VILLAGE OF HASTINGS-ON-HUDSON, NEW YORK BOARD OF TRUSTEES REGULAR MEETING APRIL 26, 2011

A Regular Meeting was held by the Board of Trustees on Tuesday, April 26, 2011 at 7:45 p.m. in the Meeting Room, Municipal Building, 7 Maple Avenue.

PRESENT: Mayor Peter Swiderski, Trustee Bruce Jennings, Trustee Jeremiah Quinlan,

Trustee Meg Walker, Trustee Nicola Armacost, Village Manager Francis A.

Frobel, Village Attorney Marianne Stecich, and Village Clerk Susan

Maggiotto.

CITIZENS: Seventeen (17).

APPOINTMENTS

Mayor Swiderski: We have three appointments to announce: Kimberly Janeway to the Youth Council; David Jackowe, the Advisory Council on the Disabled; and Mitch Koch to the Draper Park Review Board. We thank you all for your service to come and desire to serve the Village.

APPROVAL OF MINUTES

On MOTION of Trustee Walker, SECONDED by Trustee Armacost with a voice vote of all in favor, the Minutes of the Organizational Meeting, Regular Meeting, and Executive Session of April 5, 2011; and the Public Hearing of April 12, 2011 were approved as presented.

APPROVAL OF WARRANTS

On MOTION of Trustee Walker, SECONDED by Trustee Armacost with a voice vote of all in favor, the following Warrants were approved:

Multi-Fund No. 58-2010-11 \$126,884.31 Multi-Fund No. 59-2010-11 \$ 46,135.52 Multi-Fund No. 61-2010-11 \$ 45,465.98 Multi-Fund No. 62-2010-11 \$ 60,233.61

Mayor Swiderski: Point of order, at the last meeting, technically, in between two meetings I went through a list of boards and committees that we closed and it should have more properly happened within the context of the meeting. There is text that describes the boards and committees that were closed. Now that it has been mentioned and referenced it can be considered more official.

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Village Clerk Maggiotto: Those remarks will be inserted into these minutes.

[Inserted comments]

Mayor Swiderski: We are formally closing a number of committees, which among them probably represent thousands and thousands of volunteer hours' worth of time. We probably do not really recognize nearly enough how much is done on behalf of by community members.

In the case of a couple of these committees, specifically the Cable TV Committee and the LWRP Committee, over time literally thousands of hours were put in, and with very little fanfare; with great aggravation, I suspect, in the case of the Cable TV Committee, and perhaps without a full sense of closure in the case of the LWRP Committee. But the reason and purpose for these committees have come to and end and we would like to officially sunset them. So acknowledging a huge amount of work done on our behalf, not properly thanking them in this forum but seeking another to do so at some point. We need to throw some sort of event.

We want to officially announce we are sunsetting the Cable TV Committee; the Fire Code Board of Review, which is no longer required by law; the LWRP Committee, which fulfilled its purpose; and the Public Health Board, which was inactive over the last year or two and upon whose good graces we will rely for advice when we need them, but rather than have a formal committee that meets without a mandate, we decided let us not keep it alive.

Furthermore, we are also formalizing our intention to ultimately close the Comprehensive Plan Committee, once we are finished with the public meeting on the Comprehensive Plan at some point in June.

The members that served on these committees have all done a great service to us, and we thank them. The Comprehensive Plan Committee I am not going to speak to right now because those 11 members also collectively, I am trying to do the math in my head, 11 people times 40 meetings times two hours per meeting. And plenty of time extraneously outside of those meetings is also literally thousands of hours. They have done a great service to the Village.

Sometimes people snicker that we have too many committees. We are trying to smooth and streamline those that do not have the need to go onwards in their current form. Over the next three months, we will then be making some announcements about consolidation of a couple of the remaining committees together, where it makes sense.

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Niki, thank you for the footwork in speaking to these committees and determining whether the mandates made any sense to continue. In allowing this moment to come to pass, we are quick to set up, rare to sunset, and we have just done so.

[end of inserted comments]

PUBLIC COMMENTS

Tim Downey, 520 Farragut Parkway: I was going to present the third component regarding the deer subject, but in respect for the volume of stuff you have I am going to pass and do it next meeting. But I did want to mention Dobbs Ferry on May 23 is going to have an educational forum with DEC officers and a whole host of big-name people on the panel to discuss environmental impacts in more thorough detail. The public is welcome from multiple villages to discuss the growing problem with the deer.

John Gonder, 153 James Street: This is the way you people act sometimes. This is last year's budget, so therefore I think I can say something. There was a nice young woman here from the Arts Commission who asked for some seed money, \$500. She talked, and she was fairly lengthy. The Board took an hour and 15 minutes, because I timed you. A lot of times you talk, talk for \$500. That decision should have been made in about five or six minutes, and you took an hour and 15 minutes to give her the approval. Yes, this is a community of the 4-As: architects, attorneys, and artists. I can only name three of them. We need money for the artists, and I see nothing wrong with it. But when it takes you an hour and 15 minutes to approve \$500 something is wrong, when you have a \$13 million budget coming up. This is a unique community. You got to do better for us. I am talking about deer. You cannot do anything about the deer; five, six years. Dr. Padawer spent I do not know how much time on his thing, and what results do we have? Deer running around. I buy a lot of plants. I buy dogwoods because the ones I grow the deer eat one leaf at a time and kill the plant. I have 36 now that are going to start blooming, and the deer eat them and you do not do anything about it. But you talk about Arbor Day. You ought to go in the woods. There are no young little trees anymore. You got to do something.

Then Atlantic Richfield, that is a joke. Mr. Quinlan, you always tell us it is complicated,. Well, you should tell us the complications. You told us last year, four to six years we would probably have it all cleaned up. Last meeting, you said maybe 10 years. They got 10 alternates. Well, why do we not go to court and get a court monitor to start. Maybe he would throw out seven of those alternates. Do something!

And you cannot even take care of potholes. You want laws similar to Ardsley, Irvington, Dobbs Ferry. We are a unique village. We should have our own laws. Yes, we have to work with them on certain things, but you are not doing the right things by the citizens. We

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are unique. We are the only ones that have a hook and ladder. We spent a million dollars, and we needed that hook and ladder. Pay attention to the noise for the bars. We will have the police chief back in the fall. Well, the fall is gone, the winter is gone, the spring is gone. Did you make your decisions in the back room again? What happened? We had hearings for three months. All I heard was decibel, decibel, decibel. You get nothing accomplished. I would like to see you all resign. I would like to see you maybe get a recall. That is how bad this village is getting.

32:11 STOP-DWI CONTRACT 2011 - 2015

Village Manager Frobel: This is the renewal of the relationship we have with the county for selective enforcement. Patrol will be out there looking for speeders and DWI offenders. We look forward to continuing this relationship; it is certainly a worthwhile program.

On MOTION of Trustee Armacost, SECONDED by Trustee Jennings the following Resolution was duly adopted upon roll call vote:

RESOLVED:

that the Mayor and Board of Trustees authorize the Village Manager to execute the STOP-DWI Patrol Project Reimbursement Contract with Westchester County in the amount of \$8,400.00 per year for the period January 1, 2011 through December 31, 2015.

| ROLL CALL VOTE | AYE | NAY |
|--------------------------|-----|-----|
| Trustee Bruce Jennings | X | |
| Trustee Jeremiah Quinlan | X | |
| Trustee Meg Walker | X | |
| Trustee Nicola Armacost | X | |
| Mayor Peter Swiderski | X | |
| | | |

33:11 SCHEDULE PUBLIC HEARING – PROPOSED LOCAL LAW NO. 5 BUILDING BOARD

Village Attorney Stecich: Now the duties of the building board are spelled out. In the building construction chapter of the code, they define three duties which, in fact, the building board does not do. It does not include the one duty that it does achieve, which is declaring buildings unsafe. So this section is modified to have the duties of the building board section reflect what those duties are.

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Trustee Armacost: This came about when we were analyzing whether we needed to shut down the building board. We were going to shut it down, and we realized it was still performing a function, but that is not designated.

Village Attorney Stecich: There was a section about appeals from Building Inspector decisions going to the building board. That is deleted because, in fact, they do not. If it is a challenge to a zoning decision, the Building Inspector goes to the ZBA. If it is to a building code it goes to the state building code. Then it deleted where it says there is a duty that the Building Inspector render a complete monthly report to the building board, which he does not do.

Trustee Armacost: It is a housekeeping thing.

Village Attorney Stecich: Yes, that is it.

On MOTION of Trustee Armacost, SECONDED by Trustee Walker the following Resolution was duly adopted upon roll call vote:

RESOLVED:

that the Mayor and Board of Trustees schedule a Public Hearing for Tuesday, May 3, 2011 at 7:30 p.m. or shortly thereafter to consider the advisability of adopting Proposed Local Law No. 5 of 2011 Amending Chapter 101, Building Construction, of the Code of the Village of Hastings-on-Hudson with respect to the Building Board.

| ROLL CALL VOTE | AYE | NAY |
|--------------------------|-----|-----|
| Trustee Bruce Jennings | X | |
| Trustee Jeremiah Quinlan | X | |
| Trustee Meg Walker | X | |
| Trustee Nicola Armacost | X | |
| Mayor Peter Swiderski | X | |

34:11 SCHEDULE PUBLIC HEARING – PROPOSED LOCAL LAW NO. 6 PARKS AND RECREATION COMMISSION MEMBERSHIP

Mayor Swiderski: This is another housekeeping?

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Village Attorney Stecich: It is a tiny change. It said that the Parks and Recreation Commission shall include one member of the Conservation Commission, and we decided that did not make sense and was too burdensome. So that requirement is eliminated.

On MOTION of Trustee Armacost, SECONDED by Trustee Walker the following Resolution was duly adopted upon roll call vote:

RESOLVED:

that the Mayor and Board of Trustees schedule a Public Hearing for Tuesday, May 3, 2011 at 7:30 p.m. or shortly thereafter to consider the advisability of adopting Proposed Local Law No. 6 of 2011 Amending Chapter 209, Parks and Recreation, of the Code of the Village of Hastings-on-Hudson with respect to membership of the Parks and Recreation Commission.

| ROLL CALL VOTE | AYE | NAY |
|--------------------------|-----|-----|
| Trustee Bruce Jennings | X | |
| Trustee Jeremiah Quinlan | X | |
| Trustee Meg Walker | X | |
| Trustee Nicola Armacost | X | |
| Mayor Peter Swiderski | X | |
| | | |

VILLAGE MANAGER'S REPORT

Village Manager Frobel: I am pleased to report that I received word last week from the State of New York Division of Criminal Justice Services that the Village is the recipient of a grant of \$25,000 which will go towards the purchase of a marked patrol vehicle. We had made this application with Lieutenant Dosin's efforts. Sometime after July 1 these monies will be available to us to purchase a patrol vehicle.

Trustee Walker: Does that cover the entire cost?

Village Manager Frobel: It may cover the cost of a patrol car, although remember, the Chief was looking for a 4-wheel drive vehicle, so we may recommend to you piecing something together, putting that towards a 4-wheel drive vehicle.

BOARD DISCUSSION AND COMMENTS

1. Proposed FY 2011 – 2012 Village Budget

Village Manager Frobel: I want to pick up with what we discussed at our last meeting. I would like to accomplish a couple of items. I want to spend a little time discussing where we think we will be in terms of revenues for the current year. I think that is important, especially when you look the next year's budget and our efforts to strengthen our fund balance. Also, I want to spend some time on expenditures, where we think we are going to be on May 31 of this year, as well. From there, I want to move into presenting you with an edition of the budget that is reflective of what we heard at that work session a week and a half ago, which changes the elements of the budget but retains the overall integrity.

Trustee Armacost: What I would love is a copy of what you are talking to, or the budget, or something. I do not think we have been given that.

Village Manager Frobel: We are going to hand it out. We have a copy of the budget that we have recast, given what we heard last meeting. I was going to over, and provide you with a copy of the expenditures to date and the revenues to date. So all three of those documents we are going to give you this evening.

Trustee Armacost: But not now, so we can write on them?

