

AGENDA

NASSAU COUNTY INTERIM FINANCE AUTHORITY

DIRECTOR'S MEETING

APRIL 29, 2021

Call to Order

Action Items

- I. Approval of the Minutes of the Director's Meeting on March 25, 2021
- II. Consideration of Amendment to County Contract for Nassau Health Care Corporation
- III. Consideration of Nassau Health Care Corporation Interest Rate Conversion and Swap Terminations

Adjournment

TAB I

NASSAU COUNTY INTERIM FINANCE AUTHORITY

MEETING OF THE DIRECTORS

MINUTES OF MARCH 25, 2021

The Directors’ Meeting of the Nassau County Interim Finance Authority was convened on March 25, 2021 at 6:35 PM via public zoom audio and visual teleconference, pursuant to legal notice given on March 22, 2021 and electronic notice posted on the Authority’s website.

Directors: Adam Barsky, Chairman
Paul Annunziato
Mo Megjhi
Lester Petracca
Howard Weitzman
Christopher Wright

Absent:

Staff: Evan Cohen, Executive Director
Carl Dreyer, Treasurer
Kathleen Stella, Corporate Secretary
Jeremy Wise, General Counsel
Martha Worsham, Deputy Director

Call to Order/Roll Call

The meeting was called to order at 6:35 PM.

1. Approval of the Minutes of the Director’s Meeting on January 21, 2021

Upon a motion made by Director Wright and seconded by Director Annunziato, the Directors approved the minutes from the meeting on January 21, 2021 with Directors’ Weitzman and Megjhi abstaining.

Positive votes: 4 Negative votes: 0 Abstain: 2

RESOLUTION NO. 21- 270

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE
JANUARY 21, 2021 MEETING OF THE DIRECTORS OF THE NASSAU COUNTY

INTERIM FINANCE AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on January 21, 2021 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.

2. Resolution of Appreciation to Paul J. Leventhal

RESOLUTION NO. 21-271

RESOLUTION OF APPRECIATION TO PAUL J. LEVENTHAL, MEMBER OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

WHEREAS, Paul J. Leventhal was appointed by the Governor and served as a Director of the Nassau County Interim Finance Authority (“NIFA”) from 2006 until 2010 and again from 2014 until February 8, 2021; and

WHEREAS, Paul has given innumerable hours on a *pro bono* basis, acted independently and impartially with great compassion and wisdom on behalf of his fellow citizens; and

WHEREAS, everyone associated with NIFA has always appreciated his unfettered accessibility and interest in the working conditions of staff; and

WHEREAS, we recognize that words are a poor substitute for expressing our appreciation to him for his many years of service to Nassau County (County”) and NIFA; nevertheless, we desire to recognize him and outline some of the major achievements that occurred during his tenure including:

- Adoption of major financings by both the County and NIFA during his term as Chairman of the Finance Committee;
- Adoption and approval of major contracts with the County’s Labor Unions;
- Adoption by the County, with NIFA’s approval, of multi-year plans that have helped the County progress toward fiscal balance;
- Implementation of heightened scrutiny of the County during the “Control Period’ and of the Nassau health Care Corporation as a “Covered Organization;” and
- Review of proposed major County projects including public private partnerships.

NOW, THEREFORE, BE IT RESOLVED THAT the Directors of NIFA, on behalf of themselves, the staff of NIFA, the people of Nassau County and the State of New York wish to express our appreciation to Paul Leventhal and wish him well in all his future endeavors.

Adopted Unanimously by the NIFA Directors

3. Consideration of County Contract for IIT Inc

Martha Worsham, NIFA’s Deputy Director gave a briefing on the contract and indicated the term of the contract is three years with a two one-year renewal option.

Upon a motion made by Director Wright and seconded by Director Weitzman, the Directors approved the following resolution.

Positive votes: 6 Negative votes: 0

RESOLUTION NO. 21-272

CONSIDERATION OF COUNTY CONTRACT FOR IIT INC.

