

AGENDA

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
TUESDAY, OCTOBER 17, 2017, 6:30 PM
MARRIOTT LONG ISLAND HOTEL & CONFERENCE CENTER
101 JAMES DOOLITTLE BLVD., UNIONDALE, NY 11553**

Call to Order

Action Items

- I. Approval of the Minutes of August 29, 2017
- II. Approve Submission of NIFA's 2018 Budget and FY 2018 – FY 2021 Financial Plan to the Office of the State Comptroller and the Authorities Budget Office to Comply with 2 NYCRR, Part 203
- III. Adopting the Staff Report Concerning the Proposed Nassau County Multi-Year Financial Plan, Fiscal 2018-2021 and the Recommendations Contained Therein
- IV. Resolution Outlining NIFA's Expectations Regarding Nassau County's Adoption of its FY2018 – FY2021 Multi-Year Financial Plan

Adjournment

DRAFT – SUBJECT TO REVIEW AND REVISION

NASSAU COUNTY INTERIM FINANCE AUTHORITY
MEETING OF THE DIRECTORS
MINUTES OF AUGUST 29, 2017

The Directors of the Nassau County Interim Finance Authority met on August 29, 2017 at 6:40 PM at the Marriott Long Island Hotel & Conference Center located at 101 James Doolittle Blvd, Uniondale, NY 11553.

Directors present: Adam Barsky, Chairman
Paul Annunziato
John Buran
Paul Leventhal
Lester Petracca

Directors absent: Howard Weitzman
Christopher Wright

Staff present: Evan Cohen, Executive Director
Carl Dreyer, Treasurer
Laurie Giardina, Corporate Secretary
Maria Kwiatkowski, Deputy Director
Jeremy Wise, General Counsel

1. Call to Order/Roll Call

The meeting was called to order at 6:40 PM.

2. Approval of Minutes

On a motion by Director Buran, the Directors approved the minutes from the meeting on July 24, 2017.

Positive votes: 5

Negative votes: 0

Resolution No. 17-682

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JULY 25, 2017 MEETING OF THE DIRECTORS OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on July 25, 2017 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

* * *

3. 2017 CSEA Voluntary Separation Incentive Program

The Directors were asked to approve a resolution for the CSEA Voluntary Separation Incentive Program between the County and the CSEA. Employees with a minimum of 10 years of service would receive \$1000 for each year of service. The County will be restricted to back-filling vacant positions created by the VSIP to a maximum of 50 percent. The Program will be funded with operating revenue.

On a motion by Director Leventhal, the Directors approved the resolution.

Positive votes: 5

Negative votes: 0

Resolution No. 17-683

APPROVAL OF A VOLUNTARY SEPARATION AGREEMENT BETWEEN THE COUNTY OF NASSAU AND THE CIVIL SERVICE EMPLOYEES UNION.

RESOLVED, that the materials presented to this meeting of the Directors (the “Materials”) are ordered to be filed with the records of the Nassau County Interim Finance Authority (the “Authority”); and

RESOLVED, that based upon the discussion in the Materials the Authority hereby approves, a voluntary separation agreement between the County of Nassau and the Civil Service Employees Association; and

RESOLVED, that the County will fund all VSIP-related costs, to the extent they are not covered by payroll savings, with operating revenue (no bond proceeds); and be it further

RESOLVED, that the County will limit the number of backfilled positions to 50%.

* * *

4. Approval of County Contract for Legal Aid Society of Nassau County

The Directors were asked to approve a resolution for a County contract with Legal Aid Society of Nassau County. The contract is a multiple year contract that extends through 2019 and the remaining term is valued at \$13,875,553.

On a motion by Director Buran, the Directors approved the resolution.

