

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
MINUTES OF THE MEETING OF THE DIRECTORS
HELD ON OCTOBER 10, 2007**

Pursuant to notice dated October 3, 2007, a meeting of the Nassau County Interim Finance Authority (“NIFA”) was convened at 3:17 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
Paul Leventhal
Gregory Raphael
Robert Smith (via telephone and non-voting)
Christopher Wright**

Also representing the Authority were Evan Cohen, Acting Executive Director; Jeremy Wise, General Counsel; Maria Kwiatkowski, 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 welcomed NIFA’s new Director Christopher Wright who was appointed by the Governor on the recommendation of the New York State

Comptroller. The Chairman noted that Mr. Wright works at Protiviti and is a CPA with over 20 years experience.

Chairman Stack asked Acting Executive Director Evan Cohen to go through the action items.

Mr. Cohen stated that the first item on the agenda was a resolution to approve the minutes of the May 2, 2007 Directors' meeting.

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

Resolution No. 07-212

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE MAY 2, 2007 MEETING OF THE DIRECTORS OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on May 2, 2007 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.

*** * ***

Chairman Stack stated that the next item on the agenda was a resolution to appoint Acting Executive Director Evan Cohen as Executive Director with all rights, privileges and indemnifications including the right to enter into any contract up to

\$5,000 subject to the approval of the Chairman.

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

Resolution No. 07-213

APPOINTMENT OF EXECUTIVE DIRECTOR AND THE TAKING OF RELATED ACTIONS

WHEREAS, Richard Luke, resigned as Executive Director of the Nassau County Interim Finance Authority (“NIFA” or “Authority”), on June 30, 2007; and

WHEREAS, the NIFA Act and Bylaws authorize the Directors to appoint officers and agents of NIFA; and

WHEREAS, at the May 2, 2007 meeting of the Directors, the Chairman was delegated the authority to select an “Acting Executive Director” from among the current staff of NIFA; and

WHEREAS, the Acting Executive Director was given the right to assume all of the rights, privileges, authorizations, indemnifications, and responsibilities formerly held by the Executive Director; and

WHEREAS, Evan L. Cohen, was chosen by the Chairman to act as “Acting Executive Director” and has fulfilled that role with distinction since July 1, 2007;

NOW, THEREFORE, BE IT RESOLVED, that the Directors hereby appoint Evan L. Cohen as Executive Director of the Authority together with all of the rights, privileges, authorizations, indemnifications, and responsibilities attendant thereto by law or action of the Directors, including the right to enter into and execute any contract for up to \$5,000 subject to the approval of the Chairman without approval of the remaining Directors, and the right to execute and deliver any and all other documents and to take all other actions as he may in his sole discretion consider necessary or proper to effectuate the foregoing and related actions, and be it further

RESOLVED, that all actions heretofore taken by Evan L. Cohen as acting

Executive Director, which are consistent with this resolution, are hereby ratified, confirmed and approved.

*** * ***

Mr. Cohen stated that the next item on the agenda is a resolution to hire Webcatter Broadcasting to web cast NIFA Directors' meetings to comply Executive Order 3. He stated that Webcatter is on the New York State approved contract list.

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

Resolution No. 07-214

Authorization to Hire Webcatter Broadcasting and for the Taking of Related Actions.

RESOLVED, that the materials presented to this meeting (the "Materials") are hereby ordered to be filed with the records of the Authority; and be it further

RESOLVED, that the Chairman or his designee(s) are hereby ordered to enter into an agreement with Webcatter Broadcasting, Inc. for a three year term at a cost not to exceed \$8000 per year, for the purposes outlined in the Materials, and be it further

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

*** * ***

Chairman Stack stated that the next item on the agenda was a resolution to adopt NIFA's report on Nassau County's Proposed Budget and Financial Plan. The Chairman asked Executive Director Evan Cohen to summarize the report.

Mr. Cohen stated that NIFA believes the County did a commendable job preparing the proposed budget and financial plan. He stated that the County has reduced sales tax estimates and is using more conservative estimates in the out years.

Mr. Cohen also stated that the County has increased the property levy in the major funds by \$15 million in 2008. He further stated that the County has proposed an annual 4.3 % property tax increase in the out years and has eroded its general reserves, which are projected to decline by \$216 million from 2005 until 2010.

Mr. Cohen pointed out that the County has recycled unsuccessful initiatives from prior years. He continued that the County has utilized aggressive assumptions regarding certain revenues such as union concessions, health costs and State reimbursements. He stated that the County has not completed a successor agreement with the Nassau County Health Care Corporation and has not utilized the majority of the money raised through the April 2006 Tobacco Securitization.

