

NASSAU COUNTY INTERIM FINANCE AUTHORITY

MINUTES OF THE MEETING OF THE DIRECTORS

HELD ON JULY 30, 2002

Pursuant to notice dated July 23, 2002, the Nassau County Interim Finance Authority (NIFA) was convened at 10:00AM on the second floor of the Omni Building located in Uniondale, NY.

The following Directors of the Authority were present:

**Frank G. Zarb, Chairman
Richard M. Kessel
Martin Payson
David Peirez
Ronald Stack
Robert Smith
Robert Wallach**

Also representing the Authority was Richard Luke, Executive Director, Jeremy Wise, General Counsel, Carol Kostik, Chief Financial Officer, Evan Cohen, Deputy Director, Timothy Sullivan, Deputy Director, Santa Albicocco, Deputy Director, Jane Cunneen, Deputy Chief Financial Officer, and Laurie Leat, Corporate Secretary.

Upon determining that a quorum was present, the Chairman called the

meeting to order.

The Chairman entertained a motion to go into executive session to discuss litigation.

Upon motion duly made and seconded, the following resolution was approved unanimously:

Resolution No. 02-93

EXECUTIVE SESSION - PURSUANT TO SECTION 105 OF THE PUBLIC OFFICERS LAW

RESOLVED, that pursuant to Section 105 of the Public Officers Law, the Directors of the Nassau County Interim Finance Authority shall convene in Executive Session for the purpose of discussing litigation.

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At 10:01 a.m. the open session of the Directors was temporarily adjourned and an executive session of the Directors was convened. At 10:10 a.m. the executive session was adjourned and the open session was reconvened. The Chairman stated that no votes or actions had been taken in the executive session.

The Chairman stated that the first item on the agenda is the approval of the minutes from the May 30, 2002 meeting of the Directors.

Upon motion duly made and seconded, the following resolution was

approved unanimously:

Resolution No. 02-94

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE MAY 30, 2002 MEETING OF THE DIRECTORS OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on May 30, 2002, 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.

* * *

Mr. Luke stated that the next item on the agenda is a resolution to participate in the New York State early retirement incentive program. He stated that there are three employees eligible but only one has expressed an interest.

Upon motion duly made and seconded, the following resolutions were approved unanimously:

Resolution No. 02-95

AUTHORIZATION TO PARTICIPATE IN THE EARLY RETIREMENT INCENTIVE PROGRAM AND THE TAKING OF RELATED ACTIONS.

BE IT 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; and

BE IT RESOLVED, that the Directors of the Nassau County Interim Finance Authority does hereby elect to provide the benefits of Part A of Chapter 69 of the Laws, 2002, commencing on September 1, 2002 for all eligible employees who retire with an effective date of retirement set during the 90 day period beginning with and immediately following the commencement date and who are otherwise eligible as specified by Part A of Chapter 69, Laws of 2002; and

BE IT RESOLVED, that the Chairman or the Executive Director or their designee(s) are further authorized to take all actions deemed necessary or appropriate to implement the foregoing, and the taking of related actions.

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Mr. Luke stated that the next item on the agenda is a resolution to hire a firm to develop a web site for NIFA. He stated that NIFA received estimates from three different firms and chose the firm based on price and experience working with New York State. He indicated that the selected firm is on the State Contract list. Mr. Luke indicated that the website development should be completed by the beginning of October.

Director Peirez requested to review the shadow site before the website is actually posted.

Upon motion duly made and seconded, the following resolution was approved unanimously:

Resolution No. 02-96**AUTHORIZATION TO HIRE A CONSULTANT TO CREATE A WEBSITE FOR NIFA 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 (“Authority”); and be it further

RESOLVED, that the Directors of the Authority authorize the employment of Rapid Application Developers, Inc to develop a website substantially upon the terms outlined in the Materials and for a cost not to exceed \$7,500; and be it further

RESOLVED, that the Chairman or the Executive Director or their designee(s) are further authorized to take all actions deemed necessary or appropriate to implement the foregoing, and the taking of related actions.

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Mr. Luke stated that the next item on the agenda is a resolution to hire a firm to do a rebate calculation. Ms. Kostik explained that one of the conditions to issuing tax-exempt bonds is compliance with the myriad of complex IRS regulations about the spending of bond proceeds and the investment earnings on those proceeds. She stated that it is standard practice with issuance to hire a consultant. Ms. Kostik stated that NIFA will go through the RFP process and select a consultant within the parameters of the resolution, which is up to five years and up to \$30,000 per year.

