

VAIL'S GROVE COOPERATIVE, INC.
BOARD OF DIRECTOR'S MEETING

JULY 15, 2009

CALL TO ORDER:

Chairperson Waltzer called the meeting to order at 8:09 pm and asked all to rise for the Pledge of Allegiance.

ATTENDANCE:

Secretary Victoria Desidero took attendance. Ronnie Waltzer, Victoria Desidero, Mary Rubini, Ellen Mytych, Joan Myers, Sharon Scott, Frank Cassidy, Sue Enos, Jim Andes present. Tom Duffy and Fred Witte absent.

ACCEPTANCE OF MINUTES:

Victoria Desidero made motion to accept the minutes of the June 2009 meeting. Joan Myers seconded. All in favor. Motion passed.

COMMENTS AND CONCERNS OF STOCKHOLDERS:

James Collins thanks Vail's Grove for coming to the July 4th parade. He announced that next year he'll do it again and we should talk about having a Memorial Day parade as well.

Chairperson Waltzer said that the Maple Lane residents who signed up to speak would be asked to come to the microphone to speak after the WWTP report has been read.

COMMITTEE REPORTS:

CHAIRPERSON:

Ms. Waltzer reported that work is continuing on a number of issues including reviewing the revisions to the Rules and Regulations.

VICE-CHAIRPERSON:

No Report

WWTP:

In Mr. Duffy's absence, Ms. Waltzer gave the WWTP report, which was an update on what happened with the Department of Transportation (DOT) and Maple Lane. Since the last Board meeting there was a meeting of the DOT in New Paltz at which they rescinded their agreement to use the temporary access road as the permanent entrance to the WWTP and Maple Lane after the construction is finished. The DOT sited a problem with sight lines from the temporary road and said it would be too dangerous to keep the road over the long term. Ms. Waltzer said that, although we are very disappointed at this turn of events, we are not able to change the DOT's ruling and we will continue to work to explore other options over the next two years. Ms. Waltzer said we must vote on granting a permanent easement to Maple Lane now in order to avoid the potential of losing the money we are getting from the EFC for the WWTP project.

Ms. Waltzer then read Peggy Boyle's e-mailed report to the Board and shareholder attendees:

"The Peach Lake Coalition met with the engineer Sarah Cwikla, Fred Testa/EFC and both town attorneys on June 22nd. The meeting helped to further crystallize how these stimulus funds work and what we can shoot for with regard to getting more funds. We have recently heard that there is the possibility of more funds from NYSDEC with a deadline of October to target projects such as WWTP, storm water issues and aquatic habitat restoration. Both towns intend to apply and involve the Peach Lake Coalition in the planning of this request for proposal. Unfortunately the two town supervisors did not come to the meeting on the 22nd but both supervisors had to also commit to a meeting in New Paltz the next week – July 8, organized by EFC. The town attorneys present at our meeting took copious notes and agreed to inform the supervisors well before the New Paltz meeting. This New Paltz meeting, which was similar to our having "powwows" with all the regulatory agencies to cooperate, pushed all involved to meet deadlines in order to ensure we stay on the list for stimulus funds. I have asked that the memo that resulted in that meeting be included with this report to illustrate how many agencies are involved and how complex this project is. EFC is to be commended for their Peach Lake Coalition like style of gentle but persistent nudging. The bold letters are an added emphasis to everyone to "keep the momentum going" which is a longstanding Coalition quote.

As will be discussed tonight and as indicated in this EFC synopsis, the Department of Transportation (DOT) after reviewing the plans developed by the engineers (as was indicated in the June WWTP report which needed to be done in the interim between Vail's board meetings), did not ultimately accept the compromise for Maple Lane residents to permanently use the newly constructed access road on 121. DOT has decided that the sight distance measurements convey too many serious safety concerns.

Mike Rights, Southeast town supervisor is committed to continue to look for other solutions but agreed that the easement needs to be granted in order to meet the project deadlines. Again as the New Paltz meeting summary indicates, we are not the only ones required to move fast here to preserve the funds. There are many in line to take this funding in NYS and if NYS does not use the funding allotted to them, the money will move to other states. We will have two years to continue to explore other possibilities and gain more information before Maple Lane will be used as the permanent road. However we need to grant the easement presently since the package to the federal government requires us to do so. Again, the EFC has done a great job in joining with us to see that all these agencies work together. It also helps that this is also an election year for many of our local representatives and all want to see that this funding get to our Peach Lake community. If all continues to move according to schedule, we anticipate breaking ground in the fall."