Village Manager Frobel: Sure. I had an order to go through, but let me begin by doing that. This is actually the third element of what I want to talk about. What I want to talk about first, as I mentioned, is the position of the community as of today.

Trustee Walker: So, Fran, that is an updated version of the one that was in our packet?

Village Manager Frobel: Yes. But this one I am handing out now will supersede what we have provided to you prior.

Trustee Armacost: But this is this year's. So do you have that data, or not, for us? Are you going to give it to us later? Because I would quite like to have it now.

Village Manager Frobel: My plan was to go over with you orally now, and then provide you with a handout.

Trustee Armacost: But I cannot ... okay, I will write on another piece of paper. Fine. I like to keep my bits of pieces together. If you have got it, it would just be really good.

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Mayor Swiderski: The physical slide on paper? Is that what you are asking for?

Trustee Armacost: Just the budget. I just want the printout of what we are going to be dealing with.

Village Manager Frobel: Then let me go to the third element, as well. What I want to give you this evening is a copy of our statement as of today for revenues.

Trustee Walker: And this supersedes what we got yesterday?

Village Manager Frobel: This has not changed dramatically. The revenues and expenses do not change dramatically from day-to-day. But yes, this is the most current. And there are the expenditures as of today. Current budget.

As I began my presentation this evening, I want to set the stage. I think it is very important that we realize where we expect to be in terms of revenues for the period ending May 31, 2011. We have a budget that was adopted a year ago for revenues anticipated to come in at \$12,628,844. What I have just given the Board, which we have realized in revenues as of this date, is \$11,785,450. What we have now is an unrealized revenue. In other words, between now and the end of the fiscal year, we expect to collect, or we need to collect, \$843,000. The realized amount of money, the money as of April 26, includes this one-time building permit that much has been talked about that the Village received during the current year. I back that out because I want to treat that as a one-time special revenue. I want the Board to realize that between tonight and May 31 we expect to collect, or we need to collect, \$1.3 million.

So how are we going to do that? Looking at past trends and looking at what we know we should expect to collect by the end of the year, we should collect \$400,000 additional in sales tax and utility tax of \$25,000. We receive day camp revenues in advance to be posted to the current year budget. We have about \$30,000 of commercial trash invoicing that has to occur between now and then. We have a share of the revenues that are shared with us and the court. We expect another mortgage tax payment. We have a grant that is due to us of \$110,000. We have a payment in lieu of taxes; we have one property owner that pays a contribution to the community rather than property tax of \$65,000. We expect to receive more money in our cable TV franchise. We have \$253,240 that we will receive, in fact we have received now, from the Town of Greenburgh for our Donald Park fire district. We have a transfer from our River Street parking lot. And we have about \$15,000 owed to us from the county for our prisoner transport.

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So we expect to collect between tonight and the end of the year, although some does come in June and July, but the current year, just under \$1.2 million in revenue. Essentially we would be about \$97,000 below budget. So now you see that our anticipated revenues, taking out the one-time building permit fee, will probably be lower than we anticipated. Last year, we ended up at about \$31,000 less on revenues than we realized.

Mayor Swiderski: Where did you find the biggest points of shortage in expected revenues?

Village Manager Frobel: Mortgage tax and sales tax. That is what has hurt us the greatest. So we expect our revenues this year to come in a little less than anticipated, unless you add in the one-time contribution.

Trustee Quinlan: So the one-time building permit of \$426,000, we are backing that out. Could you explain to the public why we are backing that out?

Village Manager Frobel: I want to back it out to demonstrate to the Board that our revenues for this year will be very, very close. I want you to realize that that one-time payment should be considered just that: something we cannot count on each year. It was unexpected. Although it will help us balance our budget this year in terms of revenues, let us just deal with what we have got in terms of what we had anticipated receiving.

Trustee Quinlan: I thought we were going to back that out and use it to balance the auditor's new rules that we have to use it to do away with as much of the library and pool debt as we possibly can.

Village Manager Frobel: Good point. And I want to get to that.

Trustee Quinlan: But that is what we are using it for, right?

Village Manager Frobel: Yes.

Mayor Swiderski: But in terms of thinking about how we are doing on revenues, if we were to include that one-time event it would cloud the picture and make it look like we are doing terrifically. But if it was not for that one-time event, what Fran is demonstrating here is revenues were a little short of what we expected, setting aside this one-time unusual event.

Village Manager Frobel: The other side of the equation, of course, is expenditures. We have an adjusted budget of \$12,665,000. As of today, we have spent \$11,205,279, leaving us an unencumbered balance as of today of \$1.4 million.

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Let us try to isolate what we think our expenses will be from tonight to May 31. We have two payrolls. We have corresponding payroll taxes. We have a payment for our health insurance. We have a payment to our firehouses, under the Greenburgh agreement, of \$50,000. We have one more payment for our insurance. We have a debt payment of \$166,000. We have some motor fuel expenses. I have electric bills and natural gas bills yet to pay. Money to the county for our tipping fees: another \$25,000 is owed. Our telecommunication costs. Some legal fees. Our town taxes we pay to Greenburgh. Miscellaneous DPW costs: we will be aggressively purchasing asphalt over the next several weeks. I have got to have money for that. The plants are now open. They were closed as of last week. We have to make a transfer to the library fund of about \$104,000. We have to move our antenna from the Andrus Nursing Home. I want to leave money in for that.

So estimated, still to be expended, about \$1,244,512. The difference we expect to be unexpected, or to the good, of about \$205,000. Last year at this time, the auditors had us as \$201,000 so you can see we are pretty much on target. That is traditionally what we have under-expended in our operating budget as we go through our yearly appropriation. So our expenditures for the year will end up probably about \$12,449,791.

To summarize, I went over the estimated revenues, I went over the estimated expenditures. The difference is \$508,899. That number is comprised of the one-time building permit of \$426,897 and \$82,000, which is what we estimate will be the change in the fund balance from our current year operations. That is the difference, Mayor, that we expect to provide you on May 31 as you begin to grow your fund balance back.

Trustee Armacost: So another way to put that, Fran, is that that is going to the surplus at the end of the year.

Village Manager Frobel: Yes.. Now, having said that as setting the stage, the budget recap. The budget I have given you this evening remains at \$13 million. Overall, our expenditures will remain at 2.9 percent. There are four large elements of the 2.9 percent: labor contracts, medical insurance changes, hydrant rental charges, and contingency. Since our last meeting I have adjusted the budget internally by \$217,000. My goal, and what should be our goal, is to rebuild our fund balance and relocate the most we possibly can to our contingency, and at the end of the fiscal year add to our fund balance or pay down our internal debt. I think we can do it with the one-time building permit. That will pay down dramatically the internal debt we owe to ourselves. And this budget will go a long way to placing upwards to \$300,000 into our fund balance at the end of the year.

The recommendation is, however, as painful as it sounds, keep the tax rate at the 4.5 percent. I should have been stronger last year in my recommendation. Despite mentioning time after

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time the importance of the fund balance, I failed in that regard and I will take ownership for it. I should have stressed that. But we are at a point now that we know the auditors mean business, and that we have got to pay back to ourselves the debt for the pool, the library park, and the capital projects. And we know we have got to rebuild our fund balance. So I recommend we also keep the revenues as presented back in March, no changes. If they are too conservative, let us live with it. Let us let that build our fund balance. With this plan, you can pay yourself back, you can pay those funds. You can show the credit rating agencies that we have taken the hard, bitter pill to address the need to build our fund balance back and to go forward.

Do this for two years, and I guarantee you are going to have a fund balance that Moody's and S&P are going to point out and say, yes, Hastings has addressed their concerns and they are back on this road to recovery. We have gotten through a difficult time, and the departments have done a wonderful job in ratcheting down their expenses. But we have got to hold firm; let us pay back what we owe ourselves, and let us build our fund balance so that we are in better shape when we go to that bond market. We know we are going to go there soon, if nothing more than to convert our BANs into serial bonds. Even if you do not borrow any more money, probably in 18 months we have to go back to the market and convert our BANs into permanent financing. We would be in much better shape if we can demonstrate that we have taken this hard approach to addressing these needs.

That ends the presentation. What we want to do now is go over what we have given you,. We are going to talk about how we took heed of the comments from the Trustees, not only on the big ticket items and brought the budget down, but also on the small ones. There were a lot of items that Trustee Armacost talked about that were under \$500, \$100, \$200, \$1,000. You will see that we came up with in excess of \$30,000 on the smaller items, and some larger items in terms of staffing and some of our expenses. I think we have got you at a very good point right now in terms of addressing your financial concerns. Again, I admit the 4.5 percent is more than we would like, but everyone here realizes why we are in the situation we are in terms of mandates and loss of assessed values, et cetera.

Trustee Walker: I want to go back to the slide that shows the revenues and the part that is going to be allocated. Can you review the debt on the capital projects, the total amount of debt that we need to pay off, and how much from this unanticipated revenues and anticipated revenues from this fiscal year will be going, or the surplus will be going, to pay off that debt? What are with left with after May 31 of this year?

Trustee Armacost: Meg, I can tell you how much the debt is.

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Trustee Walker: I know what the debt is. But I just wanted to know, Fran, how much you are saying. You still have \$82,000, you are saying, estimated change in the fund balance.

Village Manager Frobel: Yes.

Trustee Walker: That is adding to the fund balance? So how much are you putting against

the debt?

Trustee Armacost: It is not adding to the fund balance, that, actually.

Trustee Walker: So the \$82,000?

Trustee Armacost: The outstanding debt is \$862,000. So we then have to use the money that is available. We have a reserve fund, or a fund balance, now of \$388,000, of which we can only use \$360,000. So we have to take \$360,000 away from the \$862,000, which leaves us with \$501,000, something like that. And then we can use the Shaw money to bring that down. And then the \$82,000 brings us down to a positive balance of \$7,000.

Trustee Walker: So nothing changed from your memo on Friday.

Village Manager Frobel: No. After what they have determined, we owe about \$501,000. What we can do this year with that one-time building permit and the change in the fund balance would pretty much wipe that out, put you in good footing.

Trustee Walker: So we are starting fresh. We do not have any of that debt that we have to carry over.

Village Manager Frobel: That would be our goal.

Trustee Walker: And the \$82,000 is what again?

Village Manager Frobel: The difference.

Trustee Walker: Between the \$508,000 and the \$426,000.

Village Manager Frobel: Right. Exactly.

Trustee Armacost: Yes, the surplus.

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Trustee Jennings: If the projections that you are making about the next month and the remainder of this fiscal year are correct we will, in fact, cancel out the debt from the various funds that we have to do. So starting the new fiscal year, that will not be drawing away from our fund balance, our reserves, any more. Given the budget that you are presenting to us, and your last slide summarized your objectives, could you give us a preview at the end of May, 2012. We will have already wiped out the debt in the previous fiscal year this May. A year from May, what reserve amount do you anticipate we will have?

Village Manager Frobel: If we stay with this plan I like to think, if everything holds, all the revenues we anticipate, and I took a conservative approach, as the Mayor has pointed out, I have been pretty good at that. I have been trying to be conservative on that, and it is not hard for me to be that way. That is my nature. If all that holds true I think your fund balance could be upwards to \$300,000. Because it is all in contingency. What we have done is, we have cut the expenditures, but put it in contingency for you. That way, it is locked in there, available to you to roll over to the next year.

Trustee Armacost: And it is more transparent, very clearly there.

Village Manager Frobel: That would be the goal. I tried to look at our contingency. The only item in that contingency that cannot be revealed at this time, and you are going to talk about it tonight, is the contract settlement for the DPW workers. Other than that, I do not anticipate any need to go to that contingency next year except a severe winter or some unusual expense, of if some revenue were to drop off.

Trustee Armacost: Based on what you have said today, this budget that you have given us will also reveal an additional \$100,000 is what you are saying. Because if you are saying that typically \$82,000 is embedded in the budget you are actually saying that the reserve fund will be more like \$400,000 at the end of the day. In other words, you are going to have a surplus on the budget. You have created a contingency fund which is explicitly \$300,000.

Village Manager Frobel: Yes.