Mr. Cohen indicated that NIFA has identified approximately \$56.9 million of risks in the County's 2008 budget. He stated that some of the larger risks are \$18.8 million for labor concessions, \$15 million for State required action items, \$10 million for anticipated 2007 surplus which the County intends to use to fund tax certiorari payments in 2008, smart government initiatives of \$8.5 million, \$6 million for potential police termination costs, a jail subsidy of \$4.5 million, FIT reimbursement

of \$4.1 million and departmental revenue risks of \$4 million. He indicated that there are offsetting risks in contingency reserves of \$10 million and potential vacancy savings of at least \$10 million.

Regarding the entire plan from 2008 to 2011, Mr. Cohen stated that NIFA has a number of other concerns that warrant close monitoring during the financial plan period, such as sales tax revenues, workers' compensation expenses, the sewer and storm water services, options to close the remaining gap and the continued decline in the County's reserve levels. He stated that these findings lead NIFA to conclude that the FY 2008 budget can be balanced, but requires very aggressive management and close monitoring and that the continued mismatch between recurring revenues and expenditures creates large out year gaps \$124.7 million in 2009; \$174.6 million in 2010 and \$197.5 million in 2011. Furthermore, the use of less conservative assumptions and the decline of available reserves indicate that the County may have to raise taxes beyond its current projections unless it finds alternative ways to raise revenues or reduce expenditures.

Chairman Stack thanked Mr. Cohen for the excellent job that he and the NIFA staff did on the report.

Director Leventhal stated there are serious concerns that the County is facing. He stated that the continuing structural deficit and reduction of reserves

have to be closely watched by the County in order to deal with a slowing economy. He also stated that he endorses the plan.

Director Raphael echoed the Chairman and said that Evan and his staff did a fabulous job on this report. He stated that NIFA has a range of estimated risk items that appear not to be out of the range we've seen in prior years. Director Raphael stated that he thinks 2008 will be safe, but that NIFA should closely monitor the County.

Director Wright thanked the Chairman and commended the staff. He stated that the report reflects what would be his own views if he had written it. He stated that he believes the 2008 budget can be balanced, but requires effective execution of the plan and continuous monitoring to see whether the results are as projected and requires the County to have plan B in place or remedial actions in place if the budget changes. He stated that the real challenge is in the out years more so than 2008.

Director Smith stated that the staff did a fine job and feels very confident that going forward the Board will be able to tackle the challenges as presented by the County Executive and the budget presentation.

Director Kessel commended the NIFA staff for the great job they did. He stated that he supported the County's plan and the report. He stated that the County has made extraordinary progress and commended the Legislature. Director Kessel

stated that he continues to worry about the sales tax becoming such a significant part of the budget, but thinks that the County wisely had reduced its estimates; not just in the plan, but also this year to reflect that.

Chairman Stack stated that the financial plan can be balanced with aggressive management and close monitoring. He stated that NIFA is confident that the County will take counter-veiling measures in order to offset measures which do not occur and cause any issues in the County budget. Chairman Stack stated that any changes made by the Legislature on one side of the budget must be made on the other side so that it will be balanced. The Chairman also stated that NIFA is concerned that the County is depleting its reserves.

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

Resolution No. 07-215

RESOLUTION MAKING CERTAIN FINDINGS AND ADOPTING A REPORT CONCERNING THE PROPOSED NASSAU COUNTY MULTI – YEAR FINANCIAL PLAN FISCAL 2008 – 2011

RESOLVED, that the “Review of the Proposed Multi-Year Financial Plan Fiscal 2008 - 2011” (the “Report”), dated October 10, 2007 and attached to this resolution, is hereby approved as a report of the Directors of the Nassau County Interim Finance Authority (“NIFA”); 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 we are reserving judgment until said Proposed Multi-Year Financial Plan is adopted by the Legislature to assess what changes have been made; and be it further

RESOLVED, that upon approval of the Financial Plan and Fiscal Year 2008 Budget by the Legislature, the County Executive shall submit the Financial Plan and 2008 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 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 asked Majority Leader Jacobs for her comments. Ms. Jacobs stated that the Legislature also has concerns, but was confident that NIFA would be satisfied with the approved budget.

Comptroller Weitzman stated the reserves that the County has are monies that were set aside out of surpluses and were set aside for specific purposes under which they're being used.

Deputy County Executive Tom Stokes stated that on behalf of the County Executive there is a firm commitment to fiscal responsibility and a continued focus on what was started in 2007. He stated that it is a very tight budget with very little wiggle room.

The Chairman then entertained a motion to adjourn. Upon motion duly made and seconded, the Directors voted unanimously to adjourn the meeting at 4:10 PM.

Respectfully submitted,

Laurie A. Leat

Corporate Secretary