

NASSAU COUNTY INTERIM FINANCE AUTHORITY
MEETING OF THE DIRECTORS
MINUTES OF DECEMBER 4, 2015

The Directors of the Nassau County Interim Finance Authority met on December 4, 2015 at 2:40 PM at the Marriott Long Island Hotel & Conference Center located at 101 James Doolittle Blvd, Uniondale, NY 11553.

Directors present: Jon Kaiman, Chairman
John Buran
Adam Haber
Paul Leventhal
Lester Petracca
Christopher Wright

Directors absent: Paul Annunziato

Staff present: Evan Cohen, Executive Director
Carl Dreyer, Treasurer
Laurie Giardina, Corporate Secretary
Maria Kwiatkowski, Deputy Director
Jeremy Wise, General Counsel

1. Call to Order/Roll Call

The meeting was called to order at 2:40 PM.

2. Consideration of Amendment to the County Contract with Transdev Services, Inc. (formerly Veolia Transportation Services)

The Directors were asked to approve a County contract amendment with Transdev in the amount of approximately \$15.3 million.

On a motion by Director Wright, the Directors approved the contract amendment in the amount of \$15,343,393.

Positive votes: 6 Negative votes: 0

Resolution No. 15-591

APPROVAL OF AMENDMENT TO THE COUNTY CONTRACT WITH TRANSDEV SERVICES, INC.

RESOLVED, that the materials presented to this meeting of the Directors (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 based upon the discussion in the Materials and pursuant to Section 3669 2(d) of the Authority Act, the Authority hereby approves/disapproves the amendment to Nassau County’s Contract with Transdev Services, Inc., in the amount of \$15,343,393; and be it further

RESOLVED, that staff may take all actions and do all things that they deem necessary to carry out the intent of this resolution.

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3. Authorization to Employ a Financial Expert to Provide Consulting Services

The Directors were asked to approve a resolution to hire Mark Page as a Financial Consultant for NIFA. The contract is not to exceed \$150,000 and can be terminated upon 30 days notice.

On a motion by Director Wright, the Directors approved the hiring of Mark Page.

Positive votes: 6 Negative votes: 0

Resolution No. 15-592

AUTHORIZATION TO EMPLOY A FINANCIAL EXPERT TO PROVIDE CONSULTING SERVICES AND TO TAKE 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 Directors deem there to be extraordinary circumstances that may require emergency actions to be taken by the Authority to fulfill its statutory responsibilities in regard to Nassau County and its implementation of its budget and multi-year plan;

NOW, THEREFORE, BE IT 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 the Executive Director or his designee(s) shall take all actions necessary to employ Mark Page as a consultant to NIFA in an amount not to exceed \$150,000, plus disbursements, and be it further

RESOLVED, emergency or other extraordinary circumstances exist which make competition impracticable or inappropriate; and be it further

RESOLVED, that Mr. Page's expertise is unique and he has greatly superior qualifications to perform the services at a cost that is determined to be fair and reasonable. that this action is required due to the emergency conditions arising from Nassau County's financial conditions; and be it further

RESOLVED, that NIFA will indemnify Mark Page in the event that he becomes involved in any litigation arising from his consulting duties for NIFA; and be it

RESOLVED, that the Chairman or his designees shall negotiate the terms of the service(s) to be provided by Mark Page; 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.

* * *

4. Consideration of Issuance of General Obligation Bonds or Notes by Nassau County

The Directors were asked to approve the County's request to borrow approximately \$20 million for capital projects.

On a motion by Director Wright, the Directors approved the resolution for the County to borrow \$20 million for capital projects.

Positive votes: 6 Negative votes: 0

Resolution No. 15-593

CONSIDERATION OF ISSUANCE OF GENERAL OBLIGATION BONDS OR BOND ANTICIPATION NOTES BY NASSAU COUNTY

RESOLVED, that the materials presented to this meeting of the Directors (the "Materials") are incorporated into this Resolution and are ordered to be filed with the records of the Nassau County Interim Finance Authority (the "Authority"); and be it further

RESOLVED, that based upon the discussions in the Materials and pursuant to Section 3669 2(e) of the Authority Act, the Authority has reviewed the terms of the County's proposed issuance(s) of bonds or bond anticipation notes and approves the issuance of up to:

- (i) \$10,206,112 in bonds (plus costs of issuance) for the purposes described in Attachment A (General Capital) in the Materials;
- (ii) \$10,482,134 in bonds or bond anticipation notes (plus costs of issuance) for the purposes described in Attachment B (Sewer Capital) in the Materials; and

upon the conditions outlined in the Materials; and be it further

RESOLVED, that staff may take all actions and do all things that they deem necessary to carry out the intent of this resolution.

