

AGENDA

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
TUESDAY, NOVEMBER 29, 2016, 6:30 PM
MARRIOTT LONG ISLAND HOTEL & CONFERENCE CENTER
101 JAMES DOOLITTLE BLVD., UNIONDALE, NY 11553**

Call to Order

Action Items

- I. Approval of the Minutes of October 13, 2016
- II. Payment of Professional Fees in Connection with a Proposed NIFA Refunding
- III. Consideration of County Contract for J. Anthony Enterprises, Inc.
- IV. Order to Nassau County to Compile Certain Labor Related Documents
- V. Consideration of Bond Anticipation Notes Borrowing by Nassau County
- VI. Consideration of Tax Anticipation Notes Borrowing by Nassau County
- VII. Consideration of the County's Multi-Year Financial Plan for Fiscal 2017 - 2020

Adjournment

DRAFT – SUBJECT TO REVIEW AND REVISION

NASSAU COUNTY INTERIM FINANCE AUTHORITY
MEETING OF THE DIRECTORS
MINUTES OF OCTOBER 13, 2016

The Directors of the Nassau County Interim Finance Authority met on October 13, 2016 at 6:37 PM at the Marriott Long Island Hotel & Conference Center located at 101 James Doolittle Blvd, Uniondale, NY 11553.

Directors present: Adam Barsky, Chairman
John Buran
Paul Leventhal
Christopher Wright
Howard Weitzman

Directors absent: Paul Annunziato
Lester Petracca

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

1. Call to Order/Roll Call

The meeting was called to order at 6:37 PM.

2. Approval of Minutes

On a motion by Director Wright, the Directors approved the minutes from the meeting on June 30, 2016.

Positive votes: 4 Abstention: (Director Weitzman) Negative votes: 0

Resolution No. 16-633

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JUNE 30,
2016 MEETING OF THE DIRECTORS OF THE NASSAU COUNTY INTERIM FINANCE
AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on June 30, 2016 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.

* * *

3. Approve Submission of NIFA’s 2017 Budget and FY 2017 – FY 2020 Financial Plan to the Office of the State Comptroller and the Authorities Budget Office to Comply with 2 NYCRR, Part 203

The Directors were asked to approve a resolution to disclose, and if no negative comments are received from the public, file NIFA’s budget with the NYS Comptroller. NIFA’s budget was approved by the Audit and Internal Control Committee just prior to this meeting.

On a motion by Director Wright, the Directors approved the resolution.

Positive votes: 5 Negative votes: 0

Resolution No. 16-634

APPROVE SUBMISSION OF NIFA’S 2017 BUDGET AND FY 2017 – FY 2020 FINANCIAL PLAN TO THE OFFICE OF THE STATE COMPTROLLER AND THE AUTHORITIES 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 2017 (“Budget”) and a proposed Financial Plan for FY 2017 – FY 2020 (“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 publish and file the Budget and Plan with the State Comptroller and any other necessary parties 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.

* * *

4. Consideration of the Use of Additional Funds for Nassau County from an Environmental Facilities Corporation Financing

The Directors were asked to approve a request from the County to draw down up to \$3,120,900 for the initial phase of the Bay Park Sewage Treatment Plant Project rather than the \$2,000,000 that NIFA previously authorized in June.

DRAFT – SUBJECT TO REVIEW AND REVISION

On a motion by Director Wright, the Directors approved the resolution.

Positive votes: 5 Negative votes: 0

Resolution No. 16-635

CONSIDERATION OF USE OF ADDITIONAL FUNDS BY NASSAU COUNTY FINANCING FROM A THE NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION FINANCING

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 financing through the New York State Environmental Facilities Corporation and approves the use of up to \$3,120,900 for the initial phase of engineering services and legal expenses, which includes the planning, geotechnical, permitting and design of an ocean outfall for the Bay Park Sewage Treatment Plant that is owned by Nassau County; 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. Authorization to Continue the Employment of a Law Firm and to Take Related Actions

The Directors were asked to approve a resolution to hire Bond, Schoeneck & King to assist the Authority on legal issues on an as-needed basis.

On a motion by Director Wright, the Directors approved the resolution.

