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***Nassau County Interim
Finance Authority***



2020 ANNUAL REPORT

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NASSAU COUNTY INTERIM FINANCE AUTHORITY 2020 ANNUAL REPORT

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May 26, 2021

The Honorable Andrew M. Cuomo
Governor of the State of New York
State Capitol
Albany, NY 12224

Dear Governor Cuomo:

Attached is the Annual Report of the Nassau County Interim Finance Authority (“NIFA”) for the year ending December 31, 2020.

In June 2000, the NIFA Act was passed by the State Legislature and signed into law by the Governor. The Act was the key element of a road map for Nassau County to surmount its fiscal difficulties.

After the receipt of significant assistance from the State that was provided pursuant to the NIFA Act, on January 26, 2011 the NIFA Directors made a determination that the County’s 2011 Budget still exceeded an acceptable level of risk. The Directors invoked their statutory power and declared a Control Period, which continued through 2020 and is in existence at the time of this writing.

NIFA’s original borrowing authority on behalf of the County terminated in FY 2007; however, because of fiscal strains caused by the COVID-19 pandemic it was reactivated by the State Legislature in April 2020 to be used as a tool to provide additional assistance to the County. Consequently, in February 2021, NIFA worked with the County to execute a \$1.1 billion debt refunding transaction to create significant near-term budget relief through debt restructurings.

As of this writing (after the aforementioned debt refunding transaction), NIFA has approximately \$1.1 billion in bonds outstanding and the final maturity is currently November 15, 2035. The authorization allows NIFA to borrow additional funds through calendar year 2021, which can have a term ending as late as 2051. NIFA’s statute requires it to remain in existence until all of its bonds have been paid or are no longer outstanding and all of its liabilities discharged.

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Although FY 2020 was a challenging year, we are pleased to report that, with the assistance of NIFA, the County made progress toward resolving its fiscal difficulties. I am optimistic that in FY 2021 we will be able to further assist the County.

Sincerely,



Adam Barsky
Chairperson

Encl.

cc:

Temporary President and Majority Coalition Leader Andrea Stewart-Cousins
Deputy Minority Leader Andrew Landza
Assembly Speaker Carl E. Heastie
State Comptroller Thomas P. DiNapoli
Assemblywoman Helene E. Weinstein, Chair of the Assembly Ways and Means
Committee
Assemblyman Edward Ra, Ranking Minority Member of the Assembly Ways and Means
Committee
Senator Liz Krueger, Chair of the Senate Finance Committee
Senator Thomas O'Mara, Ranking Minority Member of Senate Finance Committee
New York State Authorities Budget Office
Mr. Robert F. Mujica, Jr., Director of the Budget
Ms. Laura Curran, Nassau County Executive
Mr. Richard Nicolello, Nassau County Legislative Presiding Officer
Mr. Kevan Abrahams, Nassau County Legislative Minority Leader
Mr. Jack Schnirman, Nassau County Comptroller
Mr. Beaumont Jefferson, Nassau County Treasurer

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Nassau County Interim Finance Authority

AUTHORITY DIRECTORS AND STAFF AS OF DECEMBER 31, 2020

Directors

Adam Barsky, Chairperson

Paul D. Annunizato

Paul J. Leventhal

Lester Petracca

Howard S. Weitzman

Christopher P. Wright

Staff

Evan Cohen, Executive Director

Carl Dreyer, Treasurer

Kathleen Stella, Corporate Secretary

Jeremy Wise, General Counsel

Martha B. Worsham, Deputy Director

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NIFA MISSION STATEMENT

The Nassau County Interim Finance Authority (“NIFA”) was created by the State of New York as a public benefit corporation to improve the general prosperity and economic welfare of the inhabitants of Nassau County and the people of the State of New York. NIFA’s primary goal is to see that on a recurring basis, the County’s annual revenues are equal to its annual expenditures. To assist in its mission, NIFA was granted certain powers including the release of transitional state aid, the ability to borrow money on behalf of the County, and if necessary, to call a control period, as defined in the Act. While striving toward its goals, NIFA is continually mindful of the County’s right to operate independently as a municipal corporation of the State of New York.

INTRODUCTION

In response to persistent fiscal distress in Nassau County, a five-point recovery plan was prepared for the County in early 2000. The plan included:

- Creation of the Nassau County Interim Finance Authority (“NIFA”) as an oversight agency and highly rated borrowing mechanism to reduce the County’s borrowing costs.
- Oversight of the required County four year financial plan to ensure that recurring actions were taken by the County each year to reach structural budget balance.
- Special State Transitional Aid of \$100 million over five years, plus debt restructuring through NIFA, if the County took satisfactory action to close its structural deficit.
- Assistance of \$5 million to support reforms to reduce the County’s estimated \$400 million backlog of property tax claims.
- Imposition of hard control mechanisms if the County failed to meet certain financial management criteria.

The plan formed the basis of State legislation creating NIFA (the “Act”). The NIFA legislation was supported by a home rule message recommended by the Nassau County Executive and approved by a unanimous vote of the County Legislature. It was enacted with broad bipartisan support in the New York State Senate and Assembly.

NIFA came into existence on June 23, 2000 and the first meeting of its Directors took place on June 28, 2000. The Act has been amended several times since its original enactment to address matters such as the scope of a wage freeze and the amounts and timing of borrowings; however, the triggers for - and NIFA’s ability to call a Control Period, as defined in the Act - have remained the same.

