

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
MINUTES OF THE MEETING OF THE DIRECTORS
HELD ON JUNE 22, 2004**

Pursuant to notice dated June 15, 2004, the Nassau County Interim Finance Authority (“NIFA”) was convened at 3:45 PM on the second floor of the Omni Building located in Uniondale, NY.

The following Directors of the Authority were present:

**Ronald Stack, Chairman
Richard M. Kessel
Martin Payson
Robert Smith
Robert Wallach (via telephone)**

Also representing the Authority was Richard Luke, Executive Director, Jeremy Wise, General Counsel, 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.

The Chairman stated that prior to the start of this meeting, a minority of the Board has been informally discussing the report that NIFA is releasing on the County's June 1st Multi-Year Financial Plan Update. He asked Director Payson to comment.

Director Payson stated that in connection with the pension reform, he agrees with the County position of setting aside a reserve for future pension payments so that when the payment is due the County will have the money to pay for it.

Director Smith stated that he agrees with Director Payson regarding the pension. He stated that no matter what happens to the Governor's proposal, it's just a postponement on the money that is owed and the likelihood is that it will go higher.

Chairman Stack stated that while he concurs with Director Kessel that the County has made enormous progress, the same issues continue meeting after meeting. He stated that the hospital is an enormous problem, and tax certiorari is a ticking time bomb. He further stated that overtime is still a tremendous problem and labor concessions are always a risk. He stated that the property taxes that the County has put into the plan would require an increase of 16.8 percent in 2006 and 26.5 percent in 2007 and are not in the best interest of the County. Chairman Stack stated that he has doubts about the structural balance in the out years and would

like the County to think of NIFA as part of a partnership with the County to try to help.

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

Resolution No. 04-145

RESOLUTION ADOPTING A REPORT CONCERNING THE JUNE 1, 2004 NASSAU COUNTY, NEW YORK, MULTI – YEAR FINANCIAL PLAN UPDATE, 2004 – 2007

RESOLVED, that the June 1, 2004 Nassau County, New York, Multi - Year Financial Plan Update 2004 - 2007” (the “Report”), dated June 22, 2004, 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.

* * *

Chairman Stack asked the County Executive for comments. County Executive Suozzi thanked NIFA for all of their work. He stated that he believes that a great partnership has been formed with NIFA in addressing the problems that the County faces. He stated that since the County has stopped growing, there is very little growth in its revenues. He stated that he recognizes the problems with the

hospital and since he has recommended two Board appointments, he feels that he will have more Board control. He stated that he has statutory authority to approve the new CEO of the hospital and urges the hospital to act quickly to appoint a new CEO within thirty days of the resignation of Mr. Turan.

County Executive Suozzi stated that in regard to the tax certiorari backlog, he disagrees with Director Wallach's statement that the situation has deteriorated. He stated that it has gotten better but not as much as he would have liked. He stated that by this time next year there will be a dramatic difference in the size of the backlog.

County Executive Suozzi thanked Director Smith for his warning over a year ago regarding pension growth. He stated that the County heeded his warning and reserved for pension costs. If New York State gives pension relief to municipalities then the County will be able to use a large portion of the reserved money for pension relief over the next three years.

Majority Leader Jacobs stated that she recognizes that the hospital is the County's major concern. She stated that she has two appointments coming up for the Board and plans to monitor the appointments very closely. Director Kessel stated that the County and Legislature should get all of the nominations together and send them all to the Governor at one time. He stated that NIFA will try to see if they

can be expedited.

Comptroller Weitzman expressed his appreciation to NIFA for the amount of time and leadership they have provided with respect to the hospital. He stated that the cash balance at the hospital has now dropped to \$22 million and the working capital balance has dropped to \$16 million. He stated that it looks like the hospital will end up with a negative working position by the end of the year and restructuring is now more important than ever before.

Chairman Stack asked Rich Luke to go through the items on the agenda.

Rich Luke stated that the first item on the agenda was a resolution to approve the minutes of the March 25, 2004 Directors' meeting.

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

Resolution No. 04-146

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE MARCH 25, 2004 MEETING OF THE DIRECTORS OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on March 25, 2004, 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.

* * *

Rich Luke stated that the next item on the agenda was the receipt and acceptance of the audited financial statements. Director Smith stated that it is recommended by the Audit and Finance Committee that the Directors approve the resolution.

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

RESOLUTION NO. 04-147

RECEIPT AND ACCEPTANCE OF INDEPENDENT AUDITORS' REPORT ON THE AUTHORITY'S FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2003

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 (the "Authority"); and be it further

RESOLVED, that the Authority acknowledges receipt of the Deloitte & Touche LLP Independent Auditors' Report on NIFA's Financial Statements for fiscal year ended December 31, 2003 (the "Audit") presented at the June 22, 2004 meeting of the Directors; and be it further

RESOLVED, that the Authority accepts the Audit and approves the release of the Audit to the public; and be it further

RESOLVED, that the Executive Director of the Authority or his designee(s) are hereby directed to promptly submit the Audit to those persons identified in the Authority Act to whom the Audit must be submitted, to make a reasonable number of copies available on request to all persons that request copies, and to take all actions he or she may in his or her sole discretion consider necessary to effectuate the foregoing and related actions; and be it further

RESOLVED, that this resolution shall take effect immediately.