Positive votes: 5

Negative votes: 0

DRAFT – SUBJECT TO REVIEW AND REVISION

Resolution No. 17-684

APPROVAL OF COUNTY CONTRACT FOR LEGAL AID SOCIETY OF NASSAU COUNTY

RESOLVED, that the materials presented to this meeting of the Directors (the “Materials”) are ordered to be filed with the records of the Nassau County Interim Finance Authority (the “Authority”); and be it further

RESOLVED, that based upon the discussion in the Materials and pursuant to Section 3669 2(d) of the Authority Act, the Authority hereby approves the County’s Contract for Legal Aid Society of Nassau County which is projected to cost \$13,875,553; and be it further

RESOLVED, that staff may take all actions and do all things that they deem necessary to carry out the intent of this resolution.

* * *

5. Authorization to Receive and Post CMA Report and to Take Related Actions

The Directors were asked to approve a resolution requesting that the Chairman of NIFA or his designee(s) be given the authority to transmit the Final Report to the County and to post the Final Report on the NIFA website, as well as take all related actions deemed necessary or appropriate.

On a motion by Director Buran, the Directors approved the resolution.

Positive votes: 5

Negative votes: 0

Resolution No. 17-685

AUTHORIZATION TO RECEIVE AND POST CAPITAL MARKETS ADVISORS’ REPORT AND TO TAKE RELATED ACTIONS

RESOLVED, that the materials presented to this meeting (the “Materials”) are ordered to be filed with the records of the Nassau County Interim Finance Authority (the “Authority”); and be it further

RESOLVED, that based upon the Material presented to this meeting, the Directors have received the Final Report of Capital Markets Advisors, LLC described in the Materials; and be it further

RESOLVED, that the Chairman of NIFA or his designee(s) are hereby given the authority to transmit the Final Report to the County and to post the Final Report on the NIFA website as well as take all related actions

DRAFT – SUBJECT TO REVIEW AND REVISION

* * *

6. Adjournment

The Chairman made a motion to adjourn. The meeting was adjourned at 6:48 PM.

Respectfully submitted,

Laurie A. Giardina
Corporate Secretary

NASSAU COUNTY INTERIM FINANCE AUTHORITY

FOR CONSIDERATION

October 17, 2017

TO: NIFA Directors

FROM: Evan Cohen

SUBJECT: NIFA Budget and Multi-Year Financial Plan

REQUEST FOR: Approve Submission of NIFA's 2018 Budget and FY 2018 – FY 2021 Financial Plan to the Office of the State Comptroller and the Authorities Budget Office to Comply with 2 NYCRR, Part 203

Background:

Pursuant to the New York State Constitution and the Public Authorities Law, the State Comptroller adopted Regulation 2 NYCRR Part 203 “Budget and Financial Plan Format, Supporting Documentation and Monitoring – Public Authorities” (the “Regulations”). The Nassau County Interim Finance Authority (“NIFA”) has been deemed by the State Comptroller to be subject to the requirements of said Regulations.

Discussion:

As required by the Regulations, NIFA has prepared a Proposed Budget for FY 2018 (“Budget”) and a Proposed Financial Plan for FY 2018 – FY 2021 (“Plan”). They will be made available for public inspection and also posted on NIFA’s website (“Disclosed”), as required by the Regulations.

Requested Action:

The Directors are requested to review and conditionally approve the Budget and Plan so that they may be Disclosed and subsequently, if no negative comments from the public are received, officially filed with the State Comptroller and any other necessary parties. You are further requested to permit the Chairman of NIFA or his designees to take whatever additional actions are deemed necessary or appropriate to ensure compliance with the Regulations.

Attachments:

Resolution
Proposed Budget and Financial Plan for FY 2018 – FY 2021

NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLUTION NO. 17-687

APPROVE SUBMISSION OF NIFA'S 2018 BUDGET AND FY 2018 – FY 2021 FINANCIAL PLAN TO THE OFFICE OF THE STATE COMPTROLLER AND THE AUTHORITIES BUDGET OFFICE TO COMPLY WITH 2 NYCRR, PART 203 AND THE TAKING OF RELATED ACTIONS

RESOLVED, that the materials presented to this meeting (the “Materials”) are ordered to be filed with the records of the Nassau County Interim Finance Authority (the “Authority”); and be it further