Trustee Armacost: You told us a little while ago that you typically budget in \$82,000. So you are saying that the fund balance is going to be more like \$400,000 at the end of the year.

Village Manager Frobel: It could be upwards of that. If our patterns hold true, it could be.

Trustee Jennings: Yes, that is an important question. In order to achieve the \$300,000 that you are projecting with the revenues that you are projecting, including the 4.5 percent tax increase, in order to do that have you tightened the expenditure lines to the extent that we

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might not, in the next fiscal year, realize the surplus that we historically have been realizing of approximately \$75,000 to \$80,000?

Village Manager Frobel: I may have. There are some areas that I am concerned about. I do not know if I have allowed enough latitude to handle motor fuel expenses. There may be some concern there. I do not know if I have outguessed the New York State pension plan fund. I do not know if I have got enough money in that. If their original estimate is accurate, then we may have a problem there, it may be short. I have always budgeted exactly what they told us to, and every year it comes in less. This year I am saying I think they overestimated what we are going to be owed. I think between the three funds, the municipal, police, and the volunteer firemen fund I think we have got enough money to handle all three. But in answer to your question, Bruce, it may be tight. I do not know if we can return typically the \$75,000, but we will do our level best.

Trustee Armacost: And then, Fran, the auditors had raised a couple of issues about perhaps more rigorous practices in terms of revenue collection on certain things. I wondered whether you thought that any shift that you were going to make in the coming year was going to reveal more revenue than perhaps in the past.

Village Manager Frobel: We have talked about revenues with all the department heads, most recently with the municipal court clerk and with the police department and with Susan and Raf. We have been brainstorming on this. I will be coming back to the Board during the course of the year having you look at the parking tickets, having you look at commercial trash pickup that has not been increased in awhile, while we know our labor cost has gone up, the tipping fee has gone up and fuel has gone up. We are going to look at the metered parking spaces. But the answer to your question, what the auditors pointed out was the outstanding parking tickets. I talked to Chris Janniello, the court clerk, and a lot of them are old. They are multiple tickets to a single person who has since moved out of the state. Uncollectable. We do not have reciprocal rights with other states, as Chris explained to me,. If that person has run up 100-plus dollars worth of tickets in Hastings, sold the car, registers in another state, the chances of catching him and getting our money is remote. The service we use does live off part of recapturing the fines and fees so they are aggressive. There is a real motive for them. They do not get paid if they do not capture the money. We will continue in that effort, but it is difficult.

Trustee Armacost: So why do you not write them off?

Village Manager Frobel: He will. The judge before the gentleman who is court judge now did write a lot of them off, and perhaps this judge will eventually indicate to us that it is probably uncollectable and write them off.

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But we are going to look at all revenues. And not all of them the Board will agree with. I understand. But we will, and one of that them that you are going to have to deal with immediately is out of town pool passes. We would like you to sell up to 50 to help us address our deficit with the pool. Last year was the first time we got into this area. But there are number of out of town residents who would love to avail themselves of our pool. We would like to sell upwards to 50 to help us address that pool fund. And that would, again, help us restore our fiscal strength.

Mayor Swiderski: But is not the pool fund being wiped out entirely?

Village Manager Frobel: It is, Mayor. But I am afraid we are going to slip back and I do not want to slip back. I want to stay firm, and grow.

Mayor Swiderski: So it is a question of positive cash flow for the year.

Village Manager Frobel: That is what I want. That is what I think you need.

Deputy Village Treasurer Zaratzian: It is not being wiped out. It is just being covered. That is the problem. In other words, if the pool fund, at the end of May 31, comes in \$10,000 less, it does not make a profit.

Village Manager Frobel: From operations.

Deputy Village Treasurer Zaratzian: Then we are going to owe \$10,000 more from surplus to cover it.

Mayor Swiderski: Understood.

Deputy Village Treasurer Zaratzian: If it does, and that is the reason why we are pushing for the out of towners, then that is less that surplus has to cover. It is just assigned to it. It is not wiping out the debt.

Village Manager Frobel: And as you know, the pool is aging. Last year we had a pump go. We had a leak in the small pool. Those are expenses we had to incur because you have to open that pool. It is such a wonderful resource to the community that I told Ray you have no choice. Fix it. It has got to open. So that is the pressure we feel to make sure we meet our revenues for current operations.

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Trustee Jennings: Because it seems to me to be so important, I want to go back. If you have produced a budget that, at the end of the next fiscal year, will give us a surplus of approximately \$300,000, and if you have done that by, in effect, wringing out from the expenditures as much as you can so that we will not end up at the end of the year with about \$80,000 underexpended, then that is one thing. If, on the other hand, we have a budget that we expect to perform as the past budgets have, and we do expect to end up with about \$80,000 under expenditure, then we will have the \$300,000 that you have put in there and will have, as Niki says, an extra \$100,000. So we will be closer to \$400,000. So which one is it? The reason that is an important question is that if it is the latter, if we may end up with \$400,000, the logical question to ask from a taxpayer's point of view is why not wring more out now. Still plan to have your \$300,000 surplus at the end of the year, but wring more out now. If there is \$80,000 in there to be wrung out, we could knock the 4.5 percent down to 4 percent or even 3.5 percent. That is a crucial choice for us right now. So the answer to the question of how much have you already wrung out becomes very important, because if you have already wrung a lot out it is very imprudent for us to reduce that 4.5 percent tax revenue. But if you have not, and we can get a savings and still be in really good shape at the end of next year from an auditor's and bond rating point of view, why not do that? So that is why I pose this again.

Trustee Armacost: I did an analysis of the past couple of years. Last year it was \$170,000, not \$82,000, and the year before it was \$132,000. So I would say \$82,000 is even a bit conservative. I do a budget versus actuals analysis. It would be really interesting to see how things shift in here. But you have actually been as conservative as you think you are, Fran. I do not think he has lost his \$82,000. I think there might even be more than that, potentially, at the end of this year. But we will see.

Village Manager Frobel: I would not go any deeper. We will go over what we have done. I have eliminated the positions in the DPW. You know our goal was to build the highway department, and this budget does not allow us to do that. We will continue just picking up trash. Changes collectively, through the collective bargaining contract, may give us some flexibility. We have got some extra hours coming out of our sanitation department. But for the last few days, we are down to, as you know, three vacancies. And there is a corresponding decrease in what we would pay in medical benefits and taxes. So I want to go over some of those changes. I really think to stay the course with this plan will get you where I think you should be two years hence, and I would not go any deeper, because I cannot guarantee some of those revenues. It is still an uncertain time. Sales tax was up the last period. But the fact is, it could be too dicey and we cannot count on interest earnings anymore. There are so many revenue sources that we have counted on that have dried up, and I do not see any possibility of them flowing again for at least the near term.

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Trustee Walker: But thanks to Niki's intense scrutiny of the budget versus actuals, and asking that we go back three years, which we did, and we looked at what was expended over the last three years, there were a number of areas that we all saw where there was money in the budget that was not expended. Sometimes these were small amounts, you know maybe even under \$5,000; sometimes they were over. But there were a lot of them. That adds up to a significant amount of money. If we are not going to expend those over the course of the year, when we looked at it before they added up to over \$100,000. Now I know we are going to look at those.

Trustee Armacost: Meg, just to correct you, it was over \$125,000 just for the items under \$5,000. Not the items above. Which is why I do not think we need to cut the budget, necessarily. I need to see what you are presenting, Fran.

Mayor Swiderski: Yes, let us see that now.

Village Manager Frobel: But just to answer your question, Meg, if there was an allegation ever that we over-budgeted, we came in too high, then I would not be here tonight telling you we have got to rebuild our fund balance. What has happened over the course of the year, as I tried to explain, yes, some line items comparing actual-to-actual were less than budgeted. The reason for that was, as I monitor the budget monthly, weekly, at the end, daily I have to tell people do not spend, we have got a problem. As you know, this year, for example, snow removal went over \$50,000 beyond budget. I had to make the \$50,000 up. Where did it come from? Deven did not get a book he might have wanted; Ray did not go to a conference; Bill Finkeldey had to do without a program. Or something. There had to be adjustments made throughout the course of the year. Otherwise, we would have been in a fund balance that would have been the envy of neighboring communities. That is not the case. We have come in dead on.

Trustee Walker: But would it not be better to put those kinds of expenditures, unexpected expenditures, coming out of the contingency fund?

Trustee Armacost: Exactly. That is the point.

Trustee Walker: And not be taking them out of all these other little line items that make it difficult for us to understand why that money was not expended?

Village Manager Frobel: I do not know, it is just a different philosophy. I could have done that, I suppose. I could have let the department heads spend all of this.

Mayor Swiderski: That is what we continue to push for.

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Trustee Armacost: It is just more transparent. Then it is easier to be sympathetic, actually.

Trustee Walker: Right, and we understand better.

Village Manager Frobel: Our overarching goal, the philosophy, has always been to return as much as we can to the fund balance. Every department has had it drilled into their head just because you have been given it, do not spend it. Spend it if it is your own money, wisely. You have got that stewardship, and if it is not being spent it reverts to your fund balance.

Next year, we start fresh. If you have got a conference going, budget for it. If there is a book you want, budget for it. And we will take that criticism from the Board, saying you did not spend it last year, you are not getting it next year. Well, he did not get it last year because the Manager told him slow down on spending, I have got a problem in the police overtime or I have got a problem with DPW. And that has been the philosophy the department heads have had. They know that.

Mayor Swiderski: I am going to shift to something else, which is this whole issue with Moody's and the rating agencies. How often do they return? What is the cycle, typically?

Village Manager Frobel: This last time was a surprise. They call it a monitoring interview. Came out of the blue. It is a change industry-wide. The rating agencies are reacting to concern from bad behavior in the financial markets, where it has been alleged that credit ratings have been too generous and that when the investor plunks down his money he does not get the return he expects. So it is part of a program nationwide where they are periodically monitoring your performance. It could be in six months, it could be in 12 months. But it will be periodic, and it will continue.

Mayor Swiderski: So it is not on a regular cycle. It happens with a periodicity you cannot predict.

Village Manager Frobel: I cannot. Our fiscal advisor may call me tomorrow and say Moody's just called, they want to take another look because your BANs are coming up for renewal. I will say, OK.

Trustee Armacost: What was the last time they visited you before September or October of last year?

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Village Manager Frobel: Probably a year ago, when we issued the BANs. The last bond issue was a full interview with Moody's.

Trustee Armacost: Which was when?

Village Manager Frobel: What would you say, Susan, a year ago? The year before that?

Village Clerk Maggiotto: Two years?

Village Manager Frobel: But it is changing, and it will be more frequent. And there will be a much more rigorous examination of your fiscal books.

Mayor Swiderski: When they decided to take us down a notch it was because of the fund balance issue.

Village Manager Frobel: Yes.

Mayor Swiderski: Were they looking at the negative balances we were carrying, as well?

Village Manager Frobel: No.

Mayor Swiderski: So it was just the fund balance issue.

Village Manager Frobel: Yes.

Mayor Swiderski: Now, our fund balance at the point that we earned the ding was in the \$300,000 range. So if we wipe out \$805,000 worth of debt, but are only still at the fund balance range where we got dinged before, are we at risk of another ding? Or are we static, and not likely to slip? Does the action we have taken add any proverbial Brownie points to the interview you carry out with them? Here we are paying off a million dollars worth of expense. I have to imagine that serves to our credit and our seriousness in addressing out fiscal problems. Is that correct?

Village Manager Frobel: That is my understanding, Mayor. In my conversation with our fiscal advisor, steps that we can take to rebuild that will go a long way. At least, if nothing else, holding it firm at where it is today rather than slipping any further. But again, we are part of a giant pool of all municipal debt. So it is not just Hastings.

Trustee Armacost: I think probably what will happen is, they will be evaluating how other villages that are in a similar situation to us end up faring. Those that had a bigger reserve

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fund will obviously in a less bad position than those that had a smaller one, as a result of these changes. But it is impossible to predict how they will behave. I think it will also depend on how much criticism they get the week before whether they feel they have to be hardcore or not. Maybe someone will write a nice article in *The Wall Street Journal*, and they will be all very mellow and sweet. I do not think you can predict.

