

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
MINUTES OF THE MEETING OF THE DIRECTORS
HELD ON MAY 4, 2006**

Pursuant to notice dated April 27, 2006, the Nassau County Interim Finance Authority (“NIFA”) was convened at 3 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, Vice Chairman
Martin Payson
Gregory Raphael
Robert Smith (via telephone and unable to vote)**

Also representing the Authority was Richard Luke, Executive Director, Jeremy Wise, General Counsel, Evan Cohen, Deputy Director, Susan Rich, Treasurer, Jane Cunneen, Deputy Treasurer, and Laurie Leat, Corporate Secretary.

Upon determining that a quorum was present, the Chairman called the meeting to order.

Chairman Stack asked Richard Luke to begin with the action items.

Richard Luke stated that the first item on the agenda is a resolution to

approve the minutes of the December 1st Directors' meeting.

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

Resolution No. 06-181

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE DECEMBER 1, 2005 MEETING OF THE DIRECTORS OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on December 1, 2005 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.

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Richard Luke stated that the next item on the agenda was a resolution requesting the Directors to accept NIFA's annual audit. He stated that the Finance and Internal Control Committee had met with the auditors and reviewed the financial statements.

Director Smith stated that the Finance and Internal Controls Committee is recommending that the NIFA Directors accept the audit report as well as the annual report.

Deputy Chairman Kessel asked how much money NIFA sets aside from the

sales tax money. Mr. Luke replied that NIFA holds roughly \$350,000 cash in reserves. He stated that the State issues a sales tax check to the Trustee. The Trustee takes out money needed for debt service and NIFA operating costs along with the reserve money and then wires the balance to the County on our authorization.

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

Resolution No. 06-182

RECEIPT AND ACCEPTANCE OF INDEPENDENT AUDITORS' REPORT ON THE AUTHORITY'S FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2005

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, 2005 (the "Audit") presented at the May 4, 2006 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.

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Mr. Luke stated that the next item on the agenda was a resolution to approve NIFA's Annual Report. He stated that the Directors were given a draft of the Annual Report. Chairman Stack stated that this basically completed NIFA's debt issuance process of \$2.5 billion and complimented the staff on their wonderful work.

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

Resolution No. 06-183

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 2005 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, 2005 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 the State Legislature enacted and the Governor signed into law what is called the Public Authorities Accountability Act. He stated that it was designed to provide greater accountability of public authorities. He stated that NIFA is sorting through the Act as well as the State Comptroller's new regulations for public authorities to see how they affect NIFA.

Mr. Luke stated that the next items on the agenda are resolutions to readopt the investment guidelines and the procurement guidelines. He stated that they are the same guidelines as last year.

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

Resolution No. 06-184

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, as amended; 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.

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Resolution No. 06-185

RE-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, AWARDED, MONITORING AND REPORTING OF PROCUREMENT GUIDELINES,” 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.

* * *

Jeremy Wise, General Counsel, stated that the next item on the agenda was

a resolution to adopt a code of ethics policy. He stated that the State requires NIFA to have its own internal ethics guidelines. Chairman Stack stated that Lehman Brothers has withdrawn from any underwriting or any activity related to NIFA since his appointment to the NIFA Board. He stated that Lehman has operated as pro bono financial advisor to NIFA.

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

Resolution No. 06-186

ADOPTION OF A CODE OF ETHICS 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 proposed Code of Ethics, annexed to the Materials, are found to be satisfactory and are hereby adopted; 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.

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Mr. Wise stated that the next item on the agenda was a resolution to adopt property disposition guidelines. He stated that these guidelines are a requirement of

the new Public Authority Accountability Act. He stated that although most of NIFA's property will probably go to the County, NIFA is adopting these guidelines in the event that there is NIFA property that needs to be disposed of.

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

Resolution No. 06-187

APPOINTMENT OF CONTRACTING OFFICER, ADOPTION OF PROPERTY DISPOSITION 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 Property Disposition Guidelines annexed to the Materials, are found to be satisfactory and are hereby adopted, as of March 31, 2006; and be it further

RESOLVED, that the General Counsel of the Authority is hereby appointed, ex officio, as the Contracting Officer for purposes of the Property Disposition Guidelines; 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. Wise stated that the next item on the agenda was a resolution requiring

the County to submit, within two weeks, a detailed plan for the expenditure of tobacco bond proceeds and subsequently, no less frequently than quarterly, an updated analysis and accounting of said proceeds, together with such additional information as the Chairman or his designees shall request. He stated that NIFA was skeptical of this financing and its structure and therefore, would like to see an accounting on what the County does with the proceeds.

Chairman Stack stated that NIFA felt the County should have refinanced the outstanding tobacco bonds instead of undertaking a new tobacco financing. He stated that after hearing NIFA's comments, the County chose to go forward with the new financing. Chairman Stack stated that it is NIFA's responsibility to analyze where the money goes and inform the public. Deputy Chairman Kessel stated that he shares the Chairman's concerns regarding the tobacco financing and is opposed to the majority of these proceeds going to the hospital without first having a recovery plan.

Director Raphael asked if there was any recourse for NIFA if the County gives the hospital money without the recovery plan. The Chairman replied that while NIFA has no authority he has been reassured by Majority Leader Jacobs that the hospital will not receive any money until after a recovery plan is submitted to the Legislature for review. Deputy Chairman Kessel asked if NIFA has any authority over the hospital. Mr. Wise replied that while the hospital is a covered organization

and must give us information about their operations and budgets, NIFA's responsibility is to the County and NIFA is concerned with how the hospital may affect the County. Director Smith stated that he agrees with the other Directors and requested that the tobacco proceeds be formally monitored.