RESOLVED, that the Authority acknowledges enactment of 2 NYCRR, Part 203 (the “Regulations”) and its requirement that the Directors of the Nassau County Interim Finance Authority receive, review and approve a proposed Budget for FY 2018 (“Budget”) and a proposed Financial Plan for FY 2018 – FY 2021 (“Plan”); and be it further

RESOLVED, that the Authority hereby conditionally approves the Budget and Plan subject to the conditions outlined in the Materials; and be it further

RESOLVED that the Chairman of the Authority or his designees(s) be, and each of them hereby is, authorized in the name and on behalf of the Authority to publish and file the Budget and Plan with the State Comptroller and any other necessary parties and to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider necessary or proper to effectuate the foregoing and related actions.

Adam Barsky
Chairperson

October 17, 2017

NIFA
Proposed Budget and Multi-Year Plan
2018-2021

	Adopted 2017	Proposed 2018	Proposed 2019	Proposed 2020	Proposed 2021
Revenues					
Sales Tax Retained	1,999,000	2,024,000	1,974,000	2,024,000	2,074,000
Interest Income					
Bond & Debt Service Accounts					
Operating Accounts	1,000	1,000	1,000	1,000	1,000
Total Interest					
Total Revenues	2,000,000	2,025,000	1,975,000	2,025,000	2,075,000
Expenses					
NIFA Operating Expenses					
Salaries and Benefits	1,328,818	1,348,373	1,405,892	1,469,916	1,528,986
Furniture & Equipment	17,000	17,000	17,000	17,000	17,000
Rent	110,903	117,897	121,081	124,336	127,733
Telephone & Communications	18,300	19,215	20,176	21,185	22,244
Professional Fees	255,171	243,171	253,180	230,589	215,015
Insurance	5,724	5,974	6,273	6,586	6,916
Other	44,084	48,370	51,399	55,389	57,106
Total Operating	1,780,000	1,800,000	1,875,000	1,925,000	1,975,000
Control Period Expenses					
Total Control Period Expenses	220,000	225,000	100,000	100,000	100,000
Total Expenses	2,000,000	2,025,000	1,975,000	2,025,000	2,075,000
Revenues Over (Under) Expenses	-	0	0	0	0

NIFA Budget and Financial Plan

2018-2021

As of August 21, 2017

1. **Accounting method:** The budget has been prepared in accordance with GAAP using the modified accrual basis of accounting.
2. **Assumptions and estimates used:** The two largest items in the budget are; 1) sales tax revenue, taken from Nassau County's Multi-Year Financial Plan Update for Fiscal Years 2018-2021; and 2) debt service, taken from the schedule of senior debt service provided in the NIFA Sales Tax Secured Bonds, Series 2015A Bond Offering Circular.
3. **Estimates of revenues:** The main source of NIFA revenue is Nassau County sales tax. This projection has been taken from Nassau County's Multi-Year Financial Plan Update for Fiscal Years 2018-2021.
4. **Estimates of personal service expenses:** The plan assumes that NIFA staffing levels will remain constant in accordance with guidance from the NIFA Employment and Compensation Committee. The budget assumes a 4% adjustment for salaries and an 8% increase in health insurance premiums in 2018. NIFA participates in the NYS pension plan and NYSHIP health insurance program. Pension costs were projected based on guidance from the State Comptroller at 16.0% of participating salaries for 2018 through 2021. One employee has opted for the voluntary defined contribution plan and NIFA's contribution is currently set at 8% of the participant's salary. Salaries and fringe benefits were adjusted by 4% and 8%, respectively, in each year for 2018-2021.
5. **Estimates of non-personal service expenses:** Costs for office space, telephone, professional fees, and supplies were adjusted by a 5% growth factor for each successive year of the plan.
6. **Estimates of projected debt service expenditures:** Projections for NIFA debt was taken from the schedule of senior debt service provided in the NIFA Sales Tax Secured Bonds, Series 2015A Bond Offering Circular. Interest on variable rate bonds was calculated assuming that payments are equal to the receipts from the associated swaps.
7. **Cash budget and financial plan:** NIFA's budgetary expenditures are closely aligned with the timing of its cash flow. There are no material timing differences other than receipt of sales tax and GAAP rules for debt service, which is explained below in item 18.