Village Manager Frobel: And as you know, there are things that are out of our control totally. That post-retirement benefit is a nationwide problem, where municipalities have traditionally provided medical insurance to retirees. Involves us, and everybody else. Our debt is a factor. It is beyond what you have set as your own policy. It is more than 10 percent of our operating budget. Our own policy requires a fund balance between 7 percent and 10 percent. You know we are not near that. So we are not in complete compliance with our own rules. But those problems with the pension and post-retirement benefits are totally out of our control. We are part of a giant pool. So if no one else is improving it we will suffer, as well, in their hard approach towards looking at the credit worthiness of municipal bonds.

Trustee Jennings: What is our current debt percentage?

Village Manager Frobel: It is around 10 percent. If it is 9.8 percent or maybe 10.1 percent, I have advised you on that. We exceeded it at one point when we went out for the fire truck. We exceeded our own standards. I think in two years we pay off some serial bonds. So we have got a little bit of capacity in two years. We will be doing a little better then. But we are right up against your own rules.

Trustee Quinlan: I have a question that I do not understand. The \$800,000 that we are supposedly doing away with by using the one-time fee for the Shaw estate, the building permit or whatever it is, and the other things. Are we actually eliminating the debt, or as Raf says we are covering it? What is the distinction? Is it being eliminated? It does not sound like it is being eliminated. It sounds like it is being covered. So the money is still there, or is it not there?

Trustee Armacost: We had a long time discussing this at the auditors. We are actually paying it back. Correct me, Fran, if I am not using the right language.

Village Manager Frobel: No, that is right.

Trustee Armacost: But we are paying it back to other Village funds from which we borrowed it. So the way that we moved the money from one fund to another, which has created a cash flow problem, it means that there are certain times in the year where there is a

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real cash flow crunch. And when the money goes back, we solve that problem. Have I framed it in the right way?

Village Manager Frobel: I think that is the way to put it. The general fund advanced those three funds: pool, capital, and library. We loaned money to ourselves. Now, under the rules, under GASB, the Government Accounting Standards Board's rules, you have got to pay that back to yourself if you have sufficient surplus. In the past, we have been happy to carry it on the books as something that was owed to ourselves. Now they are saying you physically have to show it as being squared away, cutting through the jargon.

Trustee Quinlan: So we are paying it back. That is not being covered, it is being paid back. I mean, are we just talking about semantics?

Village Manager Frobel: I think it is in the category of semantics. But here is what we are going to do. Every year, as you know, the auditors come out and make their presentation, Jerry. And they will this year, as well. I said after we get the budget adopted, let us come out and get into some real detail and hear what the Mayor and Trustee Armacost heard them explain two weeks ago. So we are going to have that opportunity. But, in fact, as Trustee Armacost indicated, we are paying back the general fund money that we have advanced to those three funds.

Trustee Quinlan: That is what I do not understand. This one-time building permit of \$426,000, that is real money. That is real dollars. So where is it going?

Trustee Armacost: It is going into a place where real dollars were taken from is my understanding. Is that right, Fran?

Trustee Quinlan: But they are never real.

Village Manager Frobel: Into the general fund. Yes, they were loaned. We do not owe anyone that money. We do not owe a vendor, a contractor, or an employee. It is money that the general fund has advanced to those three funds. And now it is going back, as indicated, into our cash flow to be available to us. It has always been available to us. But now, from a bookkeeping point of view, it will be on the right side of the ledger.

Trustee Quinlan: You say the rating agencies are getting a lot stricter. My understanding is they might be getting stricter with small governments, but in general, with the big guys, they are still playing the same games. They are not being strict enough. So I do not know what the real story is with that.

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Village Manager Frobel: I just know what I have been told.

Trustee Quinlan: Well, I just know what I read. But I can see why they downgraded us, and I hope that we can do something about it.

Trustee Armacost: When we did the analysis of the capital projects fund, and we found all of this \$862,000 in debt, there was this other interesting amount, which is about \$60,000 of unspent funds for Municipal Building plaza, sidewalks and related areas, and police technology grant. I do not know how long that has been outstanding, or whether we have a plan to use that money up, or whether that money goes away at some point. That is an additional \$70,000 that is not being spent somehow.

Village Manager Frobel: You are right, and we have done that. I know a lot has been talked about those that ran slightly over. There have been a number that have run under, and those are three. What will happen is, the auditors will keep them there for awhile, and then eventually sweep them into your fund balance. When we declare that they are complete, we are not going to do anymore, that is when it will be swept back into the general fund.

Trustee Armacost: So why can we not do that today?

Village Manager Frobel: You could. Actually, you know, that has been a lifesaver to me. When we were in trouble with the compliance with the ADA we used some of that type of money for capital projects for improvements around the village hall complex here. But we could.

Deputy Village Treasurer Zaratzian: You cannot spend BAN money on a project that the BAN was not gotten for. Now, with the technology grant that is from the federal government and that will be completely used up at the end of the year.

Trustee Armacost: But none of these were BANs, Raf.

Deputy Village Treasurer Zaratzian: The sidewalks were.

Trustee Armacost: No, sidewalks and related areas. It is not in the BAN.

Deputy Village Treasurer Zaratzian: It is a BAN.

Trustee Armacost: Well, it is not listed in the BAN.

Village Manager Frobel: It was Municipal Building plaza, and sidewalks and related areas.

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Deputy Village Treasurer Zaratzian: Yes, but when we started the project we went out and got a BAN for them. My point is, we cannot use that money for anything else. Now, you can close the project and put what is left into the debt service. And then a year later you can appropriate it. But you cannot just take the money, according to New York accounting rules.

Trustee Armacost: Whatever the process is, let us realize this \$80,000 that is sitting there.

Village Manager Frobel: And that is what we are going to do. Those are the kinds of things, when we meet with the auditors over the summer, we are also going to challenge some of their understanding of the capital projects. We have some difference of opinion on some of those that they have indicated have run over. I think we can justify what happened, and why. They may have missed a stitch or two, and we are going to work on that. With the Community Center project we believe there is some retainage that we have not paid to the contractor because we had some disputes. So we may have some money in there to the good. Those are the technical things that we are going to be working on over the summer.

Trustee Armacost: How much money do you think is there that becomes surplus?

Village Manager Frobel: I would have to look at that list. You have identified two up top. There was the \$11,269. Then there was the small \$40,000 for the Municipal Plaza.

Trustee Armacost: How can I put it? Those were in the cash column anyway. There was \$70,000, and there was the technology one. But you just said you were going to dispute some issues relating to a contract.

Village Manager Frobel: Yes.

Trustee Armacost: So how much money is there to be gained there because the person did not do what the person should have done in the contract, or whatever?

Village Manager Frobel: I do not want to rely on my memory. I can just tell you that in working with our bookkeeper, I think there may be some room for discussion there. It is not enough to make a difference in this discussion. And it is something that we would not realize probably for a number of months. It will be awhile before we realize this.

Trustee Armacost: But we have got \$70,000. Say that is \$20,000 or \$30,000. That is an additional \$100,000 is all I am saying. So we have got the \$300,000 that is already in the

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contingency fund. We have got the \$82,000 which I think is still embedded in the budget because I do think you are conservative, Fran, and I do not think you would go that route. And then we have got another \$100,000 here, which is starting to look like \$500,000 to me. I was just looking at why Peter asked me to be a Trustee. And one of the reasons he asked me to be a Trustee is because he thought that I would be a little bit relentless on the transparency stuff. So I want to be true to why he asked me. And your strategy is perfectly fine. I just think we should all be part of it. We should all understand the amounts of money that are in different pockets, and what our strategy should be collectively vis-à-vis that.

Village Manager Frobel: I hope I have done that tonight. I hope I have laid out a situation as to where we are in the current year. I cannot get into more detail than that. I do not have a crystal ball. I have to rely on our past experience and my expertise and the staff, and I have laid out what I think is a strategy. If your goal is, as I indicated, to rebuild your fund balance and square away these capital projects I think we have done it. I will leave it at that, Mayor.

Trustee Jennings: To put this last conversation in some perspective, if we are fortunate and if the estimates are even better than you are making, and if we take some action do some tidying up of some of these existing funds, we may, in fact, realize more than \$300,000 in our fund balance. We may get up to \$400,000; we might even get up to \$500,000. But I think we all have to remember the context of this, which is that the bond rating people are telling us that to really be solid we have to have \$900,000 or a million eventually. So if there is additional money that we can find we definitely should find it, but we will not be more than halfway home even if we do find that.

Village Manager Frobel: Precisely. Thank you. I wish I had said it. That is exactly right. We are on the road to recovery, but we have got a ways to go. They would like 10 percent of your operating budget in your reserve, and that is exactly right. We are close to \$1.3 million.

Mayor Swiderski: How would you like to step through this next piece?

Village Manager Frobel: I want you to take everything back with you. We are hopeful to adopt the budget tomorrow evening. As I indicated in the slides, we have gone through this budget reflective of the memo that the Board sent me better than two weeks ago with some large items. We have gone through the spread sheet that was prepared by the Board, as well, indicating some smaller ones. We are recommending that we reduce our DPW personnel by upwards to \$80,000. That will eliminate the three vacancies. I have kept three vacancies because I was fearful this day might arrive. I was very reluctant to recruit and hire someone only to tell them they would have to be laid off, to have that upset with his life. We reduced our fire service award by \$17,000. When I prepared this budget in January-February into March, we had an estimate from the insurance company. They have since revised that

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downward so there is an offset there. As I indicated, there was a corresponding reduction. All these changes are highlighted in yellow. I am just going to hit the big ones and drill down on the others later.

There is a corresponding decrease in our health insurance and payroll tax, reflective of the three less positions. Planning services I have reduced by \$10,000. Going through some of the smaller items, we have reduced court security officer by \$1,700. Village Clerk, we have reduced records management by \$1,000. Elections, we have come up with a total reduction of about \$380. Village hall, we have got reductions in utilities and maintenance of building. Technology, \$5,000 out of software upgrades. We think we can have some savings there, perhaps with the building permit process we are going through. Our newsletter we are reducing by \$2,000.

Mayor Swiderski: Fran, I would like to stop on contingency. It is less than I expected. What I see here is \$342,000, and the contingency in the original budget was \$125,000. So that leaves \$217,000, and yet you are talking about a surplus of \$300,000. So if you are talking about a surplus of \$300,000, and I see a contingency here of \$217,000, where are you finding another \$83,000 falling into surplus?

Trustee Armacost: I think it is from income.

Village Manager Frobel: Revenues would be a source. But also in contingency, as I indicated, the only item that I foresee coming out of that, again not knowing fully what the winter will bring or other out of pocket expenses, could be wage adjustments for the bargaining units. So I see that, Mayor. I would like to tell you that it would be \$342,000. I know it will not be. It will be somewhere less. But I like to think it will be closer to the \$300,000 range.

Trustee Armacost: Are you saying you have or you have not embedded wage increases in other salary lines?

Village Manager Frobel: I have not. The police line items reflect their contract because they are going into the third year of their contract. We do not have an agreement with the Teamsters. Our non-union people, this will be the third year with no increase.

Trustee Walker: So you think that would come out of the \$125,000 original contingency that we were talking about, as opposed to this \$217,000 that we think of as being passed into the general fund?

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Trustee Armacost: But you are saying only \$42,000 is going to make all of that up? What is the amount you have in your head?

Village Manager Frobel: I would rather not reveal it because we have not ratified a contract.

Mayor Swiderski: That is executive session material.

Trustee Jennings: But what we are talking about here, without specific numbers, is the contingency that does not have to be spent on increased expenditures or whatever, going over the budget, at the end of the fiscal year that becomes the reserve fund, right? We are trying to make a contribution to our reserve fund at the end of the year of approximately \$300,000, give or take because of what may happen. So one might imagine that we will end up with \$250,000 at the end of the year in our reserve fund.

Mayor Swiderski: Or \$200,000 if there is a bad storm.

Trustee Jennings: Yes. And that is at the 4.5 percent tax increase. Take another \$100,000 away from that with a 1 percent reduction of that and you would then be down possibly below \$200,000.