* * *

5. Consideration of Issuance of General Obligation Bonds by Nassau County

The County had requested to borrow approximated \$33.5 million for termination pay. NIFA informed the County that they would not approve \$33.5 million until they spend the \$10.2 million they have in a reserve fund for these purposes. Therefore, the Directors were being asked to approve a borrowing of up to \$23.3 million to cover termination costs.

On a motion by Director Buran, the Directors approved the County's request to borrow \$23.3 million for termination costs.

Positive votes: 5 Negative votes: 1 (Director Wright)

Resolution No. 15-594

CONSIDERATION OF ISSUANCE OF GENERAL OBLIGATION BONDS BY NASSAU COUNTY

RESOLVED, that the materials presented to the Directors (the "Materials") are incorporated into this Resolution and are ordered to be filed with the records of the Nassau County Interim Finance Authority (the "Authority"); and be it further

RESOLVED, that based upon the discussions in the Materials and pursuant to Section 3669 2(e) of the Authority Act, the Directors have reviewed the terms of the County's proposed issuance(s) of bonds and approves the issuance of up to \$23.3 million in bonds (plus costs of issuance) for the purposes described in Attachment A (Nassau County Termination Payments) in the Materials and upon the conditions outlined in the Materials; and be it further

RESOLVED, that the \$23.3 million cannot be issued until NIFA has received satisfactory proof that the County has used or irrevocably committed to use the entire \$10.2 million currently in its Employee Accrued Liability Reserve Fund for these purposes; and be it further

RESOLVED, that staff may take all actions and do all things that they deem necessary to carry out the intent of this resolution.

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6. Consideration of Issuance of General Obligation Bonds by Nassau County.

The Directors previously approved the issuance of \$7,500,000 (plus costs of issuance) to finance termination payments by Nassau Community College (the "College") with a two year maturity. The College will reimburse the County for debt service on such bonds. The College is now asking for a four year maturity due to the unanticipated number of retirees.

On a motion by Director Wright, the Directors tabled this request until they receive further information from the College.

Positive votes: 5 Recusal: 1 (Director Leventhal)

7. Consideration of the County's Modified Multi-Year Financial Plan for Fiscal 2016 - 2019

The Directors were asked to approve a resolution rejecting the County's Modified Multi-Year Financial Plan for Fiscal 2016-2019 since the County did not fully account for the \$81 million that NIFA required of it. The Directors were also asked to approve a resolution conditionally approving the budget with the modifications imposed by NIFA.

On a motion by Director Wright, the Directors approved the following resolutions:

Positive votes: 6 Negative votes: 0

Resolution No. 15-596

FINDING THE COUNTY HAS FAILED TO PROVIDE A MODIFIED MULTI-YEAR FINANCIAL PLAN FOR FISCAL 2016 – 2019 IN THE DETAIL REQUIRED BY NIFA

WHEREAS, Nassau County is operating in a control period, which NIFA imposed on January 26, 2011; and

WHEREAS, the proposed Multi-Year Financial Plan Fiscal 2016 – 2019 ("Proposed Plan"), as presented to the County Legislature by the County Executive on September 15, 2015, had many questionable revenue sources; and

WHEREAS, the County Legislature eliminated or reduced various sources of revenue included by the County Executive in his Proposed Plan, and on October 29, 2015 the County Legislature adopted a Multi-Year Financial Plan for Fiscal 2016 – 2019 (the "Adopted Plan");

WHEREAS, the County Executive vetoed a portion of the Adopted Plan, but said veto was overturned by the County Legislature thereby leaving the Adopted Plan unchanged; and

WHEREAS, on November 19, 2015, NIFA adopted Resolution 15-590, which disapproved the Adopted Plan and required the County to provide a modified plan with details addressing and resolving the risks identified in the NIFA Staff's report of November 19, 2015; and

WHEREAS, on November 30, 2015, the County submitted a modified Multi-Year Plan ("Modified Plan"); and

WHEREAS, the NIFA Staff and Directors have analyzed the Modified Plan, which does not completely address and resolve the risks identified in the NIFA Staff's report;

NOW, THEREFORE, BE IT RESOLVED, that pursuant to section 3667(2)(g) of the NIFA Act, NIFA hereby make a finding that the County has failed to provide a modified Multi-Year Financial Plan for Fiscal Years 2016 – 2019 in the detail required by NIFA in Resolution 15-590.