8. **Explanation of relationship with units of government on whose behalf the authority was established:** NIFA was created in 2000 for the purpose of overseeing the fiscal turnaround of Nassau County, issuance and administration of debt on behalf of the County, issuance of reports on statutory findings based on the County's financial condition, and for the disbursement of State assistance.
9. **Description of budget process and key budget decisions:** The budget is created by the NIFA Treasurer and reviewed by its Executive Director and Audit and Internal Controls Committee. It is then approved by the NIFA Directors prior to the start of each fiscal year. Staffing level decisions are guided by recommendations of the NIFA Employment and Compensation Committee.
10. **Description of budget assumptions including revenue sources, staffing etc:** Revenues of the Authority ("Revenues") consist of sales tax revenues, defined as net collections from sales and compensating use taxes, penalties and interest authorized by the State and imposed by the County on the sale and use of tangible personal property and services in the County ("Sales Tax Revenues"), and investment earnings on money and investments on deposit in various Authority accounts. Sales Tax Revenues collected by the State Comptroller for transfer to the Authority are not subject to appropriation by the State or County. Revenues of the Authority that are not required to pay debt service, operating expenses and other costs of the Authority are payable to the County as frequently as practicable. Revenue numbers used in the budget have been taken from Nassau County's Updated Multi-Year Financial Plan for Fiscal Years 2018-2021.

Staffing has been kept at the level required to perform appropriate oversight of the County and covered organizations, including the Nassau County Health Care Corporation, Sewer and Storm Water Authority and Nassau Community College.

11. **Self assessment of budget risks:** NIFA has a perfected interest in the sales tax collections for Nassau County and receives remittances from the NYS Department of Taxation and Finance for the purpose of withholding debt service set-aside monies and expenses, prior to remittance to the County. NIFA's costs are closely monitored by its executive staff and its Directors. As a result, there is little budget risk to NIFA or its bond holders.
12. **Revised forecast of current year budget:** The current year projected results for core operating expenses are anticipated to be less than the adopted budget. The budget also includes funding for litigation costs that may be incurred from the Control Period that was imposed on Nassau County.
13. **Reconciliation that identifies all changes in estimates from projections in the previously approved budget:** There are no material revisions to the previously approved budget based on current projections.

14. **Statement of last year's fiscal actual performance:** The 2016 fiscal performance and 2017 projected results are in substantial conformity with its approved budget.
15. **Projections of number of employees, funding source, and functional classifications:** NIFA currently operates with 5 full-time employees. Positions are funded via withholding sales tax proceeds which are received on behalf of Nassau County. These are classified as general operating expenses in the budget and financial statement.
16. **Statement of revenue enhancing or cost reduction initiatives:** NIFA has maintained a lean staffing plan in light of its debt issuance and oversight responsibilities. NIFA has also taken steps to reduce expenditures for rent, telephone and communications, and other expenses.

The Authority oversees a \$2.9 billion County budget and has issued approximately \$4.0 billion of debt, including swap transactions, during the past 17 years. NIFA currently has outstanding approximately \$783.7 million in bonds, of which approximately \$430.6 million are in the variable rate mode.

17. **Statement on any non-recurring resource planned for use in any given year:** Not applicable- in the past NIFA issued bonds on behalf of the County based on their requirements, however, NIFA is not planning to issue any new debt as of this writing.
18. **Statement on transactions that shift resources from one year to another:** Under GAAP reporting rules, NIFA accrues two months of sales tax revenue receivable at each calendar year end which will be paid in January and February of the subsequent year by the NYS Department of Taxation and Finance. However, also as per GAAP rules, NIFA accrues 12 months of debt service payments as a current liability. As a result, there is always a negative balance of current assets net of current liabilities, which directly results from this reporting timing difference. It should be noted that NIFA still has all funds required for its annual May 15 interest payment and annual November 15 principal and interest payments, under this scenario.
19. **Statement on borrowed debt outstanding at year end, planned issuances, assumed interest rates, debt service as a percentage of pledged revenue:** The final maturity of the outstanding bonds is November 15, 2025. NIFA's statute requires it to remain in existence until all of its bonds have been paid or are no longer outstanding. No new debt is authorized in the NIFA Act except to refund existing debt. NIFA's debt program was initiated in FY 2000 and continued successfully in 2015. The outstanding debt of \$783.7 million is comprised of \$353,050,000 of conventional fixed rate debt, and \$430,600,000 of synthetic fixed rate debt. Total estimated debt service to maturity was \$898,923,000 as of December 31, 2016. NIFA does not have any notes outstanding.