Trustee Walker: Although what Fran was saying is that there is additional revenues, right?

Village Manager Frobel: There could be.

Trustee Walker: There could be additional revenues, which would be added only at the end of the year. That is not reflected in this contingency number.

Mayor Swiderski: Why are you saying at the end of the year? We could pass them this summer and realize some of this year.

Trustee Armacost: Immediately. Because next week we could have 50 more people to be able to go to the pool. Multiply by whatever the pool fee is.

Trustee Walker: At what point can you move it into the reserve?.

Village Manager Frobel: At the end of the year.

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Trustee Walker: You see the reserve, you see the revenues. We can find the revenues, but they do not really become recognized until the end of the year. So you think with the revenues it brings it up to about \$300,000.

Village Manager Frobel: No, that would be beyond.

Trustee Walker: So it is beyond with the revenues.

Village Manager Frobel: Beyond, yes, if they were to come to pass.

Mayor Swiderski: And assuming you held contingencies to \$42,000.

Village Manager Frobel: Yes.

Trustee Jennings: Which is a key assumption.

Trustee Walker: Not \$125,000, but \$42,000.

Mayor Swiderski: There are other monies elsewhere that would also fall.

Village Manager Frobel: But throughout the budget, there was an addition, as I mentioned, \$31,000 in the various accounts besides the large items I talked about: personnel, benefits, et cetera. That is what got you to the \$217,000 shifting within the budget. We also looked at revenues from the budget presented to you in March. We took another hard look at that mortgage tax, and it is just not going anywhere. We reduced it by \$23,000. We are afraid the CHIPS program, the road resurfacing program, we took a cut this year from the state. We have taken another \$7,400 out of that. I just do not think we can count on it. Those changes were handled by the change in the assessed values. Because the budget I gave you in March did not reflect final action by the Board of Assessment Review so it was not quite as bad as I portrayed it. The slight change absorbed was able to handle that additional loss of revenue in those two items.

Trustee Armacost: Fran, I wondered whether there is a kind of a Village Manager's group that gets together that discusses strategies that are being used, things that have worked, things that have not worked. Whether you are part of such a support group.

Village Manager Frobel: I am. I have been very active over my entire career with the International City Managers Association, which is an international group of city managers. We also have a New York chapter, which Susan is very active in. Although I do not attend their meetings as often as I should, I do have a rapport with our neighbors. And through the

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Mayor's efforts, the managers and the mayors have gotten together every six weeks for just such a session to discuss economics of scale and strategies that we can all brainstorm. It has been a great experience to have the professional city manager working with the chief elected official to brainstorm, besides just discussing among ourselves problems of mutual concern. So we do. We have a whole host of resources available to us - newsletters, correspondence, the Web site - to come up with different strategies and to explore savings.

Trustee Armacost: And so what kind of tactics have been particularly helpful?

Village Manager Frobel: There was a recent article comparing some of our neighbors with their budgets. Some of our neighbors have been able to rely on their fund balance, and we are not in that position. But that seems to be the savings for some of our neighbors. They have got that rainy day fund just when it is pouring.

Trustee Armacost: But that is not really a tactic. That is kind of an escape hatch.

Trustee Walker: And how much are they reducing it by?

Village Manager Frobel: Dobbs Ferry? I do not know.

Mayor Swiderski: I thought it was over 2 percent. I talk with the mayor there quite often. This year we were all, the villages within Greenburgh, in a very tight band of 4 percent to 6 percent when we originally discussed this in November. Irvington is at 4.5 percent; Tarrytown is at 6 percent; Ardsley is a spot over 6 percent. I think Greenburgh is at over 4 percent. Then Dobbs Ferry applied their rainy day fund, and pulled themselves down from 4.5 percent, which they were at, to 1.97 percent.

Trustee Jennings: But the implication of that, and I do not know what the people in Dobbs Ferry are saying and what their analysis is, of course, if I am understanding what we are being told here about Hastings, to do that would be to put their bond rating at risk.

Mayor Swiderski: They have a fund balance of \$1.4 million.

Trustee Jennings: All right, so they are way above.

Trustee Armacost: And they are doing that in order to pay off deficits because of the new rule, or for what reason?

Mayor Swiderski: No.

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Trustee Armacost: Just to not raise taxes, basically.

Mayor Swiderski: That is right.

Trustee Armacost: So what about the deficit issue that we had? Has that applied to other villages?

Village Manager Frobel: It is universal. But I cannot tell you if they are in the same situation. They may have funded capital projects on an ongoing basis. Hastings, for awhile, was doing capital projects without adequately funding it, as you know; engineering, et cetera. Other communities may have been funding it properly right from the very beginning. Saying this is what we need, let us set it aside and do it. I do not know. But strategies that we have explored, combining DPW operations, the joint purchasing, the road resurfacing program jointly have been very successful. A lot of ideas have come out of this village officials meeting in the last several years; it is everything from elevator maintenance to building maintenance to purchasing, paving.

Mayor Swiderski: We do contracts on all of those. They are all savings of \$10,000 and \$20,000. Over the years it has added up to over \$100,000. It is a point less on the taxes that we had to pay. Ultimately, it has led to the trust that allows us to discuss DPW consolidation or the bigger ticket items that is where the bigger savings are.

Trustee Armacost: I do not know whether people understand the amount of money that is owed in bond anticipation notes, but we should also talk about that. The debt that comes from the internal pockets is the \$862,000. And the debt in bond anticipation notes is \$1.4 million. So that is additional debt, but it does not have to be paid off in the same kind of way, according to the auditors.

Trustee Walker: How much of that then would be affected by a potential rise in interest rates? All of it?

Village Manager Frobel: All that BAN money would be because that is short-term borrowing.

Trustee Walker: It is all short-term borrowing. Some of it is not longer-term, already fixed, rate.

Village Manager Frobel: There are serial bonds.

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Trustee Walker: But that is different. That \$1.4 million was all short-term, and is potentially impacted by a rate increase.

Village Clerk Maggiotto: No.

Deputy Village Treasurer Zaratzian: One million dollars of it is long-term. It is fixed interest rate.

Mayor Swiderski: One million dollars of the \$1.4 million, or \$1 million dollars period?

Deputy Village Treasurer Zaratzian: \$1,003,200 goes to serial bond interest and principal payment.

Village Clerk Maggiotto: That is long-term borrowing.

Deputy Village Treasurer Zaratzian: And then the rest is BANS.

Village Clerk Maggiotto: Those are the short-terms.

Mayor Swiderski: I do not understand. Are you talking about payments each year, or are you talking about the outstanding debt?

Deputy Village Treasurer Zaratzian: Payments each year.

Mayor Swiderski: That is different. We are not paying \$1.4 million every year on BANs We have got \$1.4 million in outstanding BANs. The question out of Meg was, what is our outstanding non-BAN money, right?

Trustee Walker: Yes. So when there is a rate increase, if there is a rate increase, how much of our debt is affected by the rate increase.

Mayor Swiderski: The \$1.4 million. Everything else is fixed. And if that rate increase happened either from a drop in our ratings with results when we go to converting into a permanent bond at a higher interest rate, or a change in the national interest rate environment, either way it can go up. The current rate is absurd, right?

Trustee Armacost: It is 1.5 percent for some of them, and 1.7 percent for a few others.

Mayor Swiderski: They are quite low. They could go up.

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Trustee Walker: Yes, we do not know.

Mayor Swiderski: If we had an idea we would all be wealthy from being able to predict that sort of thing. Do you have a sense for what happens in terms of the interest paid between the classification of excellent and very good, the next category down?

Village Manager Frobel: We posed that question to our fiscal advisor. That was the very question you posed, Mayor, when I relayed the bad news on the change. It was about 25 basis points, a quarter of a percent. That is what we are talking about.

Mayor Swiderski: Which is not that bad.

Village Manager Frobel: No, and he factored that out over the life of a typical bond. It is more than we like, but it is not 1 percent. Also, communities can buy insurance. You can insure your bonds, which brings you back to a triple-A, which gets you a lower interest rate if you choose to do that.

Trustee Armacost: Did you not last year negotiate down the interest rate?

Village Clerk Maggiotto: We used our finance person to go out to the market for us. He had sources that we did not have readily available for our short-term borrowing. He got some very competitive rates for us.

Mayor Swiderski: But we have not refinanced the long-term debt down.

Village Clerk Maggiotto: No. Two of the long-term bonds are going to finish up in two or three years. There no point in refinancing because the costs of refinancing are so great. But the rates are not even that high. They are 3.5 percent or 4 percent, whatever. But those are going to be gone soon, which is great. When we roll the BANs into serial we will again have low-interest debt.

Mayor Swiderski: What is the current rate on new long-term paper for a municipality like ours? I am going to guess in the 3s.

Village Clerk Maggiotto: I would say that is probably a good guess.

Mayor Swiderski: And is it 10-year paper or 20-year paper?

Village Clerk Maggiotto: It depends on the project. You have to pay it back in the length of the useful life of the project.

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Mayor Swiderski: So you refinance into a long-term bond specific in amount to the liability being offset, to the object you paid for.

Village Manager Frobel: And we have refinanced. We have combined a lot of it, and refinanced, and got very favorable rates. But you cannot keep doing it over the life of that issuance. There is a rule there. You have to call all the bonds, and then reissue. Everyone has to be notified. It gets expensive.

Mayor Swiderski: Is there anything else?

Village Manager Frobel: No, that is everything. We covered a lot of ground. Get back to me tomorrow with any concerns. Our goal is to have this adopted tomorrow evening. By law, you need it by May 1.

Trustee Armacost: Could you send these documents you gave us today by e-mail, and have them be in spread sheets with cells that have formula in them, please? That would be great.

Village Manager Frobel: He has to cut and paste. Do you not cut the existing?

Deputy Village Treasurer Zaratzian: Yes. I will see if I can update the current expenditures and revenues and put them in.

Mayor Swiderski: I was going to start with you, Meg, and you seemed to blanch at it.

Trustee Walker: No, I am going to put it right out there. I would love to see our total expenditures below \$13 million. It may be token, and we are only talking \$5,157 here, but I would love to get somewhere another \$10,000 or \$15,000 or \$20,000 out of this budget and get it below \$13 million. I do not have recommendations about where that comes from, but I think about all those little line items that we found. There has got to be something there that we can get \$20,000 out of. The other thing I would like to do is reduce the tax increase down to around 3.5 percent. What do have to do to do that? Can we move \$100,000 out of that contingency, or assume that it is going to be there in the revenues? We are talking \$100,000? Is that what it would take?

Village Manager Frobel: One percent equals \$94,000.

Trustee Walker: So shifting some of that \$94,000 out of the contingency in order to reduce the tax increase. That is what I would like to do.

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Trustee Quinlan: I have said it before and I will say it again. Everybody would like to see less taxes. Everybody in the room here is probably sitting here for that very reason. No one is here to see our taxes increase. They are all here to see them go down. But 4.5 percent, as we have to remember that 75 to 80 percent of the taxes that we pay are school taxes. Except for, and I have said this before, some of the higher-paying people in the different departments, 80t or 90 percent of the employees that work for the Village make less than reasonable salaries. They are not making a lot of money. They have not had an increase in a couple of years. Other than the police department and some of the top earners in the different departments, the majority of the people that work for the Village are making very modest money. I do not even know how they can live in Hastings with the money they are making, some of them.

I think that we should increase our savings account. We have been woefully inadequate in the past in doing that, and it is only getting worse. We need to save for the rainy days, not only because of our accountants and our borrowing, but just as the prudent way you should run your house, the way you should run your business, the way you should run the Village. In the past we have borrowed too much from ourselves and BANs and long-interest notes. We have got to stop the borrowing and we have got to start saving. I just do not see how we can do it. I am not particularly happy with the 4.5 percent increase, but it is something I can live with. Considering what your overall tax bill is in Hastings, I do not think the Village is doing too bad on a whole. A \$13 million budget. We need good schools. But they are over \$40 million in their budget. I am not saying anything about that. I am just saying that we have to take that into consideration.