BE IT FURTHER RESOLVED that NIFA hereby finds that the Modified Plan:

1. Fails to contain projections of revenues and expenditures that are based on reasonable and appropriate assumptions and methods of estimation; and
2. Fails to provide that operations of the County will be conducted within the cash resources available according to NIFA's revenue estimates; and
3. Fails to comply with the requirements of the NIFA Act.

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Resolution No. 15-597

**ADOPTING NIFA'S OWN MODIFICATIONS TO THE COUNTY'S MULTI-YEAR
FINANCIAL PLAN FOR FISCAL 2016 – 2019**

WHEREAS, Nassau County is operating in a control period, which NIFA imposed on January 26, 2011; and

WHEREAS, on November 19, 2015, NIFA required that the County modify its adopted Multi-Year Financial Plan in a manner that addresses and resolves the risks identified in the NIFA Staff's report dated November 19, 2015; and

WHEREAS, on November 30, 2015, the County submitted a modified Multi-Year Plan for Fiscal 2016 – 2019 ("Modified Plan"); and

WHEREAS, NIFA believes that there is still a significant discrepancy between reasonable estimates

of revenues and expenses in the County's FY 2016 Budget and greater amounts in the Out Years of the Modified Plan; and

WHEREAS, through Resolution 15-596, NIFA this day has made a finding, pursuant to section 3667(2)(g) of the NIFA Act, that the County has failed to provide a modified Multi-Year Financial Plan for Fiscal Years 2016 – 2019 in the detail required by NIFA;

NOW, THEREFORE, BE IT RESOLVED, that NIFA concludes that the Modified Plan remains in a condition of imbalance; and

BE IT FURTHER RESOLVED that, pursuant to section 3669(2)(a) of the NIFA Act, NIFA hereby formulates and adopts the following modifications to the County's Modified Plan:

1. The 2016 Budget must be conformed to the Modified Plan.
2. NIFA anticipates that the County will receive authorization to borrow up to \$80 million towards lessening the cash flow impact of \$161 million of budget imbalance in 2016 covering the cost of tax certiorari refunds and outstanding judgments.
3. The County must account for \$81 million of the revenue or expenditure identified as being at risk during the 2016 budget cycle.
 - a. The County must account for one-quarter of said risk at the beginning of each quarter referenced as "filling the quarterly reserve" and submit such in writing to NIFA.
 - b. By January 1, 2016, the County must submit to NIFA \$20 million of identified revenue or expenditure reduction to be applied to the final quarter of 2016. Said dollars shall be referenced as the fourth quarter reserve.
 - c. At the end of each of the first three quarters of 2016, the County must account in writing to NIFA for the realization of \$20 million of identified risk to NIFA's satisfaction.
 - d. The County must substantiate the realization of the aforementioned fourth quarter reserve dollars at the beginning of the fourth quarter and receipt of said dollars or savings by the close of the 2016 year.
 - e. Upon NIFA determining that the County has failed or is failing to meet any of the above conditions, NIFA may limit approval of or reject expenditure requests (e.g., contracts, new hires, and capital expenditure otherwise previously authorized) the County may make during the remainder of the 2016.

- f. The County Executive's office shall provide accurate and timely revenue and expenditure updates in a manner consistent with the monthly and quarterly reporting requirements as set forth above and shall include, but not be limited to a detailed plan for revenue and expenditure targets by month and for each department. Said plan (for all twelve months) is to be provided at the beginning of the year and should provide sufficient detail, as determined by NIFA, to facilitate ongoing confirmation that the County is adhering to the approved Modified Plan. Key indicators that fulfill the requirements specified in Conditions lettered "a" through "e" above shall be provided at the sub-object level. All variances must be explained.

BE IT FURTHER RESOLVED that, the County shall remove Termination Pay Borrowing from its list of Contingency Gap Closing Options to be included in the approved Modified Plan; and

BE IT FURTHER RESOLVED that, as provided in section 3669(2)(a) of the NIFA Act, these modifications are effective upon adoption of this Resolution; and

BE IT FURTHER RESOLVED that the Chairman of NIFA or his designee(s) are hereby authorized to make such rules and regulations as they deem necessary to assist them and the County in fulfilling the intent of this resolution.

* * *

8. Adjournment

The Chairman made a motion to adjourn. The meeting was adjourned at 3:35 PM.

Respectfully submitted,

Laurie A. Giardina
Corporate Secretary