

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
MINUTES OF THE MEETING OF THE DIRECTORS
HELD ON MARCH 5, 2003**

Pursuant to notice dated February 26, 2003, the Nassau County Interim Finance Authority (NIFA) was convened at 3:00 PM 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
Robert Smith
Ronald Stack
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, 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.

Chairman Zarb asked Nassau County Assessor Charles O'Shea to give an

update on the reassessment.

Mr. O'Shea stated that a bill passed the State Assembly which enables the County to correct the assessment on vacant residential lots so that the taxpayers will not be charged at commercial rates. He stated that the Governor is expected to sign the bill before the end of the week. He further stated that the Board of Assessors plans to meeting on Friday to recommend a company that will handle the annual reassessment. Mr. O'Shea stated that he and the County Clerk, Karen Murphy, are working together to get the Assessment Office electronic access to all the information in the Clerk's Department. He stated that they are waiting for IT to address the Clerk's concerns regarding some security requirements.

County Comptroller Weitzman gave a presentation using charts showing how even though the County had a surplus in FY 2002, it still could have trouble in the out-years. He explained that although the trend toward reduction of one shots is favorable, there is still use of one shots and without the one-shots the County would have had a \$60 million loss. Consequently, there is still a structural deficit, meaning that the County is still spending more on a recurring base than it is taking in for recurring revenues.

There followed a discussion with the Comptroller about other potential problems for the County including lowered sales tax receipts, pension costs, and

State aid.

Chairman Zarb asked Deputy County Executive Art Gianelli to give an update on the County.

Mr. Gianelli gave an update stating that there are three items that contributed to the County's year-end positive operations for year-end 2002. He stated that the first was NIFA assistance which totaled \$78.3 million, the second was better than expected sales tax revenues and the third was County actions. Mr. Gianelli gave an update on the financial plan update that is due in May. He said that even though he recognized the possibility of negative events in 2003, the budget was conservative and well put together. He then discussed budgeting system reforms, capital planning and financial accounting/management reforms

Director Kessel stated that he would like to see contingencies in the plan. He asked how the County planned on reaching its goal of reducing the County's head count. Mr. Gianelli stated that the County Executive expects to achieve this goal through attrition. Director Kessel then asked Mr. Gianelli for a copy of the plan on the parks that was announced yesterday. Director Kessel asked Mr. Gianelli is the County planned on privatizing all existing parks or just new parks that are added. Mr. Gianelli replied that the County is sending out requests for expressions of interest to business people to discuss what they would like to see, and what they

propose. He stated that due to tax-exempt debt on certain facilities, there are limits to the types of privatization. Chairman Zarb stated that the County needs a business plan, not necessarily privatization, to improve the performance of those facilities.

Director Smith suggested that on the worse case scenario, from a pension standpoint, the County should incorporate a contribution equal to this year. Mr. Gianelli replied that contribution rates will go up next year and this is reflected in the plan.

Director Wallach stated that he looks forward to reviewing the four-year plan to see how the County plans to move forward. He asked about reduced pressure on the pension fund as a result of reduced headcount. Mr. Gianelli replied that as the workforce continues to decline, the numbers will eventually reduce accordingly.

Director Payson asked what progress was being made on the reassessment program. Mr. Gianelli replied that the County has staffed up to approximately 21 people in the department but will continue to hire until the number gets close to forty. He stated that the County is focusing on the review of parcels and the review of test evaluations right now. He further stated that there is a lag between when the settlements are offered, when they are accepted and when they are paid. Mr. Gianelli replied that by the second quarter report, the County will have

to be able to report substantial progress as it relates to the backlog. Director Payson asked if the County looked at Prospect Park in Brooklyn as a model for Eisenhower Park. Mr. Gianelli replied that the County will have to study that.

Director Peirez asked how the County decides what agencies or entities or divisions are going to have a P and L, how to apply that kind of an analysis and then to utilize that information. He also asked how the County is going to use P and L tools to measure productivity and efficiency, if it is not going to be concerned with the PE ratios and the kinds of things that the CEOs are doing in the private sector. Mr. Gianelli replied that there are three approaches, the P and L approach, the program budget approach and the performance measurement approach that the County is taking with certain departments. He stated that the County needs to put tools in place and develop a history which over time will help make the kind of analytic decisions that need to be made. He stated that these tools are necessary to see where the potential profit centers are and where the cost centers are and what the County should be looking to maximize and what to get rid of. Director Peirez stated that one of the things he is looking for in the May update is a sign that the County is prepared to eliminate, consolidate, reduce the County's input and rely on other government levels or the private sectors or just not have it done. Director Peirez asked if the County will include some numbers and focus on the areas that NIFA has identified. Mr. Gianelli said he would do that.

Chairman Zarb stated that he would like the County to spend a little extra time on monitoring the things that happen in the State and City that could impact Nassau County. Mr. Gianelli replied that the County will be looking at what both government is doing at the state and federal levels.

Director Kessel asked if the County can make it without significant labor concessions. Mr. Gianelli replied that the County can absolutely make it.

County Clerk Karen Murphy stated there has been no improvement in the situation in terms of providing appropriate access to the assessor's office.

Director Smith asked what the County can do with Westchester County to bring out a coordinated effort in terms of what adverse effect the commuter tax might have on the City. Mr. Gianelli replied that the County is trying to find a shared interest with Westchester and does not want a adversarial relationship.

Chairman Zarb asked Mr. Luke to give the Directors a presentation.

Mr. Luke stated that NIFA is in the early planning stages of doing its next borrowing which has to be completed by mid May to pay back a bond anticipation note and is waiting for the County to identify the new borrowing needs. He further stated that NIFA is in the process of having its annual audit performed.

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. 03-114

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 personnel matters.

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The open session of the Directors was temporarily adjourned and an executive session of the Directors was convened. At 4:23 PM 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 then entertained a motion to adjourn. Upon motion duly made and seconded, the Directors voted unanimously to adjourn the meeting at 4:23 PM.

Respectfully submitted,

**Laurie A. Leat
Corporate Secretary**