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This Annual Report is made pursuant to Section 2800 of the Public Authorities Law, the NIFA Act, the Public Authority Accountability Act of 2005, and the Public Authorities Reform Act of 2009. The Report covers the year ended December 31, 2020 and in limited cases is updated through its date of publication. It also incorporates other reports required by New York State law.

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DIRECTORS, MANAGEMENT AND CONTINUING OPERATION

The NIFA Act allows for a board of seven directors, each appointed by the Governor, one each upon the recommendation of the Majority Leader of the State Senate, the Speaker of the Assembly and the State Comptroller. The Governor also designates the chairperson and vice-chairperson from among the directors, although there has never been a vice-chairperson.

Four directors constitute a quorum for meetings and at least four directors must vote affirmatively for any action to be taken by the Authority.

The Directors held public meetings on the following dates in 2020: February 4th, March 17th, April 21st, May 19th, June 9th, June 23rd, July 16th, August 18th, September 10th, October 15th, November 24th, and December 17th.

NIFA had four standing committees. Their name, membership, and the dates of their respective meetings in 2020 were as follows:

1. Audit and Internal Controls held meetings on April 21st, May 19th, September 10th and October 15th. Its membership consisted of Messrs. Christopher Wright, Adam Barsky, and Lester Petracca.
2. Employment and Compensation held a meeting on November 24th. Its membership consisted of Messrs. Lester Petracca, Adam Barsky, and Christopher Wright.
3. Finance held a meeting on June 9th. Its membership consisted of Messrs. Paul Leventhal, Adam Barsky, and Paul Annunziato.
4. Governance held a meeting on November 24th. Its membership consisted of Messrs. Paul Annunziatio, Adam Barsky, Paul Leventhal, and Howard Weitzman.

Directors

Adam Barsky –Director & Chairperson

Mr. Barsky is an accomplished senior executive who brings more than 25 years of dedicated experience in management and public policy.

Mr. Barsky currently serves as Executive Vice President and Chief Financial Officer for the New York State Power Authority. Prior to that he served as Chief of Staff and a Special Counselor for The Port Authority of New York and New Jersey. Mr. Barsky also served as Executive Vice President and Chief Risk Officer of IDB bank NY from 2006 to the 2017. In that senior role, he oversaw all aspects of risk management for the bank including credit, market and operational risk, and strategic and reputation risk.

Mr. Barsky currently serves as a member of the board of directors of the New York State Job Development Authority.

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Mr. Barsky has held numerous positions in state and local government including Deputy Secretary to the Governor for Public Authorities, Financing and Housing and New York City Issues under Governor George Pataki. Before that, Mr. Barsky served as Budget Director and Chief Financial Officer of the City of New York under Mayor Rudolph Giuliani and as Director of the Mayor's Office of Operations. Mr. Barsky also worked as Chairman of the New York City Employees Retirement System, Chairman of the New York City Transitional Finance Authority, Chairman of the NYC Municipal Water Finance Authority, Acting Commissioner of the New York City Department of Finance, and Chief Financial Officer of the New York City Economic Development Corporation.

Mr. Barsky graduated cum laude from the State University of New York, Albany with a bachelor's degree in Business Administration. He is also a certified public accountant and has also completed Columbia Business School's Risk Management Executive Education Program. Mr. Barsky was appointed as Chairman and a Director of the Nassau County Interim Finance Authority by Governor Andrew Cuomo on March 1, 2016. His term expired on December 31, 2016 and he currently serves as a holdover.

Paul D. Annunziato – Director

Paul Annunziato is a First Vice President Financial Advisor with Morgan Stanley in Jericho, New York. He has worked in The Financial Services Industry for more than 20 years. Working within Morgan Stanley's Private Client Division, Paul and his Team, "The Legacy Group", manage more than \$1.8 Billion in client assets for High Net Worth families. Prior to joining Morgan Stanley in July of 2008, Paul and his Team worked at Merrill Lynch for 15 years. In addition to his Federal Securities Licenses (series 7, 31, 63, 65) and state insurance licenses, Paul has obtained his CFP and CRPC designations from the College for Financial Planning, his CFM from the Donald T Regan School of Advanced Financial Management as well as his International Wealth Management Designation. Paul is a graduate of Rochester Institute of Technology with a B.S. from the College of Business. Paul also completed an International Business Degree from Sheffield Polytechnic in the United Kingdom. In the February, 2011 Forbes Edition, Paul Annunziato ranked 20 among the Best In State Private Wealth Advisors for New York.

Mr. Annunziato previously served on the Nassau County Sewer and Storm Water Finance Authority from 2003 - 2005. He is the Vice Chairman of the Federal Enforcement Homeland Security Foundation. He remains active with the Nassau County Firefighter's Museum and Education Center as a Founding Trustee.

Paul Annunziato remains committed to various local Charities and Organizations such as Chaminade High School, Club, Knights of Columbus, Chamber Players International, Order Sons of Italy in America, Coast Guard Auxiliary, and The American Cancer Society to name a few.

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Mr. Annunziato was appointed to the Nassau County Interim Finance Authority by Governor Andrew Cuomo on September 18, 2013. His term expired on December 31, 2014 and he currently serves as a holdover.