Upon motion duly made and seconded, the following resolution was approved unanimously:

Resolution No. 02-97

**AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSALS, HIRE AN
ARBITRAGE REBATE CONSULTANT AND 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 (“Authority”); and be it further

RESOLVED, that the Directors of the Authority authorize the Chairman or Executive Director of the Authority or their designee(s) to issue a request for proposals to hire an arbitrage rebate consultant (“Consultant”), to review said proposals, and to enter into a contract to employ a Consultant for an amount not to exceed \$30,000 per year for a total of no more than five years; and be it further

RESOLVED, that the Chairman or the Executive Director or their designee(s) are further authorized to take all actions deemed necessary or appropriate to implement the foregoing, and the taking of related actions.

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Director Stack then commented about the recent and untimely death of Peter Lehney of Goldman Sachs whom was a young investment banker working with NIFA. Mr. Stack characterized Mr. Lehney as a talented and brilliant young man and asked that the minutes of the meeting express the condolences of the Board to Goldman Sachs and his family.

Richard Luke, Executive Director of NIFA then gave a brief report to the Directors. He discussed the decision to merge the Internal Controls Committee and Audit Committee into one committee called the Finance and Internal Controls Committee.

Mr. Luke then discussed the legislative program of the County and

commented that substantially all of the County's legislative package had been adopted by the State legislature except for the sewer and storm water authority. The package included a piece that would raise the cap for NIFA to restructure outstanding certiorari debt of the County and another piece that would allow the County to do certiorari borrowing in 2005 while obtaining a benefit in calculating their 2005 operating deficit. However, if they borrowed in 2005, NIFA's powers would automatically extend through 2005.

Mr. Luke also commented on the schedule for the upcoming financial plan. He then asked Ms. Kostik to speak about the recent completion of a \$225 million variable rate financing and a \$109 million short term borrowing for the County.

Ms. Kostik commented that the bond anticipation notes were sold at a yield of 1.4% going out to March of next year. The variable rate bonds, which had an initial rate of 1.25%, retired some short terms notes, funded \$39 million of new money needs for the County and provided \$57 million of net budget relief for 2002. With this bond issue NIFA now has \$661.5 million of long-term obligations going out to 2022. Ms. Kostik also reminded the Directors that since these were variable rate bonds, the exposure of NIFA would keep changing.

The Chairman then introduced the County Assessor, Charles O'Shea to update the Directors on the County's reappraisal program.

Mr. O'Shea handed out a package with certain public information about the program. He described the process of mailing out preliminary reassessments. To date, he said that 143,000 letters regarding residential properties had been sent. The recipients are being given the opportunity to discuss their letters, before the assessments are finalized. The letters for the commercial property are expected to be ready by the end of August. He went on to discuss the revenue impact of reassessment and stated that the first County tax bill that would be affected by the reassessment would be January of 2004.

The Chairman then introduced the County Executive who thanked NIFA for its support of the County's legislative program, but emphasized the need for the sewer and storm water authority. He said that he was concerned about police termination pay, the Nassau University Medical Center (Hospital), sales tax shortfalls, and Medicaid costs.

The County Executive said that to help solve the County's problems he was working on workforce reductions, smart government initiatives, labor concessions, State legislation, debt restructuring, and a tax increase. He went on to emphasize some cost cutting and revenue measures including termination of certain leases, improvements in the assessment review process, elimination of telephone lines, acceleration of the DWI forfeiture program, reforms at the jail, reduction in the number

of bank accounts, and an environmental grant recovery.

Chairman Zarb stated that without the State assistance there would still be a \$72 million deficit in 2002 and that since 2000 the State has delivered over \$250 million to the County in one form or another.

Director Peirez then emphasized the importance of reaching a settlement with the PBA.

Director Wallach then asked that the County pursue his request that commercial property owners be required to refund monies to the County that have not been refunded to tenants as a result of successful certiorari challenges. The County Executive agreed to continue to pursue this matter.

Director Payson asked for timelines to complete the County's initiatives. He then queried the County Executive about the Hospital and the County Executive said that his administration was working with the Hospital, but that the Hospital contract required all kinds of capital improvements that the County was in no position to pay. Director Payson also stated that he thought that Mr. Gallagher, who is on the staff of the County Executive, should resign from all his affiliations with North Shore Hospital.

Director Kessel then emphasized the large amount of State aid that the County gets and emphasized the need for the County to wean itself in the next few years.

Director Stack then emphasized the support that the County Executive has enjoyed, but emphasized that big challenges lay ahead. He also stated that the County cannot borrow on the backs of future generations.

Director Smith stated that the sales tax is, and probably will remain, a problem for the County. He also reminded the County Executive of the high cost of pension contributions and the limited State resources that are available going forward.

The Chairman then entertained a motion to adjourn. Upon motion duly made and seconded, the Directors voted unanimously to adjourn the meeting at 11:30 a.m.

Respectfully submitted,

Laurie A. Leat
Corporate Secretary