been raised with him and various members of the Board that will require more investigation, research and expert opinion. These matters include the creation of special districts for uses that do not fit within the residential district, the limitations on the number of bathrooms allowed in a structure, and modification of the maximum residential building height so as to allow for more traditionally sloped roofs. He stated

that the Board may seek outside advice on some zoning issues from various sources to help formulate draft modifications to those relevant sections.

EMERGENCY NOTIFICATION SYSTEM

Trustee Wolf reported that he met with various executives of the Fire Company regarding the possibility of reducing or eliminating the Village emergency horn for evening rescue calls, thereby exclusively relying upon the other means of notifying members of the company of a rescue call, namely pagers and cell phone texts. Currently, the horn will blast for all emergencies, fire and medical, all hours of the day and night, with a series of 5 repeating blasts. He stated that the position of the Fire Company has always been and will likely continue to be that the emergency horn is an important back-up to those other systems. He also stated that he continues to investigate options for reducing the audible impact during evening hours, including reducing the number of blasts and limiting the horn to certain times of the day, and will present his findings and recommendations to the Board at a future meeting.

PEACE OFFICER STATUS

Trustee Wolf stated that he is investigating, in conjunction with Chief Foley and Village Attorney Prokop, the possibility of having the Village establish a "Constabulary", whereby members of the Security Department, would obtain "Peace Officer" status. Having this advanced level of training and certification would provide them enhanced enforcement powers that would enable them to compel compliance with Village ordinances, in particular motorized vehicle code enforcement and bicycle code enforcement. He stated that he would report to the Board and the public on his findings at a future meeting.

ADJOURN INTO EXECUTIVE SESSION

After the Board received and responded to questions from those in attendance, Trustee Wolf made a motion that the Board adjourn into Executive Session to discuss litigation strategy, contract and personnel issues. The motion was seconded by Trustee O'Brien and on call without objection was so approved at 8:29 p.m.

RE-ADJOURNMENT INTO PUBLIC SESSION

Trustee Zaccaro made a motion to re-adjourn into public session at 9:29 p.m. The motion was seconded by Trustee O'Brien, and on call without objection was unanimously so approved. The public meeting was called back into session by Mayor Cox at 9:29 p.m. and the following were in attendance:

Robert Lynn Cox III, Mayor
John A. Zaccaro Jr, Trustee
Alexander K. Chefetz, Trustee
Hugh A. O'Brien, Trustee
Frank Wolf, Trustee
Mario Posillico, Administrator & Clerk
And 0 other attendees

NEXT BOARD MEETING & CLOSE OF MEETING

After all having had a chance to be heard, and there being no further business before the Board, Trustee Chefetz made a motion to close the meeting, with the next meeting to be held on

September 1, 2012, at 9:00 a.m. at 103 or 105 Broadway, Saltaire, New York. The motion was seconded by Trustee Zaccaro, and on call without objection it was unanimously so approved to close the meeting at 9:30 p.m.