Paul J. Leventhal – Director

Paul Leventhal is President of the accounting firm of Leventhal and Company, CPAs PC. The firm represents Corporate and Individual clients in the areas of accounting, taxation, and management advisory services. The firm has offices in Roslyn, New York. Mr. Leventhal is Vice President of Leventhal Financial Services, Inc. which provides financial and management advisory services to clients in the entertainment, sports, and real estate industries.

Mr. Leventhal served previously as a member of the Board of Directors of the Nassau Interim Finance Authority (2006 to 2010) and Chairman of the Governance Committee (2008 to 2010).

Mr. Leventhal also served as:

Chairman of the Nassau County Comptroller's Audit Advisory Committee (2010 to 2014);

Director, Board of Directors, Nassau Health & Hospital Corporation (2012 to 2014); Chairman Legal & Audit Committee (2012 to 2014); Chairman Finance Committee (2012 to 2014); Member, Presidential Search Committee (2013 to 2014).

Member of the Nassau Community College Board of Trustees from 1999 to 2006, as an officer of the Board from 2000 to 2006, as the vice chair of its Finance committee in 2006 and as the Chairman of its Enrollment committee in 2006.

Chairman, Zoning Board of Appeals of the Incorporated Village of Muttontown (2007 to 2018), Alternate Member (2006).

Mr. Leventhal graduated from Ithaca College in 1971 with a Bachelor of Science in Political Science *Magna cum Laude*, and graduated from New York University Graduate School of Business Administration in 1973 with a Master of Science in Accounting. Mr. Leventhal is a member of the American Institute of Certified Public Accountants, and has been practicing Accounting for more than 40 years.

Mr. Leventhal was appointed to the Nassau County Interim Finance Authority by Governor Andrew Cuomo upon the recommendation of the Majority Leader of the Senate on January 31, 2014. His term expired on December 31, 2017 and until February 8, 2021, he served as a holdover.

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Lester Petracca – Director

Lester Petracca founded Triangle Equities in 1986 and serves as President of the New York based real estate company. With over 35 years of industry experience and demonstrated expertise operating at the intersection of public and private enterprise, Mr. Petracca focuses his business, public and charitable work on creating positive changes in the New York metropolitan area. He has created a thriving, full-service real estate company by coupling the building and management experience he first gained as a partner at a family operated construction firm, with the innovative, results-oriented and community-centric approach that has come to define Triangle's work.

Under Mr. Petracca's leadership, Triangle is focused on creating value in communities by embracing the complexities inherent to responsible urban development and takes pride in working closely with the communities it develops in. Mr. Petracca has fostered a development strategy that joins the creativity, determination and skill of the first-rate team he has assembled, with the resources and amenities needed by each of the communities in which Triangle invests.

Mr. Petracca also devotes considerable time to public service and charitable work. Governor Andrew Cuomo appointed him to both the Battery Park City Authority and Nassau County Interim Finance Authority and he currently sits on both, serving as Chairman of the Battery Park City Investment Committee and Chairman of the Employment and Compensation Committee for the Nassau County Interim Finance Authority. He was also a member of the General Contractors Association of New York.

Mr. Petracca graduated from the University of Dayton in 1977 with a B.S. in Finance and Management.

Mr. Petracca was appointed to the Nassau County Interim Finance Authority by Governor Andrew Cuomo on September 18, 2013. His term expired on December 31, 2016 and he currently serves as a holdover.

Howard S. Weitzman – Director

Howard Weitzman has had a career spanning 49 years in Finance, Accounting, Healthcare and Government. Following their acquisition of his accounting firm in 1982, he served as a partner of the global accounting firm KPMG where he served as partner-in-charge of that firm's regional healthcare accounting, consulting and tax services. Subsequently he founded and served as CEO of a publicly traded mail service pharmaceutical company and a private healthcare financial services company. Howard earned his Bachelor of Arts degree with a major in Accounting from Queens College and has undergone management training at Stanford University. He became a certified public accountant in New York in 1971.

Howard was first elected Mayor of the Village of Great Neck Estates in 1989 and served 6 years in that position following 6 years as a Village Trustee. He was appointed to the

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Nassau County Board of Assessors in 1995 by then County Executive Thomas Gulotta. Howard was elected Nassau County Comptroller in 2001 and served 2 terms in that position. He brought much needed structural and technical changes to that office and was part of the team that stabilized Nassau's finances and restructured the finances of the Nassau University Medical Center. Howard was appointed by Governor Elliot Spitzer to serve on the NYS Commission on Government Efficiency and Consolidation in 2007. He also served as Chair of the NYS Association of Counties Committee on Taxation and Finance. He has served on the boards of charitable, civic, educational and business organizations, and has received many awards for his work in Government.

Mr. Weitzman was appointed to the Nassau County Interim Finance Authority by Governor Andrew Cuomo upon the recommendation of NYS Assembly Speaker Carl Heastie on August 26, 2016. He was reappointed, again upon the recommendation of Assembly Speaker Heastie on August 3, 2018. His term of office expires on December 31, 2021.

Christopher P. Wright – Director

Chris Wright is the firm-wide Managing Director of the Business Performance Improvement solution for Protiviti Consulting, and the leader of the firm's Public Company Transformation and Financial Reporting Remediation and Compliance groups. He has over thirty years of experience serving clients as an external auditor, including 6 years as a partner at two global accounting firms (Arthur Andersen and KPMG), and as an internal auditor and risk consultant.

