

**NASSAU COUNTY INTERIM FINANCE AUTHORITY**

**MINUTES OF THE MEETING OF THE DIRECTORS**

**HELD ON OCTOBER 7, 2002**

Pursuant to notice dated October 2, 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  
David Peirez  
Ronald Stack  
Robert Smith**

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 personnel matters.

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

**Resolution No. 02-104**

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

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**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 personnel matters.

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At 10:02 a.m. the open session of the Directors was temporarily adjourned and an executive session of the Directors was convened. At 10:12 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 purpose of this meeting is to act on, in a preliminary way, the County's budget for 2003 and the four-year plan. He explained that if the Legislature changes the existing Plan, the Directors have the option to withdraw their approval. The Chairman asked Mr. Luke to give the Directors an

outline of the plan.

Mr. Luke stated that the County submitted the financial plan on September 17 and revised projections on October 1, 2002. He stated that based on its review, NIFA has identified a number of risks in the 2003 budget, the largest relating to the pension costs. He stated that there is a risk of \$7 million in debt service costs due to an understatement. In addition, the County did not budget conservatively for variable rate interest. Mr. Luke stated that, on the positive side, salary costs were overstated by approximately \$30 million which the County plans to use to offset the pension risk. In total, the risks that NIFA has identified are approximately \$16 million.

Mr. Luke stated that the County still has a structural operating deficit. He stated that if the County did not receive NIFA restructuring and State assistance it would have had to come up with \$72 million more in actions or have an unbalanced budget.

Mr. Luke stated that NIFA has identified a number of risks in the out years of the plan. He stated that pension costs, binding arbitration and the ability to deliver services are among the major risks.

Chairman Zarb stated that the NIFA Directors are voting on a conditional approval of the County's plan. He stated that due to the amount of risks, NIFA will

review the plan again on or about May 1, 2003 after it has been updated by the County.

Director Stack stated that the County's assumption of three percent for variable rate debt is not acceptable and suggested it be moved to four percent. He stated that to bond for the early retirement over a 20-year period is imprudent and not consistent with NIFA's charge to straighten out the County's finances. Director Stack stated that he does not agree with the automatic property tax increase in 2006, and the County should look for other ways, such as cutting spending. He stated he is not comfortable that the County has made the progress that is needed in the out-years.

Director Peirez stated that since New York State is projecting such a huge deficit for next year, there will be very little assistance from the State. He stated that all parties must step up to the plate and negotiate. He believes there should be an agreement from the police unions, CSEA and everyone else for no increases in wages and financial costs over the next three to four years.

Director Kessel commended and thanked the NIFA staff for an incredibly comprehensive report. He stated that he is relatively comfortable with the County's budget for next year but has great concerns about the economy next year. He stated that without NIFA, the County would have over a \$70 million deficit. Director Kessel stated that he will not support any new four-year plan unless some of the major

initiatives are moved up and tough decisions are made.

Director Smith thanked the NIFA staff for the great job they did. He stated that circumstances outside of the County control may have a major effect on the County's financial position. He cautioned the County to be ready to accelerate its savings initiatives if the numbers take a major turn for the worse.

Chairman Zarb stated that the work that lies ahead is more difficult than the work that has already been done. He then stated that we would be very focused on changing events at our meetings with the leaders.

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

**Resolution No. 02-105**

**RESOLUTION MAKING CERTAIN FINDINGS AND ADOPTING A REPORT CONCERNING THE PROPOSED NASSAU COUNTY MULTI-YEAR FINANCIAL PLAN FOR FISCAL YEARS 2003 – 2006**

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**RESOLVED**, that the "Review of Proposed Multi-Year Financial Plan For Fiscal Years 2003 - 2006" (the "Report"), dated October 7, 2002 and attached to the Materials, is hereby approved as a report of the Directors; and be it further

**RESOLVED**, that the Chairman or his designee(s) are hereby authorized to submit said Report to the County Executive, the majority and minority leaders of the Nassau County Legislature ("Legislature"), and other interested parties; and be it further

**RESOLVED**, that based on the findings in the Report, the proposed Multi – Year

**Financial Plan for Fiscal Years 2003-2006 (“Financial Plan”) submitted to NIFA by the County Executive, is complete and complies with the technical requirements of the NIFA Act; and be it further**

**RESOLVED, that upon approval of the Financial Plan and Fiscal Year 2003 Budget by the Legislature, the County Executive shall submit the Financial Plan and 2003 Budget to NIFA together with the other information required by the NIFA Act (collectively, the “Submission”); and be it further**

**RESOLVED, that after the Submission, NIFA shall review said Submission for compliance with the NIFA Act and if it is found sufficient shall make the certification required by the NIFA Act; and be it further**

**RESOLVED, that notwithstanding the foregoing, the County Executive shall submit to NIFA an updated Financial Plan for review no later than May 1, 2003; and be it further**

**RESOLVED, that the Chairman or his designee(s) are hereby authorized to take all actions necessary to implement the foregoing and to take any further or related actions.**

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**Gary DelaRaba asked a few questions regarding the numbers in the financial plan.**

**Comptroller Weitzman stated that his report is in line with NIFA’s report. He stated that his office has projected a surplus in 2003 of between \$11 million and \$46 million.**

**Art Gianelli thanked the NIFA staff for the incredible amount of work they did. He stated that there is a general agreement in regard to the out-years.**

**Chairman Zarb stated that unless some of the significant restructuring initiatives show signs of being realistically underway, the NIFA Directors will not approve a four-year plan in May 2003.**

**Majority Leader Jacobs stated that the majority is committed to working with the administration to make difficult decisions to make sure the County stays on track.**

**The Chairman then entertained a motion to adjourn. Upon motion duly made and seconded, the Directors voted unanimously to adjourn the meeting at 10:58 a.m.**

**Respectfully submitted,**

**Laurie A. Leat  
Corporate Secretary**