Positive votes: 5 Negative votes: 0

Resolution No. 16-636

AUTHORIZATION TO CONTINUE THE EMPLOYMENT OF A LAW FIRM 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

DRAFT – SUBJECT TO REVIEW AND REVISION

RESOLVED, that based upon the Materials presented to this meeting, the Chairman or his designee(s) are hereby delegated the authority to continue the employment, of Bond Schoeneck & King, the (“Firm”) to represent NIFA; and be it further

RESOLVED, that the Firm has significant experience advising NIFA on labor related matters and unique knowledge that would make the hiring of any other firm impractical and inappropriate under the current circumstances; and be it further

RESOLVED, that the Firm shall be employed for a term of five years from the date of this resolution or such time as their fees and disbursements exceed \$500,000 and upon such other terms and conditions as the Chairman or his designee(s) shall determine; and be it further

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

* * *

6. Authorization to Continue to Employ a Consultant to Provide Assistance and to Take Related Actions

The Directors were asked to approve a resolution to continue the employment of Albrecht, Viggiano, Zureck & Company.

On a motion by Director Wright, the Directors approved the resolution.

Positive votes: 5 Negative votes: 0

Resolution No. 16-637

**AUTHORIZATION TO CONTINUE THE EMPLOYMENT OF ALBRECHT, VIGGIANO,
ZURECK & COMPANY AS CONSULTANTS TO THE NASSAU COUNTY INTERIM
FINANCE AUTHORITY**

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 Treasury Department that performs a variety of functions, including the principal and interest payments on approximately \$921.6 million of outstanding NIFA bonds; and

WHEREAS, as a result of NIFA’s Treasurer resigning on March 28, 2008, the Directors authorized the employment of the accounting firm of Albrecht, Viggiano, Zureck & Company, P.C. (“AVZ”) to assist NIFA staff; and

DRAFT – SUBJECT TO REVIEW AND REVISION

WHEREAS, AVZ continues to have a large presence on Long Island and has experience in the types of areas that NIFA needs to compliment the skills of its Treasurer; and

WHEREAS, AVZ has adequately performed its assigned tasks and responsibilities since being hired; and

WHEREAS, AVZ was previously hired from the State approved procurement contract vendor list, but said list no longer exists for accounting firms; and

WHEREAS, the experience gained by AVZ would make issuance of a request for proposals both impractical and inappropriate because of the extensive depth of experience that they have gained by working for NIFA over the past eight years.

NOW, THEREFORE, BE IT RESOLVED, that the Materials presented to this meeting are hereby ordered to be filed with the records of the Authority; and be it further

RESOLVED, that the Chairman or his designee(s) shall take all actions deemed necessary to continue the employment of AVZ as consultants to the Authority for an additional term commencing January 1, 2017 and continuing for five years or the total additional expenditure of \$200,000, whichever comes first, and all in accordance with the Materials; and be it further

RESOLVED that the Chairman or his designee(s) make take all steps and do all things deemed necessary to carry out the intent of this resolution.

* * *

7. Authorization to Continue to Employ a Consultant to Provide Assistance and to Take Related Actions

The Directors were asked to approve a resolution to continue the employment of Public Financial Management Group (“PFM”).

On a motion by Director Wright, the Directors approved the resolution.

Positive votes: 5 Negative votes: 0

Resolution No. 16-638

AUTHORIZATION TO HIRE PFM AS A CONSULTANT TO ASSIST THE AUTHORITY WITH GASB 53 AND 72 COMPLIANCE, AS WELL AS SWAP MONITORING 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 of the Nassau County Interim Finance Authority (“NIFA”) and be it further

RESOLVED, that based upon the Materials, you are hereby requested to permit the Executive Director, in consultation with the Chairman, to contract with PFM Asset Management LLC to assist

DRAFT – SUBJECT TO REVIEW AND REVISION

NIFA with its swap monitoring, GASB 53 compliance and GASB 72 compliance testing for a term not to exceed five years at an annual rate not to exceed \$16,000.; and be it further

RESOLVED, that this resolution shall take effect immediately.

* * *

8. Consideration of County Contract for 60 CLB Owner LLC

The contract is a 20 year lease for property on Charles Lindbergh Blvd, which houses the health and human services department. The contract is valued at \$174 million.

On a motion by Director Wright, the Directors approved the contract with 60 CLB Owner LLC in the amount of \$174 million.