Chris has provided significant assistance to companies engaged in public offerings and M&A, and those experiencing restatements, regulatory inquiries, financial investigations and difficulties in implementing new accounting pronouncements. Chris earned his Bachelor of Science degree with a major in Accounting from Franciscan University, a Master of Science degree in Organizational Leadership from Quinnipiac University and a doctorate in Interdisciplinary Leadership from Creighton University.

Chris serves on the boards of several charitable, civic, educational and business organizations, and is regularly engaged in public speaking and the development and delivery of internal and external training sessions and programs.

Dr. Wright was appointed to the NIFA Board by Governor Spitzer upon the recommendation from NYS Comptroller DiNapoli on September 24, 2007. He was reappointed, again on the recommendation of Comptroller DiNapoli, by Governor Paterson on June 15, 2010, and Governor Cuomo on January 29, 2015 and August 3, 2018. His term of office expires on December 31, 2021.

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Staff

Evan L. Cohen – Executive Director

Evan Cohen serves as Executive Director. Mr. Cohen has more than 30 years of financial management experience dealing with governments. He has worked for the Authority since 2000 and previously worked for the New York State Financial Control Board for the City of New York. Mr. Cohen earned a BE in Electrical Engineering and an MBA in Finance.

Carl A. Dreyer – Treasurer

Carl Dreyer serves as Treasurer at NIFA. Carl has a Master's Degree in Finance and has been a Certified Public Accountant in New York State since 1982. He recently completed the advanced curriculum in New York State's Government Finance Institute. He is a member of the American Institute of Certified Public Accountants, the New York State Government Financial Officers Association and the Chartered Global Managerial Accountants.

Kathleen Stella – Corporate Secretary & Chief Administrator

Kathleen Stella serves as Corporate Secretary and Chief Administrator. Ms. Stella's responsibilities include the organization of all meetings of the Directors as well as the preparation of numerous filings to fulfill State requirements. Prior to NIFA, Ms. Stella had 18 years' experience with the Long Island Power Authority as their Human Resources Coordinator and served as Board Secretary.

Jeremy A. Wise – General Counsel

Jeremy Wise serves as General Counsel and Chief Borrowing Officer. Mr. Wise has been admitted to the practice of law in New York State since 1978. The majority of his legal career has been spent working in the area of public finance. He has been the General Counsel of the Authority since 2000.

Martha Worsham – Deputy Director

Martha Worsham serves as Deputy Director at NIFA. She has approximately 30 years of financial analysis experience in the private sector and government. Prior to joining NIFA, Mrs. Worsham worked for Nassau County as a Deputy Budget Director.

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INITIATIVES AND ACCOMPLISHMENTS IN 2020

In the twenty years since NIFA was created it has continually worked to improve its efforts to support the State of New York and the citizens of Nassau County through service delivery that is accountable, transparent, and efficient. As such, we continue to revise and enhance reports, documents and supporting analyses to provide a fresh perspective and address the changing conditions of both the County and the larger economy.

NIFA also continues to work in cooperation with County staff and leaders to achieve mutually beneficial goals, help create cooperative alliances and generate problem-solving discussions.

Additionally, NIFA staff continues to improve its own professional development by attendance at various training programs and conferences. Its licensed professionals also complete mandatory courses that are required for recertification.

The following items describe some of the initiatives undertaken and accomplishments achieved by NIFA during 2020. The description is not intended to be all-encompassing or comprehensive, but provides a synopsis of progress and achievements of NIFA staff.

Reports

The following Reports were issued by NIFA staff to the Directors:

- *Review of Nassau County's Proposed Multi-Year Financial Plan Fiscal 2021-2024* (October 15, 2020).
- *Mid-Year Review and Analysis of the Multi-Year Financial Plan Update Fiscal 2020-2023* (August 18, 2020).
- *NIFA 2019 Annual Report* (April 21, 2020).
- *Financial Statements for the Year Ended December 31, 2019 and Independent Auditors' Report* (April 21, 2020).

In addition, NIFA staff continually reviews not only its own, but also Nassau County's financial and operational information. These include the:

- *Headcount* analysis designed to track year-to-date changes from the budget allocation and related vacancy savings.
- *Overtime Usage and History* reports that track current overtime spending by primary department usage and also compares this to historical spending for more accurate variance analysis.
- *Salaries and Wages* monitoring and year-to-date spending analysis as well as related projections.
- *Debt Issuance*
- *Monthly Variance Analysis* of the County's actual expenditures and revenue collections as compared to the Adopted Budget.

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Training and Professional Development

NIFA staff attended, or participated via web-based training, in various seminars and conferences to keep current in relevant governmental disciplines. These included, but were not limited to:

- New York State Government Finance Officers' Association regional training sessions such as:
 - Ethics and Professional Conduct for NYS CPA's
 - 2020 GASB Update
 - Retirement Incentives in the Public Sector
 - A Pandemic Snapshot – Nassau County

NIFA staff members have also participated in continuing education meetings to maintain and improve professional competence, keep abreast of new technology and practices, or to comply with professional certification requirements.