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 IIT Inc. which is projected to cost \$5,000,000; and be it further

RESOLVED, that NIFA’s approval of the agreement is given with the caveat that NIFA does not guaranty that it will approve any future borrowing for this project at a later date; 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.

4. Consideration of County Contract for R. J. Industries, Inc.

Martha Worsham, NIFA’s Deputy Director gave a briefing on the contract. She indicated that the term of the contract is 636 days from the notice to proceed and the value of the contract is \$6,247,470.

Upon a motion made by Director Wright and seconded by Director Petracca, the Directors approved the following resolution.

Positive votes: 6 Negative votes: 0

RESOLUTION NO. 21-273

CONSIDERATION OF COUNTY CONTRACT FOR R.J. INDUSTRIES, INC.

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 R.J. Industries, Inc. which is projected to cost \$6,247,470; and be it further

RESOLVED, that NIFA’s approval of the agreement is given with the caveat that NIFA does not guaranty that it will approve any future borrowing for this project at a later date; 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. Consideration of Issuance of General Obligation Bonds by Nassau County

After a briefing given by Jeremy Wise, NIFA’s General Counsel, the Directors were requested to approve the Consideration of Issuance of General Obligation Bonds by Nassau County.

Upon a motion made by Director Annunziato and seconded by Director Weitzman, the Directors approved the following resolution.

Positive votes: 6 Negative votes: 0

RESOLUTION NO. 21-274

CONSIDERATION OF ISSUANCE OF GENERAL OBLIGATION BONDS BY NASSAU COUNTY

RESOLVED, that the materials presented to this meeting of the Directors (the “Materials”) are incorporated into this Resolution and 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 discussions in the Materials and pursuant to Section 3669 2(e) of the Authority Act, the Authority has reviewed the terms of the County’s proposed issuance(s) of

Bonds and approves the issuance of up to \$74,040,000.00 of Bonds (plus cost of issuance) for the purposes described in the Materials (repay maturing BANs); and upon the conditions outlined in the Materials; and be it further

RESOLVED, the Authority recognizes its prior approval of up to \$109,200,602.97 (plus cost of issuance) of bonds at its December 17, 2020 meeting, which bonds will be issued simultaneously with the \$74,040,000.00 of Bonds (plus cost of issuance); 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.

* * *

Director Wright made a motion to adjourn, which was seconded by Director Petracca. The Director's meeting was adjourned at 6:57 PM.

Respectfully submitted,

Kathleen Stella
Corporate Secretary

TAB II

NASSAU COUNTY INTERIM FINANCE AUTHORITY

FOR CONSIDERATION

April 29, 2021

TO: NIFA Directors

FROM: Evan Cohen

SUBJECT: Nassau Health Care Corporation Contract Amendment

REQUEST FOR: Consideration of Amendment to County Contract for Nassau Health Care Corporation
(*NIFA # 83-21*)

Introduction:

On March 24, 2011, NIFA adopted the Contract Approval Guidelines, as subsequently amended, (“Guidelines”), which include the Contract Approval Request Form. The Guidelines delineate the dollar thresholds and approval process of all County contracts that must be submitted to NIFA for approval.

On April 16, 2021, the County submitted a contract for Nassau Health Care Corporation (“NHCC”) to NIFA for approval. This is an amendment to the Successor Agreement dated November 1, 2007. This amendment modifies and clarifies certain contract clauses previously established. The amendment, which also reconciles certain outstanding claims arising under the Successor Agreement (from 2012 through December 31, 2019), is valued at \$30,772,896 and is payable to NHCC in three installments.

The Successor Agreement, as amended, does not address health care services provided to County inmates at the Correctional Center. These types of services, which are currently provided by NHCC, are contracted by the County under a separate agreement.