Ms. Waltzer said the bottom line is that we are being told if we do not grant the easement, it can put the entire project in jeopardy because the EFC will not release the funds. This does not only affect the Vail's Grove community but all of the communities around the lake who are part of the project.

Sharon Scott and Joan Myers requested that Ms. Waltzer also read the e-mail from Michael Rights, which she did:

“Hello All – I’ll coordinate with the offices of Sen. Leibell and Assemblyman Ball as well as with the residents on Maple Road, regarding this important issue.

I concur that we should accept NYS DOT’s authorization to utilize the driveway access to the plant site on a temporary basis during the construction phase, and then arrange to utilize Maple Road for permanent maintenance access as effectively required by NYS EFC. Of course, this is not what any of us desires apart from the DOT. This plan is a sound one because it gives us approximately two years (the construction phase) to continue to negotiate with, and persuade our elected representatives to pressure DOT to allow the temporary access to be made permanent; without slowing the project down and thereby putting at risk millions of dollars of ARRA funds from EFC by possibly pushing groundbreaking at the site beyond the December 31, 2009 date.

(The Counsel for both Southeast and North Salem), the Special District requires an easement or equivalent to formalize the plan described above in compliance with EFC financing package requisites. Please coordinate with EFC regarding their precise needs, draft the required documents to formalize site access ownership as appropriate, duly place it for approvals by the Peach Lake Board and by the Southeast Town Board in their role as Special District Commissioners, and keep all of us informed.

With Best Regards,
Michael Rights”

Kurt Guldan of Maple Lane was then invited to speak and Ms. Waltzer said he would have three minutes to state his concerns. Mr. Guldan said he had spoken to three groups and none of them knew anything about this letter from the DOT changing their earlier ruling. He has the letter, dated June 17, which says that the temporary access road would be allowed to remain after construction. Victoria Desidero asked Mr. Guldan to read the letter he was referring to so everyone would know what it said:

“Dear Mr. Hay:

This is in response to your June 9, 2009 letter and a follow up to our June 16, 2009 meeting at the site. The Department is in agreement with the proposal to relocate the Route 121 at Maple Lane intersection as shown on the attached sketch. A Highway Work permit will be needed for all work performed within the State Right-of-Way. The proposed new entrance will need to be designed to current standards. The existing guide rail will need to be modified, and the rock ledge on the east side of Route 121 may need to be cut back to improve sight distance.

Very truly yours,
Richard Dillman, PE, Traffic Engineering & Operations Manager”

There was a long discussion about the letter Mr. Guldan read vs. the Minutes from the DOT meeting in New Paltz and which one should be considered more valid. Mr. Guldan argued that once the Board gives the DOT an easement to use Maple Lane there would be no reason for them

to agree to anything else. He believes that Michael Rights is sugar coating this and he is wrong about other options being considered by the DOT.

Jack Waltzer asked to speak as a shareholder and stated that he disagrees with Kurt and said we cannot reasonably jeopardize the entire WWTP, which will serve 500 people around the lake based on this issue for seven or eight homes on Maple Lane.

Ms. Meyers asked where it is stated that we must vote on this tonight. Kay Petroff asked if she could speak and was told she could not because she is not a shareholder. Ms. Waltzer then asked Amanda Simone of Maple Lane to address the Board. Ms. Simone spoke about the impact this will have on the residents of Maple Lane and said that having these trucks going back and forth all the time will basically ruin their lives. Mr. Guldan then asked many questions about the WWTP in order to try and demonstrate how much traffic there will actually be once the WWTP is up and running. Mr. Guldan has a lot of knowledge about WWTPs and how they operate. Ms. Scott suggested that we make a motion to vote tonight and then get something in writing from the DOT to show the shareholders that the decision had been changed. Victoria Desidero said she was against asking the DOT for something in writing because that would make it more difficult to have them explore and/or consider other options. Several people agreed with this and several said they didn't think it made a difference.