Communication & Leadership

NIFA is constantly aware of the need for cooperative alliances in order to best serve its charge of assisting Nassau County and its citizens to restore fiscal integrity. As such, NIFA provides leadership by initiating meetings and maintaining the following lines of communication:

- Nassau County Office of Management and Budget (OMB) briefings (scheduled as needed). Per NIFA's request, meetings are also attended by staff from the County Comptroller, and the Office of Legislative Budget Review to receive updates from OMB; answers to questions submitted; and, obtain requested information.
- Nassau Health Care Corporation Meetings. Because the financial health of the Nassau Health Care Corporation ("NHCC") and its potential impact on Nassau County is a major concern for NIFA, staff maintains contact with NHCC to discuss financial reports and the multi-year financial plan of NHCC. In early 2020, NHCC scrutiny was increased by NIFA and it was required to submit, *inter alia*, reports and contracts to NIFA for review and/or approval.
- NIFA Director and Committee Meetings (scheduled as needed). The meetings of the Directors cover all aspects of NIFA business in a public forum. Among the agenda items are matters dealing with the fiscal health of Nassau County, the compliance of NIFA with governmental accountability requirements, and approval of NIFA expenditures.
- Directors' Briefings (scheduled as needed). These Briefings are an opportunity for NIFA staff to communicate with various Directors regarding NIFA staff views and analyses of County financial and operating issues; however, there is no discussion and no actions are taken by the Directors.

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NIFA utilizes the services of the professional webcaster, Total Webcasting, to broadcast all NIFA public meetings and this has been done throughout fiscal year 2020. The webcast, posted on the NIFA website (<http://www.nifa.ny.gov>), enables many more Nassau County citizens and stakeholders to view NIFA activities, and decisions that are conducted on their behalf.

Liaison Responsibilities

As noted above, in 2020 NIFA continued to monitor the County's finances and helped to facilitate dialogue among the County's elected and appointed leaders.

Financial monitoring meetings or discussions were held with representatives of the County Executive, County Legislature, County Comptroller and NIFA to review the County's finances. In addition to certain extra responsibilities incurred by NIFA during a Control Period (discussed elsewhere), NIFA also monitored key financial indicators such as sales tax, staffing, and social service costs in order to allow NIFA to project year-end operating results.

NIFA also meets or speaks with representatives of the Nassau Health Care Corporation (NHCC) to remain up-to-date on their financial condition because 1) it is a covered organization subject to NIFA review and 2) the financial condition of NHCC could have an impact on that of Nassau County.

Because the NIFA Directors must approve all County and Covered Organization financings during a Control Period, NIFA staff regularly reviews the terms, conditions and reasons for proposed County borrowings.

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NIFA ROLES AND RESPONSIBILITIES

The primary role of NIFA is to help restore Nassau County to fiscal health, so that the County can continue to provide essential services to its citizens while meeting obligations to holders of County debt. The Authority's powers and responsibilities fall, or have fallen, into the principal categories of: financial oversight and monitoring; liaison to and between Nassau County leaders; debt issuance on behalf of Nassau County and review of debt issuance by Nassau County.

Financial Oversight and Monitoring

NIFA's mission is to oversee and monitor the finances of Nassau County and, if necessary, establish a "control period" to exercise additional oversight powers. Since its inception, NIFA has continued to have a substantial positive effect on the County's budget, financial planning processes, and operating results.

Control Period Developments and Additional Responsibilities

NIFA Review of County Contracts, Approval of its Four-Year Plan and Borrowings

Pursuant to the NIFA Act, during a control period the Authority is tasked with certain additional powers and responsibilities which include: the creation of Contract Guidelines for the review of County contracts; the review and approval of all borrowing by the County and Covered Organizations; and the review and approval of the County's Multi-Year Financial Plans.

During FY 2020, NIFA reviewed and approved 279 Nassau County contracts plus 51 contracts of the Nassau Health Care Corporation. Depending on the amount of those contracts, the review was completed by staff, the Chairman, or the Board.

NIFA also approved a total of \$722 million of borrowing for the County during 2020. The amount included \$646 million of bonds or notes for capital projects.

The proposed Multi-Year Financial Plan for Fiscal 2020 – 2023 was submitted to NIFA on September 15, 2020. On October 15, 2020, NIFA accepted a staff report which discussed and analyzed the Proposed Plan. On October 29, 2020, the County Legislature adopted a budget for FY 2021 as well as a Multi-Year Financial Plan for FY 2021 – 2024, which included several significant changes to the Proposed Plan, including removal of debt service savings from a restructuring of NIFA debt. The County Executive immediately exercised her veto power on all the amendments, an action which had the effect of restoring the Proposed Plan (now, the "Adopted Plan"), which included the realignment of NIFA and County debt. On November 5, 2020, the County Executive's vetoes were sustained; however, the required Declaration of Need authorizing NIFA to restructure County debt was not approved. The Directors had deemed the Declaration of Need essential to their approval of the Multi-Year Financial Plan.

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Subsequently, on December 14, 2020 the County Legislature reconvened and approved a Declaration of Need that allowed NIFA to proceed with a \$1.1 billion debt restructuring and refunding transaction. Finally, on December 23, 2020 NIFA approved the MYP, which included the 2021 Budget.

Litigation

No significant litigation against the Authority was commenced in 2020 and the litigation related to wage freeze instituted by NIFA appears to have been concluded in early 2021 when the United States Supreme Court refused to hear the appeal requested by the County's unions.

Debt Issuance on Behalf of Nassau County

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.