Discussion:

On March 22, 2021, the County Legislature approved the amendment to the November 2007 Successor Agreement between Nassau County and the Nassau Health Care Corporation. The amendment to the Successor Agreement was approved by the NHCC Board on January 14, 2021.

The contract does not have an immediate Budget impact since the outstanding amounts have been accrued in prior years. The terms of the amendment will have monetary consequences going

forward, but the primary purpose of the amendment is to settle monies already owing and changes to some of the stipulations.

Requested Action:

You are requested to consider the amendment to County's contract with Nassau Health Care Corporation.

Attachment:

Resolution

NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLUTION NO. 21-

CONSIDERATION OF AMENDMENT TO COUNTY CONTRACT WITH NASSAU HEALTH CARE CORPORATION

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/disapproves the Amendment to the County’s Contract for Nassau Health Care Corporation which, among other terms, is valued at \$30,772,896 for past services provided by NHCC to the County; 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.

Adam Barsky
Chairperson

April 29, 2021

TAB III

NASSAU COUNTY INTERIM FINANCE AUTHORITY

FOR CONSIDERATION

April 29, 2021

TO: NIFA Directors

FROM: Evan Cohen

SUBJECT: Nassau Health Care Corporation Remarketing

REQUEST FOR: Consideration of Nassau Health Care Corporation Interest Rate Conversion and Swap Terminations

Introduction

The Nassau Health Care Corporation (“NHCC”) and the County are seeking your approval to remarket NHCC’s \$156.39 million of outstanding debt. The intent is to convert all of NHCC’s outstanding Nassau Health Care Corporation Bonds, Series 2009 (Nassau County Guaranteed) (the “Bonds”) from the current variable rate mode to a fixed interest rate, and terminate the interest rate exchange agreements (swaps) associated with the Series B-D Bonds. The County has previously provided direct-pay guarantees on the Bonds and swaps pursuant to County ordinances (collectively, the “Guarantees”).

The County has reviewed the terms of the proposed conversion and termination and has assured NIFA staff that no further approval action(s) are required by the County and that the transaction is permissible under the Guarantees. The conversion and termination are also authorized pursuant to NHCC resolutions.

The preliminary projected transaction is as follows:

NHCC Proposed Fixed Rate Conversion ⁽¹⁾

Fixed Rate Conversion - Par Amount	\$151,315,000.00
Premium	<u>24,750,517.00</u>
Total Proceeds	\$176,065,517.00
Escrow Deposit	\$156,472,032.00
Costs of Issuance ⁽²⁾	1,210,520.00
Swap Termination	<u>18,372,204.00</u>
Total Uses	\$176,054,756.00

(1) Analysis as of April 12, 2021. Assumes closing date of June 1, 2021.

(2) Includes underwriter's discount.

Premium generated from the remarketing will be used to pay down debt, terminate all existing swaps, and pay costs of issuance.

Background:

NHCC is required to seek approval from the Nassau County Interim Finance Authority ("NIFA") on this proposed transaction pursuant to §3669 (2)(e) of the NIFA Act, which states that during a control period:

"The authority shall review the terms of each proposed long-term and short-term borrowing by the county and any covered organization to be effected during any control period, and no such borrowing shall be made during any control period unless it is approved by the authority."

Discussion:

Overview:

NHCC has \$156,390,000 of variable rate debt outstanding, most of which has been swapped to fixed rate via LIBOR based swaps.

Tax-Exempt Debt	\$149,685,000
Taxable Debt	<u>6,705,000</u>
Total Debt Outstanding	\$156,390,000

The Bonds and swaps are backed by an unconditional guarantee provided by the County. The tax-exempt bonds are swapped to a fixed rate of 3.457%, and supported by Letters of Credit ("LOC") by Bank of America. The swap notional amount is \$153,095,000.