As to sitting here and cutting a \$500 budget to a \$100, and an \$800 budget to \$300, that is not why I am sitting up here. I am sitting up here for policy reasons. I am not going to sit here and nickel and dime \$100 here and \$400 there and \$300 there. The Village Manager can do that and should do that. We are trying to avoid layoffs to the best of our ability. I would like to see, and I know it is impossible because I do not see anybody coming forward, some of the higher-paid employees in the Village maybe voluntarily take a pay cut to save some of the layoffs. But other than the Village Trustees no one has come forward to do that, except for us last year, to take a voluntary pay cut, which we did, somewhere between 15 percent and 20 percent. I guess the \$2,000 that I make is a relative stipend: \$157 a month I get, after taxes. So no one is willing to do that to save jobs and to reduce the taxes. I wish they would, but they are not coming forward to do it. I think we have 22 police officers, and now we have three less DPW. We get a lot of services in Hastings, and when we start cutting services we get a lot of complaints. So we are in a tough position up here.

I will take the heat. But to make a long story short, I am comfortable with this budget, 4.5 percent. If we end up with \$500,000 in our savings account, great. If we have \$300,000, that

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is not so great. I am glad we reduced some of our debt for the pool and the library. And we will face the issues as they come forward. I might be in the minority up here but I can live with the 4.5 percent increase.

Trustee Jennings: I am very gratified and impressed that it looks as though we are able to clear our books at the end of this fiscal year. This seem to be a combination of hard work by the Village staff to not spend the entire budget lines that they had and to be frugal, and incredibly good fortune with very large fees. A windfall of fees, a one-time windfall just when we really needed it. That is very important. A couple of weeks ago I sat up here thinking that we were going to have that albatross hanging around our neck for several years, making it impossible to have any surplus because every time we got a surplus it would be sucked away back into the general fund to clear the books. So that is great news. We ought to be very relieved that that is possible to do so quickly.

Going forward, as a matter of policy I am absolutely persuaded that we need to build up, through budgeting a large amount for contingency, hoping we do not have to use it all for emergency expenditures, and then putting it into the reserve fund. That process has to be taken very seriously. As a matter of policy we have to do it, and we have to keep doing it. This is not a one-time fix. We are looking at several years of this type of fiscal policy. And I am prepared to support that. It does seem to me that we were not doing enough when we were building that up to \$100,000 or \$120,000 or \$150,000. So a \$300,000 goal the Village Manager has set for us strikes me as not unreasonable. If we actually find more money than we have put down on paper right now, it might go up. But as Trustee Quinlan just said, that is a good thing, because if we end up with \$400,000 or \$500,000 instead of \$300,000, we will be better off because our goal is about twice that.

On the other hand, if things do not go as well as we anticipate they will, we get some nasty surprises, we could easily end up with only \$100,000 or \$150,000 again. And that is what gives me pause about the notion of reducing the tax revenues down to, say, 3.5 percent, as has been suggested. It is not prudent for us to run the risk of that very small surplus at the end of this coming fiscal year. As much as I dislike having a 4.5 percent increase, last year they were 3.5 percent I believe, so we are talking about raising them, compared to last year. I do not like that. But I do feel that reducing them to last year's level, and keeping it at 3.5 percent again, would not be wise policy, would not be prudent for the Village this year. I would be prepared to talk about some figure between 3.5 percent and 4.5 percent, but I am not prepared to support going as low as 3.5 percent. The absolute amount of expenditures, \$13 million or under \$13 million, again I do not think that is the most important figure to focus on. The most important figures to think about are the kind of contingency fund, reserve fund, that we will have at the end of the next fiscal year and what our tax rate increase will be. Those are the two most important numbers for me, and I see it as a tradeoff

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between those two things. I am not comfortable making that tradeoff at the 3.5 percent, \$200,000 contingency level. I am more comfortable at 4.5 percent and \$300,000. Somewhere in between might be compromise ground that we all could live with.

Trustee Armacost: I am 100 percent in agreement with Meg. The overall budget line item should be under \$13 million. Even if it is \$5,000 it is important to get it below \$13 million. I also think that the tax rate should be 3.5 percent. I think it should go down. At the same time, it is really important to try and build the reserve fund. I just do not think we can do it all in this year. It is unfair to taxpayers that we do it all in this year. Part of the reason is, we got given an amazing gift this year. We got given \$426,000 which we did not expect. Taxpayers should be able to taste some of that, and that is should not all go into the reserve fund. That is partly because I know, because I did the budget versus actuals analysis, that at the end of this year we are going to get more than that \$82,000. I know there is an additional \$100,000 in the contingency fund or in the budget which will go into the contingency fund one way or another. I also know that there is this \$70,000 that needs to be moved one way or another from unspent other funds, whether it happens immediately, whether it happens at the end of the year, whether it happens in some other place. I think that money is going to become available, as well. I think we are looking at a contingency fund of \$500,000, in which case taking away \$90,000 is still leaving us with a higher fund balance at the end of the day than we had going into this year after having paid off all that debt.

I just feel, in that kind of a context, that the taxpayers should be able to get a taste of a little bit of that victory. I also think that this experience of this year, we need to implement a set of policies for ourselves moving forward. One of things that we need to do as a Board of Trustees is formally meet with state legislators on some of the issues that are affecting us. Talk to them, talk to people who are in decision-making positions, lobby them, be annoying on these kinds of issues so that they understand what we are dealing with. It is important that we do it collectively, or that some of us do it on one week and some of us do it another week, so that we understand that we do care and that we need to come up with solutions that work for them and that work for us; that help us address some of these bigger line items.

I also think that there are some institutions within the borders of our village that we can tap for funding potentially, and that we need to talk to some of those institutions about either them, or the state agencies that own them, about how costs there can be covered. For example, the Chief of Police told us that 25 percent of calls are spent in a particular area. We should discuss whether there can be co-financing for some of that kind of stuff. There are a number of measures like that that we should look at. I still feel very strongly about the budget versus actuals analysis. I know this is not a huge hit with the team, but I think that it is really important. It helps you see where there is funding. It at least makes it transparent to us as Trustees in a clearer way. I would like to see that embraced much more wholeheartedly

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in the future, which maybe be a fantasy of mine and may not happen before all my hair goes white. But that would be a wonderful thing to see that analysis adopted in a more serious way. I also think we need to get much more serious on different kinds of revenue collection measures. Fran has talked about some collecting fines more aggressively, raising certain fees, maybe building fees. I do not know what is the lowest-hanging fruit that upsets the least number of people. Charging fees for certain kinds of services, looking whether we can offset certain costs with insurance coverage. Cost-sharing activities, I know you are looking at that, Fran, even more.

I do not think we should be borrowing any money for some time. We need to get things in order before we go down that path. I am not a huge fan of debt financing, and I think you need to get your house in order before you go down that path. I know it is difficult with certain kinds of capital expenditures. But as we look at grants, if we can match them with other grants, Meg and I have talked about this, that is a more sensible way, moving forward. So Meg, I am 100 percent in agreement with you.

Trustee Walker: I would like to add that this auditing issue that we have had to pay off, \$860,000. I feel like the taxpayer should not have to bear that burden. Granted, Fran, you have done a terrific job in taking out some big chunks of expenditures and finding some additional revenues to offset some of the pain of these debt payments that we have had to make. But I am with Niki that, we cannot do this all on the backs of the taxpayers. They deserve a little of the windfall, as well as they should not be paying the penalty of this \$860,000 expense, this burden, that we have had to bear. We have talked about doing quarterly reviews. That would be a way to start looking at it so everybody understands the expenditures better. I think there are things that are painful to cut, and I do not know what those are. Department heads know that, people on staff know where it is painful. But I also think there are areas that are not so painful, and we do not know what those are. We cannot tell them what to cut. But by looking at it on a more regular basis, because we are supposed to be dealing with policies, not with numbers, we may be able to shift some of that from numbers to policy so that we can understand it better and make those policy decisions, not just once a year when we pass this budget but on a more regular basis.

Trustee Armacost: I absolutely agree, Meg. Quarterly meetings would be very helpful, and maybe a meeting to discuss from a policy perspective our views about the debt. How soon we want to get involved in that kind of a situation again. What kind of capital projects, why the projects went over, did they go over, is that misrepresentation, maybe they did not go over. I would like to understand that better, see how we can manage those kinds of capital projects more effectively if we are going to do them in the future.

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Mayor Swiderski: Symbolism counts, and the \$13 million bogey is one I share. I would like to see the budget drop below that, for symbolic reasons. The truth is that this budget is not a cut from the previous budget. A number of increases are indeed external, but not all of them are external. There is still room for another \$10,000 or \$15,000 that we can cut without a serious wince. So I would like to see that.

In terms of policy, we have a policy about what percentage of our budget we should have in debt. I would like to have a fully vetted policy about the fund balance. We may have a state objective. We do not have a fund balance policy. A number of towns do. It is just a point of further discipline. As a Board we should do that: this is a target, it is one we need to work to, and then maintain and only dip into on X circumstances. I do not think the quarterly reviews are meetings, they are components of our meeting. It is Fran and Raf doing something quite similar to this, and showing us if we are on target. I understand that revenue comes in chunky, and it is not always as predictable in terms of a timeline. But the expenditures are less so, and we should just year-on-year have enough data to be able to say we are doing well, or not.

I want to speak more philosophically about the debt. I do not want to nationalize this, but the debt is like it is on a national basis. It is everybody's. And it is not magical. It is a debt we have incurred because at that time we did not fully pay what we should have, "we" being the Village. Residents enjoyed the benefit of incurring that debt by not having to pay more taxes that year. Part of what happened was an expedience, where rather than paying in full we deferred that, the beautiful thing being that we were not paying interest to ourselves, so it was a deflate without interest. But we incurred a liability because the accounting rules allowed us to be lazy in fully paying for things.

"We" here is not just the Board. The Village enjoyed the benefits of that by not paying taxes at the time. So the repaying of that debt is a collective responsibility. We are extremely fortunate that a windfall hit us and allowed us to address a good portion of that. We are extremely fortunate that as of June essentially what has accumulated over a 15- or 20-year period goes away. So it is not a crisis averted, but it is an accumulated debt to ourselves that we have addressed. And setting a goal of collecting as much to build a fund balance is a burden on the taxpayer, like any one of us individually, realizing we have overspent and have to build up a balance, is a burden on us. That burden on the taxpayer comes countered with the expectation that the money here is spent correctly. That is an oversight function that "we," this time specifically referring to the five members of the Board, through the quarterly reviews and fund balance policies and other mechanisms can watch more carefully, and ask the department heads, Raf, and Fran to do so as well because it is not ultimately their money. It is "we," the Village's, money. As closely and tightly as we can manage that, we all benefit from that.

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We allowed ourselves to owe ourselves money. We are going to clean that up. Within two or three years, we will be entirely fiscally sound in a way that we have not been in decades, and that will be a good thing. I, for one, in my twenties spent more than I should have. And you grow up, you get married, with kids, and you address those issues. This is the end of a maturation for us. It was forced by the GASB change rules, but it is a good thing. No fun, zero fun factor here, but entirely necessary and we should work aggressively to address that.

Now we come with the "however." The \$70,000 in the surplus that Niki identified and we would like to see returned ultimately, whatever process we have to do that, let us initiate this summer.

Trustee Armacost: Tomorrow.

Mayor Swiderski: Tomorrow, immediately, next meeting. I am not comfortable with a full percent. I really want to see us on the road to recovery. I would like to suggest maybe 4.2 percent. Some cutoff of 4.5 percent is a slightly lesser hit on our citizens. It represents \$30,000 less going into the reserve fund, but \$30,000 more in the hands of the residents. Maybe not fully squares the circle, but at least partly addresses it. I do not know if that is a reasonable compromise or not, but since I am stuck in the middle position having to come up with something that is the best I can manage, given the fact that I am not eager to ever go through this again and really want to see us right our ship.

Trustee Walker: I think we all totally agree that we need to build up our fund balance. It is just that Niki and I are a little more bullish about where we are going to end up at the end of the year.

Trustee Armacost: I really think this last year was such an amazing year in the sense of being given this windfall. I feel so strongly that others should be able to share it.