NIFA's debt program was initiated in FY 2000 and continued successfully through 2020. In total NIFA has issued \$5,682,728,000 in new or refunding debt on behalf of the County. Overall, NIFA bonds payable decreased in fiscal year 2020 by \$42,231,000 (10.25%) due to retirement of prior bond issues. As of December 31, 2020, the Authority had bonds outstanding of \$369,748,000, which were comprised of \$145,798,000 of conventional fixed rate debt, \$75,325,000 of variable rate debt and \$148,625,000 of synthetic fixed rate debt. Total estimated remaining debt service was \$397,564,000. NIFA's debt matures through the year 2025.

Fixed Rate Bonds – The Authority has outstanding fixed rate bonds with coupons ranging between 2.522% and 5.0%. Interest on the Authority's Fixed Rate Bonds is payable on May 15 and November 15 of each year, and interest on the Variable Rate Bonds is payable on the first business day of each month. Principal on all bonds is payable on November 15. A debt service account has been established under the Indenture to provide for the payment of interest on and principal of bonds outstanding under the Indenture. The Trustee makes monthly deposits to the debt service account in the amount of debt service accrued through the end of that month. For the Fixed Rate Bonds, this is essentially one-sixth of the next interest payment and one-twelfth of the next principal payment. For the Variable Rate Bonds, this is one-twelfth of the next principal payment and the amount needed to

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maintain a prudent level of funding in excess of the anticipated interest expense to be accrued that month.

Interest rates on all of NIFA's variable rate bonds are currently reset weekly by remarketing agents at the minimum rate necessary for the bonds to have a market value equal to the principal amount. Interest rates are set separately for each series of variable rate bonds. The variable rate bonds are in most circumstances subject to tender at the option of the bondholder.

On November 2, 2020, NIFA executed a mandatory tender of one of its variable rate bond issuances, which enabled it to defer a principal payment of \$75,325,000 due November 15, 2020 by one year and returned the debt-service set-asides that were no longer needed to the County.

Swap Agreements

Board-Adopted Guidelines – On March 25, 2004, NIFA adopted guidelines (“Interest Rate Swap Policy”) with respect to the use of swap contracts to manage the interest rate exposure of its debt. The Interest Rate Swap Policy establishes specific requirements that must be satisfied for NIFA to enter into a swap contract.

Objectives of Swaps – To protect against the potential of rising interest rates, to achieve a lower net cost of borrowing, to reduce exposure to changing interest rates on a related bond issue or in some cases where Federal tax law prohibits an advance refunding, and to achieve debt service savings through a synthetic fixed rate. In an effort to hedge against rising interest rates, NIFA entered into nine separate pay fixed, receive-variable interest rate Swap Agreements during FY 2004 (the “Swaps”).

Background – NIFA entered into the following six swap contracts with an effective date of April 8, 2004, in connection with the issuance of \$450 million in auction rate securities to provide for the refunding or restructuring of a portion of the County's outstanding bonds, refunding of certain outstanding NIFA bonds, tax certiorari judgments and settlements to which the County was a party, other legal judgments and settlements, County capital projects and to pay costs of issuance. These auction rate securities were subsequently refunded on May 16, 2008 with variable rate demand bonds and the swap agreements transferred to the 2008 Bond Series A-E. The original notional amounts are as follows:

- \$72.5 million notional amount (2004 Series B – swap agreement) with Goldman Sachs Mitsui Marine Derivative Products, L.P. (“GSMMDP”)
- \$72.5 million notional amount (2004 Series C – swap agreement) with GSMMDP
- \$80 million notional amount (2004 Series D – swap agreement) with GSMMDP
- \$72.5 million notional amount (2004 Series E – swap agreement) with UBS AG

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- \$72.5 million notional amount (2004 Series F – swap agreement) with UBS AG
- \$80.0 million notional amount (2004 Series G – swap agreement) with UBS AG

The individual notional values of the 2004 Series B, 2004 Series C, 2004 Series E and 2004 Series F declined to \$12.35 million, respectively, thereby collectively totaling \$49.4 million as of December 31, 2020. The 2004 Series D and 2004 Series G swap agreements terminated in accordance with their original terms, as of November 15, 2016.

NIFA entered into the following three swap contracts with an effective date of December 9, 2004, in connection with the issuance of \$150 million in auction rate securities to provide for the refunding of a portion of the County's outstanding bonds, tax certiorari judgments and settlements to which the County was a party, other legal judgments, and settlements and to pay costs of issuance. These auction rate securities were subsequently refunded on May 16, 2008 with variable rate demand bonds and the swap agreements transferred to the 2008 Bond Series A-E.

- \$50 million notional amount (2004 Series I – swap agreement) with GSMMDP
- \$50 million notional amount (2004 Series J - swap agreement) with UBS AG
- \$50 million notional amount (2004 Series K – swap agreement) with Morgan Stanley Capital Services (“MSCS”)

The individual notional values of the 2004 Series I, 2004 Series J, and 2004 Series K declined to \$33.075 million, respectively, thereby collectively totaling \$99.225 million as of December 31, 2020.

Consequently, the combined notional value of outstanding swaps total \$148.625 million as of December 31, 2020, which is down from the original combined notional value of \$600 million.