The upkeep of the debt and swaps in its current form is logistically challenging and risky. NHCC and the County, working with their advisors, have determined that the best course of action is to remarket the Bonds into a fixed rate mode and terminate the swaps. This strategy mirrors the approach that NIFA implemented with its variable rate bonds and swaps in February's 2021AB transaction.

Converting NHCC's existing synthetic fixed (VRDB and swaps) rate debt to fixed rate would simplify NHCC's capital structure and minimize potential risks. Among the challenges and risks that this action would avoid include:

Letter of Credit Risks:

- The cost of the debt is impacted by the availability and cost of the LOC;
- Banks that had previously provided LOCs did not offer capacity last year;
- The fees paid increased from 50 basis points for the 2019 renewal to 97 basis points at the 2020 renewal; and
- There is potential for the fees to increase further depending on the credit markets.

Bank Bond and Acceleration of Payments:

- If NHCC cannot secure an LOC at the expiration of the current facility, the Bonds would convert to bank bonds with an accelerated maturity schedule and a higher interest rate.

Swap Transition Away From LIBOR in 2021:

- If swaps remain outstanding, NHCC will need to amend the documents to reassign a new rate calculation. Terminating the swaps now would avoid a potentially difficult and/or costly conversion to a new swap index.

Use of Resources:

- Finally, synthetic fixed rate debt requires considerable time and energy by NHCC and its consultants. Fixed rate debt eliminates these challenges, cuts down on consulting costs and allows NHCC staff to focus on other matters.

Present market conditions indicate that the conversion will result in present value savings; however, NHCC would proceed with a transaction that presents a present value loss to eliminate the risks outlined above.

Anticipated Plan of Financing:

The core part of the plan of finance, as requested in the letter from the County Treasurer to NHCC dated April 1, 2021, is to remarket the hospital's existing variable rate bonds into a fixed rate mode and terminate the existing swaps. The debt service profile is not anticipated to change materially, and the transaction is not anticipated to produce material savings. While there may be dissavings associated with this transaction, it mirrors a portion of the recent NIFA transaction, and achieves the goals of minimizing risks and simplifying NHCC's capital structure.

Professionals:

As part of this transaction, NHCC and the County will be working with certain professionals. Among the professionals is the underwriting team that will sell the bonds. That team is currently comprised of the following firms (but others may be added upon the recommendation of the Senior Book Running Manager):

Senior Book Running Manager

- BofA Securities (current remarketing agent for the Bonds)

Co-Managers

- FHN Financial Capital Markets
- Morgan Stanley
- Siebert Williams Shank & Co. LLC

25% of the underwriting team who will participate in this transaction are either minority-owned, women-owned, or service-disabled veteran-owned businesses (MBE, WBE, or SDVOB).

Requested Action:

You are requested to approve/disapprove NHCC's proposed transaction, subject to the terms and conditions outlined in these materials and the attached resolution.

Attachment:

Resolution

NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLUTION NO. 21-

**CONSIDERATION OF NASSAU HEALTH CARE CORPORATION INTEREST RATE
CONVERSION AND SWAP TERMINATIONS**

WHEREAS, the County has delivered to NHCC a letter from the County Treasurer dated April 1, 2021 directing NHCC to fix out the rate of interest on its outstanding Bonds,

NOW, THEREFORE BE IT RESOLVED, that the materials presented to this meeting of the Directors (the “Materials”) are incorporated into this Resolution and 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 discussions in the Materials and pursuant to Section 3669 (2)(e) of the Authority Act, the Authority has reviewed the terms of NHCC’s proposed interest rate conversion and approves the:

- (i) Remarketing of NHCC’s \$156,390,000 outstanding Nassau Health Care Corporation Bonds, Series 2009 in order to convert the Bonds from the current variable rate mode to a fixed interest rate; and
 - (ii) Termination of the interest rate exchange agreements associated with the Series 2009 B-D Bonds; and
 - (iii) Payment of the costs of issuance associated with the transactions;
- 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.

Adam Barsky
Chairperson

April 29, 2021