Mayor Swiderski: But, Niki, we are sharing it. It is exactly the same thing as you winning a \$400 lottery and paying off the credit card bill you have. We are enjoying it in the sense that the collective debt is going away.

Trustee Armacost: It is not. Because if I win it, I am actually making everyone else pay off the debt. So it is a little bit different, and that is the problem.

Mayor Swiderski: I am talking about the Village. The Village won collectively.

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Trustee Armacost: Yes. But all the artists in the Village did not incur those debts is what I am saying. Those debts were not incurred by these people. Yes, they benefited from it in certain ways, maybe some of them. I do not know how much of it people benefited from. I do not know what percentage of people use Rowley's trail or Kinnally Cove or whatever it is that was over. But the point I am making is that I understand you want to be somewhere in between. If you were happy to go with less than \$13 million, why do you not go with slightly less than 4 percent, 3.9 percent or something. I do not know. I feel like people deserve it. I feel like we are going to make a lot of money this year through these various things that we have talked about.

Mayor Swiderski: I hope so. There are two items in this budget which worry me which we did not discuss. One of them is the expense line for certioraris, which is at \$50,000 and which this year we paid \$80,000 on. I worry about that. And we have no indication. especially given what we saw during the last year, that the storm season will suddenly come kind on us. We have got the most viscous tornado season out West that they have ever had. I know it is not here yet, and I do not want to go all mushy on climate change, but the climate is changing. I expect that the new normal will involve overtime and salt like we have not been used to spending. I worry that we could see what we think is a sufficient contingency, between those two alone, plucking \$100,000 away from us. That is entirely possible. The storms were \$50,000 this year, and the certiorari was another \$30,000. So it would be ironic to give back, only to wince and see the storms and certiorari filings require us to claw that giveback back. This entire process has made me awfully conservative. I would rather wince and pay the 4.2 percent, and then next year be able to worry less about this issue than to be gob smacked again and be sitting up here and have to say to Fran, you were right, because he was pessimistic and I decided to be optimistic and give too much money back. I would rather say, you were too pessimistic, and this year we can be a little more optimistic.

This is such a traumatic process right now, I would rather make some small concessions and hope for the \$400,000 and not for the \$200,000. I do not want to be stubborn, but 4.2 percent, right now, I would like to stick to that and see where we are. What we have asked you to do is find \$50,000 in total. It means you need to come up with \$20,000 now, and then over the course of the year find another \$30,000, effectively, to cover the shortfall that we are creating in revenue. Part of that is where Niki says it is, which is line by line. I hope so.

Trustee Armacost: There is a lot.

Mayor Swiderski: I agree with you. Niki's point about budget versus actuals, Fran, you say it is a philosophy. I know what you are saying, but I would still rather see it in contingency, and if a department needs more money for paper because it was underbid, then go get it out of the contingency fund. I think transparency led to \$80,000 out of \$170,000, in part. This

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year we forced numbers down, and that is why it was \$80,000 in part. The numbers were tighter. But there is still more there, and we need to chip away at that.

Village Manager Frobel: Let us go back and look at where we are at, and come up with something for you tomorrow evening. We will be ready.

Trustee Jennings: Do we need to check that 4.2 percent?

Mayor Swiderski: I am going to ask the Board what they can do with it. I am going to ask for a clean up or down vote from each individual whether you are comfortable with that number, and the majority takes the 4.2 percent. Meg, can you live with 4.2 percent?

Trustee Walker: Yes, if we can get something below \$13 million I think I can. I am doing it grudgingly, but I can.

Trustee Quinlan: Yes.

Trustee Jennings: Yes.

Trustee Armacost: I would prefer it to be lower.

Mayor Swiderski: Can I take that as a no? It is all right. Mr. Gonder points out we are altogether too unanimous. I appreciate it. You push the discipline here, Niki. It is a multi-year project, and we are cleaning up all sorts of things. I hope you continue to push it.

Trustee Walker: We do need the discipline to scrutinize it through the whole year. That is what is so great about what Niki is saying, that we give it back to the taxpayer, and what I was advocating, it gives us more of a reason to be tough through the year and find more revenues.

Trustee Quinlan: I know we are asking for cuts and I said yes. But I will save my vote for tomorrow when I find out where the cuts come from, because if they come from the wrong place, then I am going to vote no on the budget.

Trustee Walker: We can still move numbers around up until the last minute.

Mayor Swiderski: Tomorrow is not necessarily a five-minute meeting. Tomorrow is a block of time reserved to step through this.

Trustee Armacost: So we are taking \$20,000 of the budget, right?

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Mayor Swiderski: Yes.

Trustee Armacost: So you are talking about 4.2 percent of what amount?

Mayor Swiderski: A 4.2 percent tax rate.

Trustee Jennings: Means less revenue to the tune of 3/10 of 1 percent.

Mayor Swiderski: Effectively that is going to come in part because of the \$20,000 and in part out of contingency, which will have to be covered by tightness over the year to make the \$300,000.

Trustee Armacost: Yes, but percentage of what, though? What is the dollar amount? The budget amount is going to be \$12.85 million. You can take it out of the contingency now because it is already embedded.

Mayor Swiderski: So it will collectively bring it down more than the \$20,000.

Trustee Armacost: Right.

Trustee Walker: Well, that would bring it down more than half a percentage point.

Mayor Swiderski: No, it is not the percentage point that is adjusted here. It is the contingency that is adjusted.

Trustee Walker: No, but I am saying would it not be like 4.1 percent or 4 percent increase as opposed to 4.5 percent?

Trustee Armacost: No it ends up still being 4.2 percent for people.

Mayor Swiderski: That is right. It is a smaller budget.

Trustee Armacost: But it is smaller amount, it is 4.2 percent of a smaller amount.

Trustee Quinlan: Raf you can do this for me, whenever we go down from 4.5 percent to 4.2 percent or 4.0 percent would you calculate exactly per dollar what the average taxpayer is going to save by that reduction? So that I know what kind of pennies, or dollars, we are talking about, which I think is very important. The average assessment is \$18,000?

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Village Manager Frobel: \$17,500, I think. Although that may be on the high side. Right now, we are at 48 cents a day with the budget as it sits. But let us see, by taking off a little bit, if it drops.

Trustee Walker: These incremental things add up over the years.

Mayor Swiderski: They do, especially if you are on a fixed income.

Trustee Armacost: Exactly.

Trustee Quinlan: I agree.

Village Manager Frobel: All right, let us take what we have heard this evening and give you something tomorrow night.

Trustee Quinlan: And I will read the transcripts from all the comments that we have as I am leaving now.

Deputy Village Treasurer Zaratzian: To answer Jerry's question, it would drop from 48 cents per day down to 46 cents per day. It would be \$166.38 annually.

Mayor Swiderski: I would like to entertain some public comment.

Mr. Downey: I would like to thank Francis because it is not often that he gets thanked. He gets attacked more often than not. You folks did a very good job tonight demonstrating, once again, this is what good governing looks like. A real debate, real discussion. Not everyone falling in line in agreement, really working through the numbers.

One point I would like to mention because it was spoken about time and again was this windfall. I would like to caution the board on this, because I understand some of the dealings going on there. I have two friends who work with David, so I know a little about his character. I would caution this board about having a mindset that they think this is some sort of party bonus, and suckle on David Shaw, and say this is money we can have for this year. If we demonstrate frugal and responsible budgeting here we do not know but what kind of benefactor he could be down the road when we are in trouble. Prior boards antagonized the Andrus Home when they wanted to do something years ago, and they were a big benefactor this village. Now I understand we are having to remove radio towers off of there, and that is an expense to us. There is no doubt that some of how we behaved in the past affected that. This board has great power to speak to other boards, and I would hope that they would not get into his shorts about moldings and colors and so forth, that they are cooperative, and

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work with him in the future, because down the road when we have a problem, he is a resident of this village and could be a very important person to this village when we run into trouble. He is not going to live in a dumpy village. If we run into trouble, I know what his checkbook is capable of doing, and he can clean up anything in a second for us. So it is very important how we demonstrate our responsibility here to how he will work as a citizen in our community. I am sure either he or an employee may watch these archives and see how we talk about him in open session here.

Mr. Gonder: Andrus gave us the first ambulance back in the 50's. She also gave us the library. We have to treat people very good. I remember that woman when I was younger, and she took a lot of interest in children. They had prize cows over there and a dairy. And they showed us how they pasteurized milk and everything else. She gave this village a lot. Now, this new man, Shaw I think his name was.

Mayor Swiderski: That is not material. But go on.

Mr. Gonder: He may be a benefactor to this village. And Atlantic Richfield, your friend, \$1 million, the biggest grant you got. Why do you not go down there, and say give us \$500,000. We will put it in our reserve fund for five years, until our reserve fund is built up. And in the meantime, you spend your half a million on stabilizing Building 52. That is a solution. There is \$500,000. Newington Cropsey Foundation, wonderful people. Maybe they can help the Village. Maybe they could buy a sanitation truck and put "donated by Newington Cropsey." And the same thing with this new \$421,000 thing. In *Forbes*, one of the 400 billionaires in this country. Maybe he would help the Village if we are in dire need.

The other thing I want to say is about that pool. You keep wanting to go outside for things. I helped pay for that pool and the renovation of it when it had cracks, and I cannot afford to use it, and you are going outside. Here is a solution. Do not open it up Memorial Day. Kids are still in school. The weather may be good, it may not be. Start July 1 and August, you save 34 days, and close it Labor Day. There are so many solutions. You all last year gave \$1,000 back. Maybe this year you give \$2,000. There is another \$12,000 you can save. I told you several times I see cars on Warburton Avenue bridge. Why do you not put meters there? Forty cars you could get some revenue from. The Police Chief said something about parades and other things that cost a lot of money. Maybe you only have to have the Memorial Day parade. The other things, Friday Night Live and you need police. The Chamber of Commerce or somebody has too pay for the overtime for the DPW and police and other things. So there are a lot of ways you could save money. The library, one gentleman said they need a raise. Today, which I understand, I may be incorrect, more and more people use computers rather than libraries because they can get the stuff from the computers. I am not sure of that, but it is something maybe we have to cut \$19,000, I think

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one individual said. And he says that is peanuts. Yes, it peanuts compared to your \$13 million budget. But is a \$19,000 savings, and we need some savings here for the taxpayers. You are forcing people out, the senior citizens and young people that cannot afford it. And they have not had raises. Another guy, I forget if he was the Manager, he sat over here. I had to go out to a city to get it on television because I do not have cable, I cannot afford it. And I do not have television. And there are lot of other ones. Police Chief Bloomer also may want to consider getting the state to put some state cops, county, and have a stop. They did it in other towns. I think we have done it here once. And you got a lot of revenue from it. Maybe we have to do that once or twice a year. Your tennis courts, I do not know if they are paying for themselves. But if they are not, maybe you get rid of them. Maybe you sell them. Maybe you sell the pool. It is a private pool now. The elite use it. I know you told me you gave \$10,000 in scholarships. A lot of people like myself would not want a scholarship, we are too proud. S lot of people with kids are too proud. They are not going to go there for scholarships. I have a lot of others, but I do not want to waste your time.

Jim Metzger, 427 Warburton Avenue: I want to thank the Board for this opportunity, as Tim had said, democracy in action. I thought the discussion was wonderful. Mr. Mayor I thought your reasoning was very good, except you left out one key component, and that is that we as citizens are suffering through some of the worst financial times we have seen. When a lot of the decisions were made to spend and borrow we were more flush with cash, so it was easier to sign on to those things. We need to be considerate of the fact that we are in a very bad time right now for most of the people in the Village. Trustee Quinlan said, people in the Village have not gotten a raise in two years. Neither have most of the rest of us. I understand everybody feels the pain. We need to spread some of that out a little so that everybody can enjoy a little of the benefit that we have a benefactor, hopefully someone who will be a benefactor, in the Village. I agree with Trustee Armacost. Now would be the time to do that, when we most need it.