Ms. Waltzer made a motion to grant a permanent easement to the WWTP via Maple Lane. Sharon Scott seconds. Ms. Desidero stated that she wants to be sure that we need to make this decision tonight and does the Board think that in good conscience, Board members, residents of Maple Lane and politicians can continue to work hard over the next two years to try to convince the DOT to do something else. She thinks if we ask the DOT to put it in writing it would only confirm that this is a decision that cannot be changed. The Board should continue to fight for other options that can be visited.

Vote: All in favor. Motion passed.

Ms. Waltzer promised the shareholders that we would continue to try and explore other options with elected officials and the DOT between now and the time the WWTP is completed.

SECRETARY:

Ms. Desidero reported that Cindy Battreall's mother passed away that morning and said the thoughts and prayers of the Board and Vail's Grove residents were with Cindy tonight. Ms. Desidero said that she and Ms. Waltzer would make known the information about arrangements for Cindy's mother as soon as they were available. The date of August 3rd at noon has been set for Stockholders to be in good standing in order to be able to vote at the meeting. Ms. Desidero reported on the status of planning for the Annual Meeting on September 13 and announced the deadlines for voting by proxy, for interested persons to submit their petitions to run for the Board and for Board members to submit materials for the Annual Report. The deadline for the next Vail's Voice is July 25. Jim Andes, Tom Duffy, Fred Witte and Ronnie Waltzer all have terms that are expiring this year. There will be a Blood Drive on July 23rd at the Pavilion from 2 to 7:30 pm and shareholders are encouraged to give blood, as summer is a time when there is a shortage of blood.

AESTHETICS:

Victoria Desidero reported that the Committee is continuing to put in perennials and annuals and to move plants from one garden to another as appropriate.

TREASURER:

Ellen Mytych reported that there are no stockholders in arrears for two quarters.

OMBUDSMAN:

Ellen Mytych reported that Dominic Misale had finished doing all the work to his property that the Board had requested.

Ms. Waltzer read a letter from Brooker Smith, which thanks the Board for the work completed on the back road behind his house. The repairs are a huge relief, Mr. Smith said.

BEACH:

Rob Norcross announced a party to be held at the Beach on Friday evening, July 17. Hot dogs and hamburgers will be provided and shareholders were asked to bring a salad and their own beverages. Mr. Norcross thanked Helen Vail and the Aesthetics Committee for all the planting at the beach and said it looks very good. The weeds in the lake have been cleaned out which makes a great improvement.

Mary Rubini asked about the issue of cars parked at the beach over night and on weekends and Mr. Norcross said he was aware of it and was looking into getting signs to put up and wants to keep the gates locked after beach hours but has not been able to secure keys to those gates for lifeguards to use when they leave.

MEMBERSHIP:

Sue Enos reported that a motion to approve Karen Bruen's rental was conducted via phone after the last meeting because she inadvertently neglected to make the motion.

Ms. Enos made motion to approve the sale of 12 Vail's Lake Shore Drive for Debra Hess pending the septic inspection and receipt of a signed contract from Debra Hess who is in Pennsylvania. Victoria Desidero seconded. All in favor. Motion passed.

Ms. Enos made a motion to extend the lease for three months on 33 Orchard for Sharon Kroll from July 31 to Oct. 31, 2009. Joan Myers seconds. All in favor. Motion passed.

Ms. Enos made a motion to approve a refinancing for Tom and Marie Duffy of 67 Vail's Lake Shore Drive so long as the amount is not more than 80% of the appraised value of the house. Joan Myers seconds. All in favor. Motion passed.

SUNSHINE:

No report.

LONG RANGE PLANNING:

Sharon Scott reported that over the past month, the Long Range Planning Committee worked on three priorities:

1. Segregating dollars for reserve and capital improvements and clarifying capital gains and stimulus package rules/timeframes;
2. Securing a list of capital improvements needed/desired by the Corporation; thus far we have only received a list from our Buildings & Grounds Chair. There were no other Committees who felt they needed to put anything on the list.
3. Determining how we will use the proceeds from the land sale.

