

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
MINUTES OF THE MEETING OF THE DIRECTORS
HELD ON MAY 13, 2003**

Pursuant to notice dated May 6, 2003, the Nassau County Interim Finance Authority (NIFA) was convened at 3:10 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
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 stated that the purpose of this meeting is to review and vote

on NIFA's report of the updated four-year plan submitted by the County. He asked Rich Luke to summarize the staff analysis of the four-year update.

Mr. Luke stated that based upon NIFA's analysis of the update, the size of the out-year gaps have not changed significantly. He stated that in the gap closing plan the County has made some minor adjustments and has added some new initiatives to help maintain budgetary balance. Mr. Luke stated that notwithstanding the accomplishments that the administration and the County have achieved, NIFA recognizes that the County continues to face a number of challenges: labor costs; trying to meet workforce reduction through normal attrition; the Health Care Corporation; the Sewer and Storm Water Authority; and also elimination of the certiorari backlog.

Mr. Luke stated that the County has included a Plan B as part of their update designed to backstop any initiatives that may fall short.

Chairman Zarb asked the Directors to make their observations.

Director Wallach stated that due to the certiorari bar he believes the County is missing out on a huge untapped source of funds. He stated that he is proposing that the County charge a \$100 filing fee for residents and a \$1000 filing fee for

commercial real estate, which would be refundable if the party bringing the challenge won. He stated that if the County were to charge these fees at the current rate of certiorari challenges, Nassau County would raise \$30.5 million, at worst a free loan for one year, at best a suppressive effect on the number of certiorari claims that are filed.

Director Wallach stated that the second part of his proposal has to do with escheatment for commercial landlords. He stated that the County should pass a law that says all tax payments must be a separate, identifiable and refundable part of the monthly, quarterly or annual rent roll. He stated that where there has been a pass-through, the County should go back to the statute of limitations, which is approximately six or seven years, and insist that all landlords certify under penalty that they have refunded the money to the tenants. Mr. Wallach stated that if the money is not refunded to the tenant then the money should be returned to the County.

Director Payson stated that he agreed with Director Wallach's presentation. He stated that the County should make sure that the money refunded goes back to the tenants who paid the taxes not the landlords. He also agreed with Mr. Wallach's idea regarding the filing fees.

Director Payson stated that in regard to the hospital, there has been some progress, but there are a lot of problems. He commended the Comptroller's Office, Mr. Gallagher and the County for their participation in the regular hospital meetings. He stated that the pension costs will affect the hospital tremendously. Mr. Payson stated that there are two positive developments at the hospital. The first is that the Hospital Corporation has retained restructuring experts to go through the operations and come up with a plan to assist the Corporation in running effectively and getting some liquidity to some of their assets. Mr. Payson expressed concern that the restructuring experts are qualified in financial restructuring and do not have a lot of hospital expertise. He stated that he looks forward to working with them toward making some changes in the hospital and A. Holly Paterson.

Director Peirez stated that labor concessions are essential for the County. He stated that he believes that the labor unions need to step forward and be realistic. Director Peirez called for a wage freeze for the labor unions. He stated that if necessary he will support Plan B because the financial integrity is very important for the County.

Director Kessel stated that supporting this plan makes eminent sense today with the understanding that in September a lot of questions will be answered. He stated that if the State Legislature fails to act on the Sewer and Storm Water

Authority, and the County does not reduce its workforce by 1400, the sales taxes are lagging and there are no labor concessions, then the County will have to make some very difficult decisions.

Director Kessel noted the fact that there is recognition in the County's report and in NIFA's report that NIFA would continue in operation aggressively through 2005 is something that is very important for the future of Nassau County.

Director Kessel stated that he agrees with Chairman Zarb and Director Payson regarding the hospital. He stated that the hospital could be the entity that ultimately drags Nassau County down unless there are some major decisions based about what the future is going to be and what the relationship is going to be between the County and the hospital. He stated that the hardest question that needs to be answered is whether Nassau County should continue to be in the health care business and are there alternatives where the County can continue to protect poor people who need health care without having a drain on the County that will impact those same poor people on the other end.