* * *

Mr. Luke stated that the next item on the agenda relates to Deloitte & Touche. He stated that as a result on NIFA's Chief Financial Officer leaving, NIFA was in need of some technical assistance from Deloitte & Touche. He stated that the resolution is to grant approval to retain Deloitte & Touche on a monthly basis to provide additional assistance until the CFO position is filled.

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

RESOLUTION NO. 04-148

AUTHORIZATON TO APPOINT DELOITTE & TOUCHE TO ASSIST WITH THE FINANCIAL MANAGEMENT OF THE AUTHORITY 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 (the "Authority); and be it further

RESOLVED, that employment of Deloitte & Touche ("D&T") as financial management

consultants to the Authority is deemed an emergency circumstance and is hereby authorized upon the terms outlined in the Materials; and be it further

RESOLVED, the employment D&T to assist in compiling information for the 2003 audit of the Authority was an emergency circumstance and that the D&T fee of up to \$17,500.00 for past services is deemed proper and appropriate; and be it further

RESOLVED that the Chairman of the Authority or his designees(s) be, and each of them hereby is, authorized in the name and on behalf of the Authority to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider necessary or proper to effectuate the foregoing and related actions.

* * *

Mr. Luke stated that the next two resolutions are the readoption of the investment and procurement guidelines which is required annually by NIFA's legislation. He stated that the guidelines were reviewed and have not been changed.

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

RESOLUTION NO. 04-149

RE-ADOPTION OF INVESTMENT GUIDELINES AND THE TAKING OF 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 (the "Authority); and be it further

RESOLVED, that the Investment Guidelines annexed to the Materials, are found to be satisfactory and are hereby readopted; and be it further

RESOLVED that the Chairman of the Authority or his designees(s) be, and each of them hereby is, authorized in the name and on behalf of the Authority to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider necessary or proper to effectuate the foregoing and related actions.

* * *

RESOLUTION NO. 04-150

ADOPTION OF AMENDED PROCUREMENT CONTRACT GUIDELINES AND THE TAKING OF 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 (the “Authority”); and be it further

RESOLVED, that the “NASSAU COUNTY INTERIM FINANCE AUTHORITY GUIDELINES REGARDING THE USE, AWARDING, MONITORING AND REPORTING OF PROCURMENT GUIDLEINES,” as amended (the “Procurement Guidelines”), annexed to the Materials, are hereby adopted as the Guidelines of the Authority; and be it further

RESOLVED that the Chairman of the Authority or his designees(s) be, and each of them hereby is, authorized in the name and on behalf of the Authority to execute and deliver any and all documents and to take all actions as he or she may in his or her sole discretion consider necessary or proper to effectuate the foregoing and related actions.

* * *

Mr. Luke stated that the last item on the agenda is a resolution to approve NIFA’s annual report which is required by NIFA’s legislation and Public Authorities Law.

Upon motion duly made and seconded, the following resolution was

approved unanimously:

RESOLUTION NO. 04-151

**APPROVAL OF REPORTS REQUIRED BY THE NASSAU COUNTY INTERIM
FINANCE AUTHORITY ACT AND PUBLIC AUTHORITIES LAW AND
AUTHORIZATION 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 in accordance with the Materials, the 2003 Annual Report of the Authority is hereby approved together with all the attachments thereto including:

- 1) Authority Report on Debt Issuance
- 2) Audited Financial Statements for the Period Ended December 31, 2003 together with Independent Auditor’s Compliance Report on Investment Policies and Procedures;
- 3) Authority Report on Investments;
- 4) Authority Prompt Payment Report; and
- 5) Authority Procurement Guidelines Report;

and be it further

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

* * *

Mr. Luke stated that NIFA has completed a borrowing in April which was approximately \$603 million; \$153 million was fixed rate securities and \$450 million was done with auction-rate securities that were swapped to fixed. He stated that this has saved the County about \$37 million.

Chairman Stack asked if anyone had any comments that they would like to make.

Mr. Fred Perry, Mr. Peter Cohen and Mr. Sean Acosta gave a presentation expressing their concerns with the way that the Assessment Review Committee is handling the residential property tax backlog. They stated that ARC has made a lot of misrepresentations regarding tax certiorari. Director Kessel requested that they meet with NIFA staff to further discuss this issue.

Director Payson expressed his appreciation to the NIFA staff for all their hard work. Majority Leader Jacobs also expressed her appreciation for all of NIFA staff's help over the years.

The Chairman then entertained a motion to go into executive session to discuss a personnel matter.

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

Resolution No. 04-152

**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 5:05 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 5:06 PM.

Respectfully submitted,

Laurie A. Leat

Corporate Secretary