

NASSAU COUNTY INTERIM FINANCE AUTHORITY  
MINUTES OF THE MEETING OF THE DIRECTORS  
HELD ON SEPTEMBER 28, 2010

Pursuant to notice dated September 21, 2010, a meeting of the Nassau County Interim Finance Authority (“NIFA”) was convened at 3:10 PM at the Nassau County Bar Association.

The following Directors of the Authority were present:

Ronald Stack, Chairman  
George Marlin  
Leonard Steinman  
Thomas Stokes  
Robert Wild  
Christopher Wright

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

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

Chairman Stack stated that the first item on the agenda was a resolution to approve the minutes of the September 28, 2010 Directors’ meeting.

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

Resolution No. 10-288

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE AUGUST 18, 2010 MEETING OF THE DIRECTORS OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

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RESOLVED, that the Minutes of the meeting of the Authority held on August 18, 2010 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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Chairman Stack stated that the next item on the agenda was the staff review of the County's proposed financial plan. The Chairman received a request by County Executive Mangano to make a presentation on his financial plan.

After the County Executive concluded his presentation, Chairman Stack asked Executive Director Cohen to briefly summarize staff's report on the County's Proposed Multi-Year Financial Plan.

Executive Director Cohen stated that the proposed budget relies on numerous revenue actions requiring State and County approvals, extraordinary levels of borrowing for operating expenses and major labor concessions that have not yet been secured. He stated that each of these factors are considered to be high risk. He stated that the proposed budget contained more than \$200 million in gap closing savings and revenue increases that require State and County legislative approval. Executive Director Cohen stated that while NIFA has consistently expressed its opposition to the County's use of long term debt to pay for current operating expenses, the County plans to

borrow up to \$364 million to fund its tax certiorari liabilities. He indicated that the County also plans to impose \$61 million in savings on its workforce even though the unions currently have collectively bargained contracts in place that run through 2015. He stated that even if the County were to be completely successful in implementing its 2011 gap closing plan, there would still be projected out-year gaps of \$159 million in 2012, \$217 million in 2013 and almost \$268 million in 2014. He concluded that given the magnitude of identified risks, NIFA cannot project budget balance in 2011 at this time and recommended that the Directors take no action until the Legislature has an opportunity to adopt the budget.

Chairman Stack asked the Directors for questions or comments.

Director Stokes stated that he had many questions that would be better if answered during an executive session. Chairman Stack replied that these questions can be addressed at a Leaders' Meeting.

Director Steinman asked if the tax certiorari liabilities that the County is currently facing are different from past years and how does the borrowing compare to past years. Executive Director Cohen replied that the projected payments this year were similar in magnitude to recent years and that the County is paying \$50 million out of its operating budget and additional money was raised through borrowing. He also stated that beginning with 2011, the County is proposing to borrow the entire 100 percent of its refund liability.

Director Wright asked why NIFA is not able to reconcile the \$131 million of the \$148 million in departmental savings identified by the County that is related to payroll. Mr. Cohen replied that NIFA was unable to reconcile it and the County did not provide a road map to highlight where the savings was coming from. Director Wright stated that while the budget purports to not include one-shots, the tax cert borrowing is in every sense a one-shot and should be considered as such by the NIFA Board.

Director Wild questioned what would happen to school taxes if the county guarantee of the property tax refunds ends. Mr. Cohen replied that there would be a shift of the cost from the County to other levels of government which would translate into a property tax increase.

Director Stokes asked if NIFA received the reconciliation from the County on the tax cert liability from last year to this year that was requested at the June Leaders' Meeting. Mr. Cohen replied that NIFA had not received it. Director Stokes requested more details in terms of the initiatives.

Director Marlin stated that the County is on the edge of the fiscal abyss and wondered why the County Executive has not called this a fiscal emergency publicly to give the general public the knowledge of the magnitude of problems the County is facing at this time.