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NIFA Outstanding Bonds

	Bond Par Issued	Balance at 1/1/2020	Retired	Balance at 12/31/2020	Hedged Balance at 12/31/2020
Variable Rate Bonds:					
Sales Tax Secured Variable Rate Bonds Series 2008A-B* due 2018 through 2025	\$ 250,000	\$ 223,950	\$ -	\$ 223,950	\$ 148,625
Total Variable Rate Bonds	250,000	223,950	-	223,950	\$ 148,625
Fixed Rate Bonds:					
Sales Tax Secured Bonds Series 2009A 1% to 5% serial bonds due through 2025	303,100	6,155	1,575	4,580	-
Sales Tax Secured Bonds Series 2009A 1% to 5% serial bonds due through 2025	141,580	54,920	12,050	42,870	-
Sales Tax Secured Bonds 2012B 0.688% to 2.822% serial bonds due through 2025	176,133	36,074	8,691	27,383	-
Sales Tax Secured Bonds 2015A 4% to 5% serial bonds due through 2025	116,310	90,880	19,915	70,965	-
Total Fixed Rate Bonds	737,123	188,029	42,231	145,798	-
Total Bonds	\$ 987,123	\$ 411,979	\$ 42,231	\$ 369,748	\$ 148,625

* During 2020, the interest rate on the Variable Rate Bonds ranged from 0.08% to 6.00%.

Aggregate debt service to maturity as of December 31, 2020 was as follows (dollars in thousands):

Years Ending December 31,	Principal	Interest*	Total
2021	\$ 165,410	\$ 11,415	\$ 176,825
2022	78,689	8,056	86,745
2023	59,719	4,868	64,587
2024	46,465	2,646	49,111
2025	19,465	831	20,296
	<u>\$ 369,748</u>	<u>\$ 27,816</u>	<u>\$ 397,564</u>

Sales tax revenue of \$1,100,895,000 provided 18.71 times coverage of NIFA's 2020 total debt service of approximately \$58,828,000. Historical sales tax collections and County rankings are shown in Appendix A. The Authority used \$1,461,000 for general and administrative operational expenses, and \$1,221,000 for legal, accounting, consulting services and other costs related to the imposition of a control period. Included in these expenses were salaries for certain positions that exceeded \$100,000. These positions were Executive Director, General Counsel, Deputy Director, and Treasurer.

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NIFA maintained high credit ratings on both its long and short term debt at year end, as follows:

Rating Agency	NIFA Long Term Debt Rating	NIFA Short Term Debt Rating
Fitch	AAA	F-1+
Moody's Investors Service	Aa1	VMIG-1
Standard & Poor's	AAA	A-1+

Administrative Matters

The Authority leases office space at 1305 Franklin Avenue, Suite 302 in Garden City, New York. Its telephone number is (516) 248-2828 and its fax number is (516) 248-4050. Its website is <http://wwwnifa.ny.gov>.

During 2020 the Authority maintained its staff complement of five employees, two of whom have been with NIFA for more than 20 years. NIFA continued to implement and improve its monitoring, internal controls and oversight mechanisms. The NIFA website was also maintained and updated.

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ADDITIONAL INFORMATION

Section 2800 of the New York State Public Authorities Law (“PAL”) specifies the required contents of State Authority Annual Reports. In addition to the information provided in the foregoing text, which sets forth the Authority’s Operations and Accomplishments, this NIFA Annual Report incorporates the Authority’s Audited Financial Statements for the year ended December 31, 2020 (Tab 2). The Audit sets forth NIFA’s receipts and disbursements, its assets and liabilities, and a schedule of its bonds and notes outstanding at the end of the year. Provision of the Audit also meets the requirements of Section 2802 of the Public Authorities Law.

NIFA has also included with this Annual Report other reports required by various provisions of State law as well as its authorizing legislation. These reports include:

- Authority Report on Debt Issuance, Tab 1 (NIFA Act, Section 3653)
- Audited Financial Statements for Year Ended December 31, 2020, Tab 2 (NIFA Act, Section 3663)
- Independent Auditor’s Compliance Report on Investment Policies and Procedures, Tab 2 (Required by NIFA Investment Guidelines)
- Revenues and Expenses - See Audited Financial Statements, Tab 2
- Assets and Liabilities - See Audited Financial Statements, Tab 2
- Outstanding Bonds and Notes - See Audited Financial Statements, Tab 2
- Assessment of Internal Controls – See Audited Financial Statements, Tab 2
- Authority Report on Investments, Tab 3 (PAL Section 2925)
- Authority Prompt Payment Report, Tab 4 (PAL Section 2880)
- Authority Procurement Contracts Guidelines Report, Tab 5 (PAL Section 2879)
- Compensation Schedule – See page 17
- Property Disposition Report, Tab 6
- Authority Mission Statement and Measurement Report, Tab 7
- Authority Code of Ethics, Tab 8
- Authority Act, Tab 9
- Authority By-Laws, Tab 10

The Authority Personnel Report required by PAL Section 2806 is submitted separately. The Authority Budget Report required by PAL Section 2801, which is to be submitted annually, not less than 90 days before the commencement of the Authority fiscal year, is also submitted separately.