20. **Statement on capital budget plan:** not applicable

21. **Statement from COO on reasonableness of assumptions and estimates:**

I confirm, to the best of my knowledge and belief, the following representations made to you in this financial plan are fairly presented in conformity with accounting principles generally accepted in the United States of America. To the best of my knowledge and belief, after reasonable inquiry, the plan is based on reasonable assumptions and methods of estimation and that all regulations have been satisfied.

Carl A. Dreyer, Treasurer

NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLUTION NO. 17-688

ADOPTING THE STAFF REPORT CONCERNING THE PROPOSED NASSAU COUNTY MULTI-YEAR FINANCIAL PLAN, FISCAL 2018-2021 AND THE RECOMMENDATIONS CONTAINED THEREIN

WHEREAS, Nassau County continues to operate in a control period, which the Nassau County Interim Finance Authority (“NIFA”) imposed on January 26, 2011; and

WHEREAS, on September 15, 2017, as required by law, the County Executive submitted to NIFA his proposed Multi-Year Financial Plan for Fiscal 2018 – 2021 (“Proposed Plan”), the first year of which is his proposed 2018 Budget; and

WHEREAS, the NIFA staff has prepared a report (the “Staff Report”) on the County Executive’s Proposed Plan in which the staff identified a number of risks; and

WHEREAS, said Staff Report is incorporated into and made a part of this resolution;

NOW, THEREFORE, BE IT RESOLVED, that the NIFA Directors adopt the Staff Report on the County Executive’s Proposed Plan.

Adam Barsky
Chairperson

October 17, 2017

NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLUTION NO. 17-689

RESOLUTION OUTLINING NIFA'S EXPECTATIONS REGARDING NASSAU COUNTY'S ADOPTION OF ITS FY2018 – FY2021 MULTI-YEAR FINANCIAL PLAN

WHEREAS, the NIFA Act was passed by the State Legislature in June of 2000, after receiving a home rule message from a unanimous County Legislature, because the County was at the precipice of financial ruin; and

WHEREAS, in 2011 the County's finances had reached a point where NIFA was compelled to declare a fiscal emergency which was a prerequisite to its ultimate declaration of a "Control Period," as defined under the NIFA Act; and

WHEREAS, said Control Period is still in effect because, among other conditions, the County continues to have a GAAP deficit greater than 1% thereby still requiring ongoing increased oversight, including NIFA's approval of the County's multi-year plans, borrowings and contracts; and

WHEREAS, the County Executive has submitted his proposed Multi-Year Plan for FY 2018 – FY 2021 ("Proposed Plan"), which NIFA has reviewed and commented upon in a Staff Report dated October 17, 2017;

NOW, THEREFORE, BE IT RESOLVED, that the County Legislature must adopt the necessary ordinances to effectuate the Proposed Plan or a modified plan; and be it further

RESOLVED, that NIFA will not accept modifications to the Proposed Plan unless the Legislature's changes include equivalent and recurring revenue increases or expenditure savings; and be it further

RESOLVED, that NIFA believes that it is the responsibility of the elected officials to make those decisions as to where to reduce expenses or increase revenues in order to balance the budget; and be it further

RESOLVED, that only if the County fails to balance its budget will NIFA use its statutory authority to make the necessary adjustments to accomplish this task.

Adam Barsky
Chairperson

October 17, 2017