

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
MINUTES OF THE MEETING OF THE DIRECTORS
HELD ON OCTOBER 21, 2008**

Pursuant to notice dated October 15, 2008, a meeting of the Nassau County Interim Finance Authority (“NIFA”) was convened at 2:50 PM at the Marriott Long Island Hotel & Conference Center located at 101 James Doolittle Blvd, Uniondale, NY 11553.

The following Directors of the Authority were present:

**Ronald Stack, Chairman
Stanley Kreitman
Paul Leventhal
Gregory Raphael
Robert Smith
Christopher Wright**

Also representing the Authority were Evan Cohen, Executive Director; Jeremy Wise, General Counsel; Maria Kwiatkowski, Deputy Director; Jane Cunneen, Acting Treasurer; and Laurie Leat, Corporate Secretary.

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

Chairman Stack asked 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 June 18, 2008 Directors' meeting.

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

Resolution No. 08-239

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JUNE 18, 2008 MEETING OF THE DIRECTORS OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on June 18, 2008 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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Executive Director Cohen stated that the NIFA Act requires NIFA to conduct an annual financial audit performed by an independent Certified Public Accountant. He stated that the next item on the agenda was a resolution to approve the extension of Deloitte & Touche's contract as NIFA's auditors for an additional year, after which time, NIFA will issue a new auditor RFP. The Chairman of the Audit and Internal Controls Committee, Robert Smith, on behalf of the Committee, requested that the NIFA Directors approve the resolution.

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

Resolution No. 08-240

AUTHORIZATION TO HIRE DELOITTE & TOUCHE LLP AS INDEPENDENT FINANCIAL AUDITORS FOR THE AUTHORITY 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 (“NIFA”); and be it further

RESOLVED, that in accordance with the Materials, the Chairman or his designee(s) is hereby authorized to select Deloitte & Touche LLP as the independent financial auditing firm to conduct an audit of NIFA for fiscal year 2008 at a fee of \$20,240, plus disbursements; and be it further

RESOLVED, that all actions heretofore taken by the Chairman or his designee(s) in furtherance of the foregoing resolutions are hereby ratified and approved; 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, including the execution of a contract or contracts and the taking of related actions.

* * *

Executive Director Cohen stated that the next item on the agenda is a resolution to appoint Lamont Financial Services on an emergency basis as a financial advisor to NIFA. General Counsel Wise stated that NIFA would like to hire Lamont for one year or up to \$50,000, whichever comes first, to find out how to mitigate the potential down-side of the economy on NIFA’s variable rate demand bonds. He stated that Lamont would have recommendations for NIFA at its next Directors’ meeting.

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

Resolution No. 08-241

APPOINTMENT OF LAMONT FINANCIAL SERVICES CORPORATION AS A FINANCIAL ADVISOR TO THE NASSAU COUNTY INTERIM FINANCE AUTHORITY AND THE TAKING OF RELATED ACTIONS

WHEREAS, the Nassau County Interim Finance Authority ("NIFA") or the ("Authority") was created by Chapter 84 of the Laws of 2000 (the "Act") to be a corporate governmental agency constituting a public benefit corporation to issue bonds that are backed by county sales tax revenues as well as to perform certain budgetary oversight functions as set out in the Act; and

WHEREAS, the Authority currently has a approximately \$2 billion of outstanding NIFA bonds; and

WHEREAS, the global lack of liquidity has negatively affected the municipal bond markets and caused them to change rapidly and often behave in an unexpected manner;

WHEREAS, the Directors deem these to be extraordinary circumstances that may require emergency actions to be taken by the Authority to fulfill its statutory responsibilities; and

WHEREAS, NIFA currently has no financial advisor; and

WHEREAS, Lamont Financial Services Corporation ("Lamont") had previously done work for NIFA, which was found to be satisfactory; and

WHEREAS, Lamont is a top ten financial advisor in the municipal markets specializing in high profile clients, largely states and state authorities.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director or his designee(s) shall take all actions necessary to hire Lamont as a Financial Advisor to the Authority for a term not to exceed one year or the expenditure of \$50,000, whichever comes first, and be it further

RESOLVED, that all actions heretofore taken by the Chairman or his designee(s) in

furtherance of the foregoing resolution are hereby ratified and approved.

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Executive Director Cohen stated that the next item on the agenda is NIFA's proposed four year financial plan for fiscal years 2009-2012. He stated that the Audit and Internal Controls Committee reviewed it earlier and recommended that it be forwarded to the NIFA Directors for approval. He stated that if no negative comments are received by the public, it will be officially filed with the State Comptroller.

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

Resolution No. 08-242

APPROVE SUBMISSION OF NIFA'S 2009 BUDGET AND FINANCIAL PLAN TO THE OFFICE STATE COMPTROLLER AND THE AUTHORITY BUDGET OFFICE TO COMPLY WITH 2 NYCRR, PART 203 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 Authority acknowledges enactment of 2 NYCRR, Part 203 (the "Regulations") and its requirement that the Directors of the Nassau County Interim Finance Authority receive, review and approve a proposed Budget for FY 2009 ("Budget") and a proposed Multi-Year Financial Plan for FY 2009 – FY 2012 ("Plan"); and be it further

RESOLVED, that the Authority hereby conditionally approves the Budget and Plan subject to the conditions outlined in the Materials; 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 file the Budget and Plan with the State Comptroller and 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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Chairman Stack stated that the next item on the agenda is NIFA's Report on the County's Multi-Year Financial Plan for fiscal years 2009-2012. He asked Executive Director Cohen to brief the Directors.