For additional information on the Authority, please contact:

Nassau County Interim Finance Authority
1305 Franklin Avenue, Suite 302
Garden City, NY 11530
(516) 248-2828
www.nifa.ny.gov

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Appendix A

Historical Sales Tax Collections, Coverage Ratios, and County Rankings

SALES TAX COLLECTIONS
EXCLUSIVE OF LOCAL GOVERNMENT ASSISTANCE PROGRAM
ALLOCATION
(000's omitted)

<u>Fiscal Year</u>	<u>Actual Sales Tax Revenues (a)</u>	<u>Fiscal Year</u>	<u>Actual Sales Tax Revenues (a)</u>
2011	967,088	2016	1,063,123
2012	1,007,220	2017	1,094,716
2013	1,070,986	2018	1,131,440
2014	1,026,900	2019	1,171,361
2015	1,038,788	2020	1,100,895

(a) Actual Sales Tax Revenues are the amount of sales tax (and earnings on receipts prior to transfer) received by the Authority and available each year for debt service.

DEBT SERVICE COVERAGE ON SENIOR BONDS
BY HISTORICAL SALES TAX REVENUES

<u>Year</u>	<u>Sales Tax Revenues (\$ Thousands) (a)</u>	<u>Coverage of Maximum Annual Debt Service on Senior Bonds (b)</u>
2010	950,935	5.38
2011	967,088	5.47
2012	1,007,220	5.70
2013	1,070,986	6.06
2014	1,026,900	5.81
2015	1,038,788	5.87
2016	1,063,123	6.01
2017	1,094,716	6.19
2018	1,131,440	6.40
2019	1,171,361	6.62
2020	1,100,895	6.23

(a) Actual Sales Tax Revenues are the amount of sales tax (and earnings on receipts prior to transfer) received by the Authority and available each year for debt service.

(b) Based on debt service for the hedged Series 2008A-E Bonds at the fixed payer rates on the associated interest rate swaps.

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RECENT SALES TAX COLLECTIONS

The following table sets forth, on a cash basis, monthly distributions of Local Sales Tax collections from the State Comptroller to the Authority since January 2017.

MONTHLY SALES TAX COLLECTION DISTRIBUTIONS TO THE AUTHORITY FROM THE STATE COMPTROLLER

Month	2017	2018	2019	2020
January	\$28,305,492	\$32,334,250	\$34,604,009	\$29,777,197
February	87,620,122	92,361,761	94,681,653	104,575,149
March	73,123,041	78,293,575	79,698,287	85,094,114
April	97,177,462	98,296,026	99,496,967	103,018,370
May	80,789,766	84,023,420	85,691,943	59,440,567
June	162,711,595	169,658,803	172,477,041	122,571,618
July	27,251,759	30,626,237	30,389,890	24,066,948
August	85,110,384	88,936,158	93,324,408	83,204,880
September	82,336,337	88,869,574	92,568,287	84,831,363
October	111,320,124	110,637,201	122,559,160	135,428,695
November	84,428,096	85,529,501	90,923,590	86,028,123
December	166,855,697	168,446,661	171,311,744	190,415,938
Totals	<u>\$1,087,029,875</u>	<u>\$1,128,013,166</u>	<u>\$1,167,726,979</u>	<u>\$1,108,452,962</u>

RETAIL SALES ACTIVITY RANKED BY COUNTY IN THE STATE (in thousands)

County	Rank (2018/2019)	Taxable Sales 2018/2019	Rank (2019/2020)	Taxable Sales 2019/2020	Change
New York City*	1	\$171,973,107,393	1	\$181,756,330,933	5.6%
Suffolk	2	34,931,729,231	2	36,541,804,613	4.6
Nassau	3	28,152,434,356	3	29,774,158,767	5.7
Westchester	4	21,741,016,119	4	22,791,810,604	4.8
Erie	5	16,652,620,235	5	17,702,204,553	6.3
Monroe	6	12,682,492,370	6	13,330,134,994	5.1
Onondaga	7	9,055,562,442	7	9,418,276,517	4.0
Orange	8	7,692,893,289	8	8,093,028,685	5.2
Albany	9	6,836,841,369	9	7,144,272,511	4.4
Rockland	10	5,390,346,978	11	5,773,529,965	7.1

SOURCE: New York State Website <https://data.ny.gov/>. Represents taxable sales reported from March through February.

* Includes the five counties of the Bronx, Kings (Brooklyn), New York (Manhattan), Queens, and Richmond (Staten Island).

TAB 1

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NASSAU COUNTY INTERIM FINANCE AUTHORITY AUTHORITY REPORT ON DEBT ISSUANCE YEAR ENDED DECEMBER 31, 2020

Section 3653(7) of the NIFA statute requires that “At least annually, commencing no more than one year after the date on which authority bonds are issued, the authority shall report...on the costs financed by the authority and the amount of such financing for each such cost over the past year.”

During 2020, the Authority did not issue any debt.

TAB 2

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CERTIFICATION FORM

This is to certify that the attached Financial Statements for the Year Ended December 31, 2020 were approved by the Directors on May 26, 2021 and that based on the knowledge of the Chief Executive Officer and the Treasurer, (a) the information provided therein is accurate, correct, complete and does not contain any untrue statement of material fact; (b) does not omit any material fact which, if omitted, would cause the financial statement to be misleading in light of the circumstances under which such statements are made; and (c) fairly presents in all material respects the financial condition and results of operations of the Authority as of, and for, the periods presented in the financial statements.

Signed copy on file with NIFA

Evan L. Cohen, Executive Director

May 26, 2021

Date

Signed copy on file with NIFA

Carl Dreyer, CPA Treasurer

May 26, 2021

Date

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Under
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