Director Stack stated that the County is in excellent condition for 2003. He stated that it is partly due to Director Smith and NIFA pointing out many times that the County needs to look at the pension costs. He stated that certs still remain the

biggest disappointment and the sewer and storm water authority is uncertain. Mr. Stack stated that the six-month update shows continued attention to the issues before the County and he will support the County in these challenges. He further stated that he thoroughly agrees with Director Wallach's statements regarding tax certiorari.

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

Resolution No. 03-121

RESOLUTION ADOPTING A REPORT CONCERNING THE MAY 1, 2003 UPDATE OF THE NASSAU COUNTY MULTI – YEAR FINANCIAL PLAN FOR FISCAL YEARS 2003 – 2006

RESOLVED, that the "Review of the May 1, 2003 Update of the Nassau County Multi - Year Financial Plan For Fiscal Years 2003 - 2006" (the "Report"), dated May 13, 2003, which is attached to this resolution, 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 and other interested parties; 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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Chairman Zarb asked County Executive Suozzi to address the Directors.

County Executive Suozzi stated that if he does not get labor concessions and the sewer and storm water authority then he will have to implement Plan B. He stated that out of the seven threats to the County that Chairman Zarb laid out, only two are unique to Nassau County. He stated that the sewer and storm water authority and the Nassau University Medical Center are the two unique threats that the County is trying to address and deal with.

County Executive Suozzi stated that if the County gets the labor concessions and the sewer and storm water authority, the County will have a balanced budget for 2004, but will have major problems in 2005 and 2006 just like other counties in the State.

Majority Leader Jacobs stated that she is optimistic that Plan A will be achieved. She stated that she has been meeting with youth groups, senior citizen groups and health and service groups to help lobby in Albany.

Ms. Jacobs stated that she would like to meet with Director Wallach to discuss the escheatment program that he is proposing.

County Comptroller Weitzman congratulated NIFA on the exceptional work it has done for the County, especially in relation to the hospital. He acknowledged

all the work that NIFA has done to enable the County to work with the hospital acting as an intermediary. He stated that he found the 2003 budget to be appropriately conservative. He stated that the hospital is clearly a very dangerous threat to the County. He congratulated the County Executive for bringing together on a bipartisan basis, a consensus of the need to take a look at the delivery of health care to the County's neediest residents, what the County's responsibilities are to deliver that health care, how the corporation is meeting those responsibilities and what is the best way for Nassau County and the Corporation to go forward after that.

Dan McCloy, on behalf of the minority, congratulated the County Executive for being more hands on and allowing his staff to do that which he believes is right. He stated that the minority will continue to make every effort to work with the majority and the County as he believes they have throughout.

Executive Director Luke stated that the Directors have received a copy of the County's first quarter report. He stated that the County is projecting a \$6.8 million surplus, which includes the NIFA assistance of \$72 million.

Mr. Luke stated that NIFA bonds were upgraded by Moody's from AA3 to AA2 and Standard and Poor's upgraded NIFA from AA- to AA, while Fitch kept NIFA constant at AA+.

Ms. Kostik explained that NIFA is conducting the retail order period today for the bond issue and will finalize the pricing tomorrow. She stated that the total issue size is about \$510 million of which \$271 is new money and a refunding of about \$239 million, the bulk of which is County debt and about \$23 million of NIFA bonds. She stated that based on Monday's rates, the present value savings is over \$10 million on the financing, about 4.25 percent, above the 3 percent minimum level threshold and a blended interest rate of 4 percent.

The Chairman then entertained a motion to adjourn. Upon motion duly made and seconded, the Directors voted unanimously to adjourn the meeting at 4:25 PM.

Respectfully submitted,

**Laurie A. Leat
Corporate Secretary**