We have defined capital expenses, confirmed segregating dollars for reserves vs. capital expenses and clarified capital gains and stimulus package rules/timeframes. The year-end for our corporation is December 31. In order to reduce the capital gains tax for 2009, expenses have to be incurred prior to the end of the year. The Obama stimulus package extends through 2009 where certain assets that are completed before the end of 2009 would qualify for a special bonus depreciation of 50% in the first year. We have two opportunities here to save money: Capital Gains, which relates to the proceeds from the sale of the land. If we spend it this year, we will get some savings. Then there is the Obama Stimulus, which if we do work this year and get it finished this year, we would also gain significant savings. So those are two important pieces of this Long Range Planning component.

I mentioned we did secure a list from the Building & Grounds Chair. Some of the suggested projects are not considered capital but are considered repair and now that we have that clarified we will only discuss the items that are considered capital expenses to meet the requirements of Capital Gains spending and the Obama Stimulus.

So this is the list so far:

Replacement of the Water Tanks, Water Mains from Ramp 2 to Pavilion and perhaps other water mains that need to be repaired. Ms. Scott said she thinks Peggy mentioned Terrace may need repairs or something and repairs can be very costly, and the last item on the list is a new truck. The remaining items that Jack listed are all considered repairs and those would come out of the normal Maintenance budget.

Given that these three items are on the table, we have talked as a Long Range Planning Committee and we feel that the water tanks have outlived their useful life and there have been tests done on them in the past and there is rust and corrosion and it is a big expense so we could help reduce Capital Gains as well as get the Obama Stimulus, the LRP is recommending that we look at that as our number one priority with water mains right next to it. The truck is out there. We just had a transmission put in the truck this winter so the water mains and the water tanks are far more money so if the truck died we could just use our Capital fund.

Ms. Waltzer asked if the water mains are the number two priority. Sharon explained that over the past month we have been working feverishly to learn how to get cost estimates, how we go about these projects, that the Water Tank replacements are clearly six figures and somewhere between \$100K and \$200K. Sharon said she and Jack have been e-mailing back and forth and trying to put numbers on the water tank projects but less work has been done to estimate the water mains. Ellen Mytych pointed out that we also need to look at projects that can be completed in the timeframe that helps us with Capital Gains and the Stimulus package and that

may be the deciding factor. Sharon agreed that timing is one of the deciding factor. Victoria Desidero reiterated that if there are other things that people want on the list to be considered as Capital Expenses we should get those as soon as possible. She mentioned that there might be something from the Beach Committee and Rob Norcross agreed. Ms. Desidero also said that bids are needed for expenses of this size. Sharon then talked about Priority # 3 which was how to take advantage of the tax and stimulus. She contacted the Putnam County Health Department to find out if we need a permit to replace the Water Tanks and the answer was that no, we don't need a permit if we are replacing the tanks "in kind." They also advised that we don't necessarily need an engineer if we are replacing the tanks in kind and this is very different from the County of Westchester. It is important to know that it appears to be a pretty easy process in Putnam County. She then got from PF Beal & Sons a bid that does not include excavation, removal of tanks, labor or necessary valves and fittings to complete the installation. But just so we have an idea the bid was for \$70K for the two 20K gallon tanks and \$23K for the one 5K gallon water pumping tank. Just so we have a ballpark it is \$100K to buy the tanks and have them delivered with nothing else included. Sharon also spoke to John Lee who is in this business and most of the contractors in the area go to his company to buy this equipment. All we care about is that John has this knowledge not that his company sells the tanks. Jack had a meeting with the Westchester Engineering firm of Bibbo on Monday and they said the cost would be anywhere from \$15 to \$20K for their costs which are very involved because of the County of Westchester. Sharon then called Bibbo to just get their hourly rates, which are a low of \$100/hour and a high of \$200/hour. She explained that all we need is the bid package to go out to the contractors in order to get someone to do the job. It is called a "booklet."

Sue Enos asked why we would talk to a company in Westchester and not in Putnam if the tanks are in Putnam. Sharon said we are not going to go to a Westchester firm. She only called them to try and get some information for the meeting tonight. Ronnie Waltzer asked if we need all of this information right now. Sharon said Long Range Planning is complicated and Ms. Waltzer agreed and asked what Long Range Planning was asking the Board for now. Sharon then made a motion to let the Long Range Planning Committee get an Engineer to compile the Bid Specifications to purchase and install new tanks for the Pump House and to spend no more than \$20K on the Engineer. Victoria Desidero seconded.