Chairman Stack congratulated the County Executive for taking on difficult issues such as

the county guarantee. He stated that while Nassau County is the only county in the United States that provides this guarantee, NIFA must remain very narrowly focused on the budget and financial plan. He stated that after looking at the budget, he believes it is not balanced. He stated that there are \$61 million in unspecified union savings even after he specifically told the County in June that they should not put a lump sum labor savings number in the budget. He stated that the savings are very risky due to the legality and implementation of the savings.

Chairman Stack stated that there are myriad actions, such as red light cameras, the LI Bus subsidy and the Long Island Expressway patrol which are reasonable risks but as a cumulative number are just not acceptable. He stated that he already told the County to remove the \$8 million in NIFA restructuring savings from its budget since it will not materialize. The Chairman stated that NIFA is opposed to borrowing for tax certiorari refunds which is an operating expense and that borrowing for certiorari refunds is actually the same as a tax increase deferred with interest.

Chairman Stack stated that in each of the out-years, the County is planning on selling \$125 million in assets and putting it in the operating budget which is not a wise and prudent idea. The Chairman stated that he cannot overstate NIFA's concern, determination and willingness to work with the County to try to solve their problems. The Chairman reiterated that he believes that the multi-year financial plan is not balanced and that NIFA must be ready to act. He said that NIFA will meet in executive session to discuss legal issues and the retention of a law firm to advise it on its powers under the NIFA statute.

County Executive Mangano stated that the County will meet NIFA's identified risk with solutions during this budget cycle and asked that NIFA keep an open mind and keep the lines of communication open. Chairman Stack suggested that NIFA and County meet again in October for a progress report.

Chairman Stack then entertained a motion to go into executive session to discuss legal matters.

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

RESOLUTION NO. 10-289

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 legal matters.

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At 4:00 PM the open session of the Directors was temporarily adjourned and an executive session of the Directors was convened. At 5:00 PM the executive session was adjourned and the open session was reconvened. The Chairman stated that no votes were taken during executive session.

Chairman Stack stated that the next item on the agenda was a resolution to authorize the

appointing of a law firm or firms and the taking of related actions.

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

RESOLUTION NO. 10-290

AUTHORIZATION TO APPOINT A LAW FIRM OR FIRMS TO PROVIDE ASSISTANCE TO THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

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 "NIFA"); and be it further

RESOLVED, that based upon the Materials presented to this meeting, a committee comprised of Directors Stack, Steinman and Wild are hereby delegated the authority to hire one or more of the following law firms (collectively, the "Firms") to represent NIFA:

1. Quinn Emanuel Urquhart & Sullivan, LLP
2. Skadden, Arps, Slate, Meagher & Flom LLP and Affiliates
3. Paul, Weiss, Rifkind, Wharton & Garrison LLP

and be it further

RESOLVED, that the immediate utilization of one or more of the Firms is deemed to be an extraordinary circumstance which makes advertising impractical or inappropriate.

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Executive Director Cohen asked General Counsel Wise to introduce the next item on the agenda.

Mr. Wise stated that the next item on the agenda was a resolution to enter into a five year lease agreement for office space with its current landlord. He stated that he was able to get a

reduction on the current rent from \$28 per square foot to \$24 per square foot in addition to the option of a six month notice of termination.

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

Resolution No. 10-291

**LEASING OF OFFICE SPACE AT 170 OLD COUNTY ROAD, MINEOLA, NEW YORK AND  
THE TAKING OF RELATED ACTIONS**

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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, the Directors have determined that they would like staff to renew the lease at 170 Old Country Road, Suite 205, Mineola, New York for five years substantially upon the terms outlined in the Materials; and be it further

RESOLVED that the staff of NIFA is given the authority to take all steps deemed necessary or appropriate to effectuate this resolution and take related actions.

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The Chairman then entertained a motion to adjourn. Upon motion duly made and seconded, the Directors voted unanimously to adjourn the meeting at 5.05 PM.

Respectfully submitted,

Laurie A. Boucher  
Corporate Secretary