Mayor Swiderski: The GASB, or whatever the name of the government accounting standards board is, choosing this time period to change the accounting rules like that borders, on being profoundly unfair to communities far more strapped than ours and more hard-pressed. I would entirely agree with you, but the requirement left us with no balance. This is an absolute microcosm of what is happening nationally. It is a national story writ small, and we are having to tighten our belts when we should not be. I do not have much else to say.

Susan Cooper, 378 Warburton Avenue: I want to thank you for all the work that you have done on this budget. In terms of Trustee Quinlan's comment on wages, at this time in history both health care benefits and pension benefits must be factored into what a wage consists of. These are benefits that most people are not availed of. Certainly there are more and more freelance workers in every industry now that have no resources in terms of this. It is very

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important going forward to take that into consideration. Also, I wondered if there is some way within legal limits that taxpayers could be made aware of how overtime rules are devised. That could be a pretty large savings for the Village. We are talking about transparency so that could be a pretty big deal in the future, going forward.

Mayor Swiderski: Agreed. The general policy of work rules are always part of the contract negotiations with the unions. Your other point regarding the true cost of positions is a point well-taken. It is easily 60 percent more than it appears. What I do not want to do is engage in resenting a benefit which many people until only recently enjoyed and which, in fact, is one of the reasons that draw people into public service. So I cannot bemoan the benefit. I can worry only about how to control its impact on us. It is somewhat difficult to address the issue without it beginning to sound like a politics of resentment. I am not criticizing you. I am just saying we all should have these benefits, and we are now in a society where 90 percent of us do not enjoy what a very elite does by its nature, and resent each other for things we should not be resenting each other for. With that said, we still have to do our best to control the costs of those benefits on the community.

I need to call for an executive session so we can talk about one of these contracts.

EXECUTIVE SESSION

On MOTION of Trustee Jennings, SECONDED by Trustee Walker with a voice vote of all in favor, the Board scheduled an Executive Session immediately following the Regular Meeting to discuss contract negotiations.

2. Update on the Waterfront

Mayor Swiderski: We are not going to talk about the update on the waterfront.

3. Community Development Block Grant Projects

Village Clerk Maggiotto: We just want you to agree that we can go forward with these three projects. We have to come to you at the May 17 meeting with a completed application because it has to be submitted by June 1. There is a great deal of work that has to be done on the applications before we can submit them. I was not at the meeting on Apr. 12 but I did watch it and I thought I heard that these are three things that we could go forward with. We tried to come up with some cost estimates, which we could not spend a lot of time doing absent any go-ahead to do it. It is sort of like the chicken and the egg.

Mayor Swiderski: Are these costs to us, or is this the total cost?

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Village Clerk Maggiotto: That is the total cost.

Trustee Armacost: So what is the cost to us?

Village Clerk Maggiotto: We can apply for Aa50 percent or a 25 percent match. But it makes your application a little less attractive if you are only offering a 25 percent match. Meg, you probably had comments on these.

Trustee Walker: Yes, I did not have a chance to look today at the budgets. I think they could probably be reduced a little bit.

Village Clerk Maggiotto: Yes, I thought so, too.

Trustee Walker: The vest pocket park, we can actually do it for about \$15,000. There is already a \$5,000 match in there, so the cost to the Village would be considerably less, just a couple thousand really. Wagner Park, again, we would like to spend \$50,000. But I do not think we can afford to.

Mayor Swiderski: I do not think it is a must-have.

Trustee Walker: I think we can do a small amount of improvement that will mean a lot for very little money. I do not have a number in mind.

Mayor Swiderski: The first project, because the cost is so small, is one thing. The second one is not a must-have. The third is the only project here that borders on an infrastructure that is decaying and requires, ultimately, a fix. I do not know.

Trustee Walker: This brings me to mention the project I was pushing the last time around that is not on this list, which is the sidewalk on Broadway between Washington and Olinda. There are other monies out there for transportation enhancement projects. This is a federal program that pays for particularly pedestrian safety, traffic calming, and safe routes to school. This year, the transportation enhancements are targeted at those things. Now, will that pay for a stairway? It could, and it definitely can pay for, potentially, sidewalks that people are using to walk to the train station or walk to school. I would say that we should be really proactive in going after these transportation enhancement grants, which only come around every few years and are due this summer. To me, this is the opportunity. We have got CDBG, which only comes around, every three years, and these transportation enhancement monies which are not always there. One could match the other. I am proposing that we be as proactive as we can. I am willing to put time into this because I

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know people we can talk to who could guide is. We can talk to people at the county, we can talk to people at the state, we can talk to people at NYMTC about how to go after these grants. Maybe we can really reduce the Village's portion of this.

Mayor Swiderski: But what are you asking for tonight?

Trustee Walker: What I am asking for tonight is that we say yes to maybe we take Wagner out, but maybe project one, three, and this sidewalk on Broadway. An unspecified amount as of yet, but we could get an estimate.

Mayor Swiderski: But what are we saying yes to?

Village Manager Frobel: That staff put the time in to prepare the application.

Trustee Armacost: I think what Meg is saying is that we are applying for grants where the match is not coming out of Village funding, it is coming out of another grant.

Mayor Swiderski: But we do not know that.

Trustee Walker: We are suggesting that. We do not know that. We may not get any of these grants, but I think it is a good opportunity this year to go after this money in a really aggressive way and see what we can do. Susan has spoken to the DOT folks who worked on the restriping of Broadway, and they would like to come down and talk to us about next steps on Broadway, some of which could be even paid for by others. There are other pots of money that the DOT has. I would like to at least get your approval to talk to the DOT, find out the feasibility of at least some of the Broadway changes, and talk to them about funding as well, and look into these other grants besides CDBG.

Mayor Swiderski: My concern is that we have to win both to have them offset each other. If we only win one and are stuck with the offset on the other, and in that year determine we do not want to pay that offset and we forego the grant, we muddy our name further in institutions where we have returned money. This is a commitment that if we are not willing to carry out can hurt us when we are 100 percent sure we want the money. Having just gone through an exhaustive budget process, to think about \$50,000 right now.

Village Manager Frobel: Susan, what about the stairway? There were some misgivings about its eligibility. Did you get a readout on that?

Village Clerk Maggiotto: I did, and I do not think eligibility would be an issue. You have to demonstrate it benefits the low-mod income group. We could make a strong case that the

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stairs are used by people who live in the low-mod area; residents from other parts of the village generally drive to the area. I am hearing the concerns. I do not think that with the county it is so bad to turn money back because they repurpose it so easily that they do not really hold it against you.

Trustee Walker: We just turned back the money that we got for the Maple Avenue sidewalks, right? And we have done it in the past with other projects.

Mayor Swiderski: Well, if that is true, and in your assessment we do not score negative Brownie points, I am less concerned. It is just right now to be, even two years out, considering an expenditure, when I feel like we have wrung out our emotional energy here working through a budget, is a little hard.

Trustee Walker: Can we at least look into the potential for the other pockets of money that could offset CDBG?

Mayor Swiderski: Clearly.

Trustee Walker: Particularly these transportation enhancement funds that are coming up. They only come around every few years. If we can talk to the DOT about it, we can also find out how good these projects are. Will they go to bat for us? Is there potential for getting money? If they say it is a long shot, then we take it off the list.

Trustee Jennings: When one goes after a grant, one should think in terms of do we want to do this project. We should not think first and foremost about whether we can get a second grant that would offset our match. In my opinion, the first two projects on this list are not significant enough to warrant our spending what could end up being \$35,000 in a match. I am not keen on that. I think the stairway needs to be fixed. It has been bad for a long time, it is a very significant route in our village. It is the best uphill west-east route we have. I favor that. We need to have, as a part of our budget process and as part of our financial policy process, some serious time to talk about our grant-seeking policies and activities. I would recommend that we be careful not to put the cart before the horse. We need to identify the things that need to be done in this village, and then go find the money to do it. I do not think we should identify where the pots of money are, and do things just because there is a pot of money there that will pay for half of it what is not necessarily think is a high-priority thing to do. We are going at it backwards when we do that. It is hugely important to supplement our revenues in this way, and we need to think about how to go about doing it. I would favor setting our priorities first and identifying our needs, and then having a funding strategy that would be able to meet those needs.

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Trustee Walker: We have identified a lot of our needs through the comprehensive planning process. A lot of the pedestrian enhancement ideas came up. Remember how I was saying we have to be really specific about what we want to do in the comp plan for just this reason. Now there are pots of money available to do those things in our circulation section of our comp plan. Granted we have not approved it yet, we have not prioritized those items yet, we have not set up an implementation process. So yes, in that sense it is putting the cart before the horse. But they are in our comp plan.

Trustee Jennings: I do understand. There is a great deal in the comp plan, far more than we could possibly do even if the monies were available to us, because we cannot come up with the match. One of the reasons why it is terribly important to have a reserve fund is that it gives us the flexibility to take advantage of something that comes along when it is something we really need and want to do very badly, and we might not be able to do it if we did not have any savings to apply to the match. We are not there yet, but I hope we will get there in a couple of years. But right now, I do not see a line item in our budget for matching monies for grants that we get. So we cannot possibly do all of the good things that the comprehensive plan suggests we do, even if the funding was out there unless we could get 100 percent funding. And that just is not in the cards.

Trustee Walker: I am only suggesting that we try to find one grant that matches another and try to do it with no Village money.

Trustee Armacost: To your point, Bruce, about we have to identify projects. If anyone on this team up here has identified projects, Meg has gone through millions of different projects. So she knows the projects. I think you have to be opportunistic about funds that are available. The pockets come and go, and you have to work it out. The question tonight is whether there is any extra money. If we raised the taxes by 4.2 percent I am telling you there is a pocket there. So you could do a quid pro quo that way for Meg, if you want. But I do not know how important these are. Someone was saying the other day that they are a liability issues with some of these. I do not know how serious that stuff is. If it is very serious, then it has to be thought about that way. But the strategy should be to identify pockets of funding and match them with other pockets of grant funding if that is possible. It has not been a strategy we have been particularly good at in the past. I am not sure why we are failing with our grant applications, or maybe that is a myth. Maybe we have not been.

Mayor Swiderski: Lately we have had a couple of successes finally.

Trustee Armacost: Small ones, yes. So what would be nice is to get some big \$100,000 successes. I do not know if anyone has undertaken an analysis to see what could be improved.

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Village Manager Frobel: We have, and we have shared that with the Board. In one of my memorandums to the Board we analyzed how Hastings has not scored as well based on a per capita income factor that goes into the grant. For example, the Uniontown ball park field was a classic example. We went back and analyzed our scoring. Some of the things that we failed on were some of those things that are out of our hands. We can talk further about that.

Trustee Armacost: If it is going to be a demographic issue then you should not apply for those grants in the first place, if you know already that you are cut out.

Village Manager Frobel: We do not know what the competition is. We just know that we will not score as well in that category as other communities, perhaps.

Trustee Armacost: But if that category is worth 90 percent, then obviously that matters a lot and you should know in advance.

Village Manager Frobel: We do know the ratio.

Trustee Armacost: If that is a small percentage, then you should still be in the running if you have got a good proposal that you are drafting.

Mayor Swiderski: What sort of guidance do we want to provide here?

Trustee Armacost: I think Meg should have the conversation, at least. We are not committing to anything beyond a conversation.

Trustee Walker: At least investigate this. I promise I am not going to bring anything to you that would cost money.

Mayor Swiderski: And the gateway, It do not have \$50,000 for a park that nobody sits in. I just do not have an appetite for it.

Trustee Walker: Yes, I do not think that is the right thing to go after right now. But the little vest pocket park I think we can do for very little.

Mayor Swiderski: That is in a high-density community, and they are a community often shorted on amenities. So that I understand. The stairs are a borderline liability, given how heavily they are used and the Village is constantly patching. The patches last a year, and the walls are bulging.

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Trustee Walker: Did this price come from an engineer?

Village Clerk Maggiotto: We cobbled it together not from an engineer, but from other people and other projects.

Mayor Swiderski: You have got your guidance.

ADJOURNMENT

On MOTION of Trustee Walker, SECONDED by Trustee Jennings with a voice vote of all in favor, Mayor Swiderski adjourned the Regular Meeting at 10:30 p.m.