Ms. Waltzer asked again about why we need that much money and why we need the Engineer. Ms. Scott re-iterated that in order to ensure that we are comparing apples to apples we need a Bid Package. Ms. Desidero asked how much we really think the Bid Package is going to cost and Ms. Scott said she is totally ball parking it at about \$10K. Ms. Mytych asked if we couldn't get that from John Lee. Ms. Scott explained again that John Lee advised that we should spend some money to create the Bid Package and he cannot do it. There was much discussion about how much it will actually cost and it was explained that the motion is to spend no more than \$20K but it actually won't cost that much. Joan Myers then asked why we didn't just get a company to come in and give us a price like any other project and then use their quote for other companies to bid on. Sharon again said we need to compare apples to apples and this project is not simple enough to let the bidders create the package on which others will bid. Ms. Desidero said we really need to do this right so we will go out a pay someone to give us a package to ensure that we get apples to apples bids from all contractors to do the entire job properly. Ms. Mytych asked if we could add to the motion that if by some chance we get the bid specifications could we put

the job out to bid before the next Board meeting to expedite the process. Ms. Scott said we could make another motion to make the water tanks the priority. Ms. Desidero said we don't need a motion to put out a bid; we only need a motion to spend the money. Ms. Waltzer asked that we go back to the original bid, which Ms. Scott restated.

Vote: All in favor. Motion passed.

Ms. Mytych asked the Board to note some minor revisions to the FAQs she handed out in the Executive Session.

BUILDINGS & GROUNDS/ PUMPHOUSE:

No report.

REAL ESTATE:

No Report

BOAT RAMP/NORTH END STORAGE:

No report.

PUBLIC SAFETY:

Ralph Mattichieri reported that it has been very quiet around the Grove on his tours of duty. He said there were some fireworks on the 4th of July on a dock but he asked them to move to the sand and they did. He said there is nothing going on at the North End. Mr. Mattichieri asked about chains at the beach parking lot and wanted to know if he could get a key. He also asked if he could purchase a jacket or a shirt that says "Security." Sue Enos suggested we purchase magnets to put on his car that say "Security." Everyone agreed these were good ideas.

LEGAL:

Mary Rubini reported that she is working on a letter to the O'Loughlins attorney and her next step is to ask Jack Waltzer to review it. Ms. Rubini said she is still waiting for the Town of Southeast to complete the sub-division before she can schedule the closing of the sale of the land at the North End for the WWTP.

RECREATION/SOCIAL:

Mary Rubini reported that the July 4th Parade was wonderful and that it was a beautiful day. She thanked James Collins for leading the parade, Bob Gregory for organizing the Veteran's participation, Peter Van Scoy for the antique fire truck, Helen Vail for helping her, Joan Myers for handling the music, and Fred Witte, Carol Harting and Patti Ford for helping with the food.

Ms. Rubini stated that the Family Tag Sale was fun and the day was beautiful. She reported a problem with people leaving their unsold items at the end and said she and Adelaide brought everything into the Pavilion and now it needs to be discarded. Victoria Desidero said it was her understanding that Melissa Sowa was going to come and take the unsold items at the end of the day but perhaps they were brought in before she got there. Ms. Desidero offered to call the Disabled American Vets to have them come pick up the items.

PAVILION:

Jim Andes made a motion to approve use of the Pavilion by Lauren Kelly sponsored by Maura Tolan on August 15, 2009. Victoria Desidero seconded. All in favor. Motion approved.

Jim Andes made a motion to approve use of the Pavilion by Patricia Leo Waltz on August 1. Joan Myers seconded. All in favor. Motion approved.

COMMUNITY LIASION:

Bob Gregory stated that he has concerns about the WWTP issue discussed earlier in the meeting. The North Salem Building Department has sent out a letter regarding the amnesty program they have in process for people to get the proper documentation they need for past building projects. Stockholders have until December 31st to take care of this paperwork without paying a penalty. Community Liaison members continue to keep the good feelings flowing between stockholders and the two towns. Mr. Gregory reported that there are plans to expand the Veteran participation in upcoming parades by getting information from the Towns records on who in Vail's Grove has Veteran status.

LEND A HAND:

No Report

INSURANCE:

No Report

Sharon Scott made a motion to adjourn the meeting at 9:40 pm. Joan Myers seconds. All in favor. Motion passed.