Executive Director Cohen stated that NIFA staff has concluded that there is a significant risk that when implemented the proposed plan will fall out of compliance with the NIFA Act, which requires operating revenues to match operating expenditures. He stated that the plan contains \$125 million in aggregate risk, which includes \$45 million from a proposed property tax increase and the use of police termination reserves. Consequently, if approved by the County Legislature, this would then reduce the risk to \$80 million. Executive Director Cohen stated that the County is assuming the County will generate a \$23 million surplus in fiscal year 2008 which it then plans to use to partially fund its 2009 pension obligation. He stated that if the surplus is not generated then there would be a concomitant gap in the 2009 budget.

Mr. Cohen stated that the 2008 budget assumes \$23 million in labor concessions by the CSEA and SOA labor unions, which are currently in arbitration. These contracts need to be finalized before the end of 2008 so the County Comptroller can allow the projected savings to be counted in 2008.

Mr. Cohen stated that as a result of the credit crisis and general economic turmoil in the financial markets, the County is exposed to higher than budgeted interest rates. He also stated that NIFA is concerned that the increase in sales tax budgeted by the County is too optimistic and could result in potential shortfalls of \$12 million in 2008 and \$28 million in the 2009 proposed budget. Mr. Cohen stated that the County's general reserves are projected to fall from \$284.8 million at the beginning of 2005 to \$82.8 million at the end of 2009.

Executive Cohen stated that due to all of these concerns, it is recommended that the Directors request a contingency plan from the County that could be used by NIFA in its final evaluation of the adopted Plan.

Director Raphael thanked the staff for their terrific analysis of the Plan. He stated that he is deeply concerned about the dramatic lessening of the reserves to a level that the County will not be able to continue to rely upon to close the gaps. He strongly endorsed the recommendation that the County submit a smart realistic contingency plan to NIFA.

Director Leventhal noted that the gap between revenue and expenses, which is driving the problems that the County will have in this weakening economy, should be an area of heightened interest. He further stated his concern about the future growth of debt service since the County has so much variable rate debt. He then endorsed the NIFA report.

Director Wright commended the staff on their job putting together the report. He expressed his concern about the County using its rainy day reserves when the economy was not as bad as it is now. He stated that he would like to see a contingency plan and noted the need to monitor the County's budget even more than NIFA has in the past.

Director Smith thanked the staff for their work. He emphasized the need for a contingency plan. He stated that the financial market is going through an "L" shaped cycle and it could take until 2011 for the market to get better. He encouraged NIFA to continue reviewing its variable rate issues with the possibility of switching to a long-term fixed position.

Director Kreitman commended the staff on their work. He stated that the County Executive, the Comptroller and the Legislature need to put away partisan politics and work together to create a contingency plan and to have regularly

scheduled meetings so the County will be ready to deal with the serious financial problem that is going to hit Nassau County.

Chairman Stack stated that although the Plan was submitted in good faith, the economy has changed dramatically since then. He stated that rather than rejecting the Plan or insisting on expenditure cuts and/or revenue increases, NIFA is requesting a contingency plan that will be ready to meet unforeseen worsening conditions that cannot be forecast at this time. He stated that he believed that cuts are necessary today in order to be able to actually formulate a viable contingency plan. He stated that NIFA is going to look at the contingency plan after the Legislature acts on the budget and financial plan to ensure that the County has a balanced budget. He agreed that this is an “L” shaped recession that is not something that the County is going to come out of quickly.

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

Resolution No. 08-243

RESOLUTION MAKING CERTAIN FINDINGS AND ACCEPTING A REPORT CONCERNING THE PROPOSED NASSAU COUNTY MULTI – YEAR FINANCIAL PLAN FISCAL 2009 – 2012

RESOLVED, that the staff report entitled, “Review of the Proposed Multi-Year Financial Plan Fiscal 2009 - 2012” (the “Report”), dated October 21, 2008 and attached to this resolution, is hereby accepted as a report of the Nassau County Interim Finance Authority (“NIFA”); and be it further

RESOLVED, that based on our review of the findings in the Report and of the proposed Multi-Year Financial Plan (“Plan”), the Plan is found to be in compliance with the NIFA Act; and be it further

RESOLVED, that upon approval of the Plan by the County Legislature, the County Executive shall submit the Plan to NIFA together with the other information required by the NIFA Act or requested by NIFA (collectively, the “Submission”); and be it further

RESOLVED, that after the Submission, NIFA shall review said Submission for continued 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 submit said Report to the County Executive, the majority and minority leaders of the 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.

* * *

County Executive Suozzi thanked NIFA for the hard work everyone has done over the years. He stated that the County is most concerned about sales tax, variable rate debt and interest rates related to its investment income. He stated that he believed the other risks are manageable. He stated that the reserves are something that they always intended to use. He further stated that he hoped to be able to work in bi-partisan fashion to come up with solutions for a contingency plan.

Comptroller Weitzman complimented the NIFA staff on the quality of their

report. He stated that he too would like to see the County Executive and legislature working in a bi-partisan manner to reach an agreement that would modify the existing budget to take into account the fact that the financial world is different than it was the day the County submitted its plan.

Presiding Officer Yatauro stated that the Legislature is going to make some very hard decisions in the next nine days and is going to make the necessary changes to keep the County soluble and solid.

The Chairman then entertained a motion to once again go into executive session to discuss litigation matters.

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

RESOLUTION NO. 08-244

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 litigation.

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At 3:42 p.m. the open session of the Directors was temporarily adjourned

and an executive session of the Directors was convened. At 4:15 p.m. the executive session was adjourned and the open session was reconvened. The Chairman stated that no votes were taken during 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 4:16 PM.

Respectfully submitted,

Laurie A. Leat

Corporate Secretary