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

Resolution No. 06-188

ACCOUNTING OF TOBACCO BOND PROCEEDS 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 pursuant to the Materials, the County of Nassau shall submit, within two weeks, a detailed plan for the expenditure of tobacco bond proceeds and subsequently, no less frequently than quarterly, an updated analysis and accounting of said Proceeds, together with such additional information as the Chairman or his designees shall request; 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.

* * *

Jeremy Wise stated that the next item on the agenda was a resolution to

authorize the release of targeted assistance for certiorari reform. Chairman Stack stated that the County has made progress with tax certiorari. He stated that NIFA would have released the money to the County earlier but the County is only requesting the money now. Deputy Chairman Kessel commended the County for reducing the backlog and to NIFA for continuing to address the issue.

Director Payson stated that residential taxpayers as well as commercial taxpayers should have to pay a fee to file a certiorari claim. Mr. Kessel stated that the taxpayers should be able to file a claim without the additional pressure of paying a fee. Mr. Wise suggested that the taxpayer get the fee refunded if they are not successful. County Executive Suozzi stated that residential property owners already pay \$30 while commercial property owners pay \$210 to file a claim.

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

Resolution No. 06-189

**AUTHORIZATION TO RELEASE TARGETED ASSISTANCE FOR CERTIORARI
STREAMLINING 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 Authority; and be it further

RESOLVED, that in accordance with the Materials and the Nassau County Interim Finance Authority Act (“Act”), the Chairman or his designee(s) are hereby authorized

in their discretion, to take all actions deemed necessary in order for the Authority to release \$4,832,937.99 to the County of Nassau, which represents the balance of money remaining from the \$5,000,000 New York State targeted assistance currently held by NIFA for the streamlining of the County's certiorari process; 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.

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Chairman Stack asked Mr. Luke to give a summary of NIFA's report on Nassau County's update of their multi-year financial plan for fiscal years 2006-2009.

Mr. Luke stated that the County reduced its projection of its sales tax for 2006 by approximately \$17 million. He stated that sales tax has been better than projected so the County may benefit from taking this action.

Mr. Luke stated that based upon revisions, the out-year gaps are projected to increase by about \$10 million. He stated that the new gaps are now \$186.1 million in 2007, \$240 million in 2008 and \$284.4 million in 2009. He indicated that the primary gap closing action is work force management. He stated that the County is also planning to use an additional \$19 million of non-recurring resources to pay pension costs, and an additional \$4.9 million of non-recurring resources to fund pay-go certiorari payments in 2007. He stated that the County also reduced the amount of judgments that will be paid from operating funds by a total of \$12.1 million over

the life of the plan from 2007 through 2009. Mr. Luke stated that while the plan demonstrates continued progress towards resolving the County's financial problems, NIFA is concerned that the update continues the recent pattern of using increasingly large amounts of non-recurring resources to balance the plan and a number of reserves have been removed from the budget making it less conservative and more risky.

Mr. Luke stated that NIFA will continue to work with the County on the hospital. He indicated that the hospital plan is going to be received later than anticipated.

Director Payson stated that the County is backing away from the commitment to pay-as-you-go judgments as opposed to bonding them. He stated that this is part of the pattern of being less conservative and is not the best practice.

Mark Young stated that due to poor sales tax, adjustments were made to the gap-closing plan which effected pay-as-you-go judgments.

Director Payson stated the hospital has to submit a sensible plan before any money should be given to it. He urged the elected officials to look separately at the A. Holly Patterson and the hospital because they are two separate entities.

Director Raphael thanked the NIFA staff for the great job they did. He also

commended the County on reducing their sales tax estimates. He expressed his concern that the County is making up for it by reducing its workforce.

Deputy Chairman Kessel stated that the County has made significant progress. He stated that the County needs to receive a recovery plan from the hospital before releasing any money to it. He commended Martin Payson for his leadership role on the hospital and Tom Suozzi and Judy Jacobs for taking a strong stand on this important issue.

County Executive Suozzi stated that the County has put a team of people at the hospital and will monitor it closely. He stated that he believed the County could help solve the problems with the hospital like it did with all the problems they have overcome in Nassau County.

Chairman Stack stated that the County has done a great job in the past with tax certiorari and lowering the sales tax estimates and being conservative. He stated that the County now seems to be less conservative and has borrowed for a whole litany of other purposes.

He stated that he is skeptical regarding the hospital. He stated that the County has been waiting and waiting for a plan from the hospital. He stated that he feared that the County waited too long to intervene with the hospital's financial problems. Chairman Stack stated that he hoped the hospital plan is a good

intelligent plan and that the County will be sure it is implemented.

Judy Jacobs stated that she shared his concern and reassured NIFA that the County will not give any money to the hospital until there is a solid plan in place.

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

Resolution No. 06-190

RESOLUTION ADOPTING A REPORT CONCERNING THE APRIL 1, 2006 UPDATE OF THE NASSAU COUNTY MULTI – YEAR FINANCIAL PLAN FOR FISCAL YEARS 2006 – 2009

RESOLVED, that the “Review of the April 1, 2006 Nassau County Multi-Year Financial Plan Update Fiscal 2006 - 2009” (the “Report”), dated May 4, 2006, 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.

* * *

The Chairman then entertained a motion to adjourn. Upon motion duly made and seconded, the Directors voted unanimously to adjourn the meeting at 4:30 PM.

Respectfully submitted,

Laurie A. Leat

Corporate Secretary