Positive votes: 4 Recusal: (Director Weitzman) Negative votes: 0

Resolution No. 16-639

CONSIDERATION OF COUNTY CONTRACT FOR 60 CLB OWNER LLC

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 County’s amended lease with 60 CLB Owner LLC for property located at 60 Charles Lindbergh Boulevard, Mineola, New York (the “Amended Lease”) in the amount of \$174,167,647; and be it further

RESOLVED, that the hiring of Toscano & Associates as counsel to review the Amended Lease is approved retroactively to the date of the hiring and is deemed an emergency due to the limited timeframe available for review of the Amended Lease; and be it further

RESOLVED, that the Chairman or his designee(s) may take all actions and do all things that they deem necessary to carry out the intent of this resolution.

* * *

9. Consideration of County Contract for G&M Earth Moving, Inc.

The contract is for services to remove and replace the deteriorated seawall along West Shore Road in Mill Neck. The contract is valued at \$14,409,000.

On a motion by Director Wright, the Directors approved the contract with G&M Earth Moving, Inc. in the amount of \$14,409,000.

Positive votes: 5 Negative votes: 0

DRAFT – SUBJECT TO REVIEW AND REVISION

Resolution No. 16-640

CONSIDERATION OF COUNTY CONTRACT FOR G&M EARTH MOVING, 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 County’s Contract for G&M Earth Moving, Inc. in the amount of \$14,409,000; and be it further

RESOLVED, that NIFA’s approval of the agreement is given with the caveat that NIFA does not guaranty that it will approve any borrowing for this project; 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.

* * *

10. Adopting the Staff Report Concerning the Proposed Nassau County Multi-Year Financial Plan, Fiscal 2017-2010 and the Recommendations Contained Therein

Executive Director Cohen gave a summary of the Staff Report. He stated that NIFA projects significant deficits in each year of the plan on a GAAP basis, totaling approximately \$217 million in 2017 and much greater amounts in the Out-Years, if all of the identified risks are not resolved. The Chairman stated that NIFA will not accept a budget from the County that has a GAAP deficit greater than \$60 million.

On a motion by Director Wright, the Directors approved the resolution.

Positive votes: 5 Negative votes: 0

Resolution No. 16-641

ADOPTING THE STAFF REPORT CONCERNING THE PROPOSED NASSAU COUNTY MULTI-YEAR FINANCIAL PLAN, FISCAL 2017-2020 AND THE RECOMMENDATIONS CONTAINED THEREIN

WHEREAS, Nassau County continues to operate in a control period, which the Nassau County Interim Finance Authority (“NIFA”) imposed on January 26, 2011; and

WHEREAS, on September 15, 2016, as required by law, the County Executive submitted to NIFA his proposed Multi-Year Financial Plan for Fiscal 2017 – 2020 (“Proposed Plan”), the first year of which is his proposed 2017 Budget; and

DRAFT – SUBJECT TO REVIEW AND REVISION

WHEREAS, the NIFA staff has prepared a report (the “Staff Report”) on the County Executive’s Proposed Plan in which the staff identified a number of risks; and

WHEREAS, the County Legislature has the opportunity to address the risks that NIFA staff has identified; and

WHEREAS, in accordance with Section 3667(2) the NIFA Act, NIFA will not take any final action in regard to the Proposed Plan until the concerns in the Staff Report are adequately addressed by the County Legislature such that the budgeted GAAP Deficit (as defined in the Staff Report) can be reasonably estimated to be no higher than \$60 million in FY 2017 and there is “approval by the county of a budget in accordance with the provisions of the county charter and approval of the financial plan by the legislature;”

NOW, THEREFORE, BE IT RESOLVED, that the NIFA Directors adopt the Staff Report on the County Executive’s Proposed Plan.

* * *

11. Adjournment

The Chairman made a motion to adjourn. The meeting was adjourned at 7:11 PM.

Respectfully submitted,

Laurie A. Giardina
Corporate Secretary

NASSAU COUNTY INTERIM FINANCE AUTHORITY

FOR CONSIDERATION

November 29, 2016

TO: NIFA Directors

FROM: Evan Cohen

SUBJECT: Payment of Professional Fees

REQUEST FOR: Payment of Professional Fees in Connection with a Proposed NIFA Refunding

Introduction:

The County had asked NIFA to conduct a transaction (the “Transaction”) to refund some of NIFA’s maturing debt and use the ensuing budget relief to pay off certain County pension obligations (“Pension Obligations”). These Pension Obligations were incurred by amortizing certain pension expenses over 10 and 12 year periods pursuant to an agreement with the State. The cash flow savings would have been generated by NIFA borrowing at a lower rate than the County was paying on its Pension Obligations.

Background:

Because time was of the essence and NIFA was satisfied that certain threshold matters had been addressed, work was begun on the Transaction prior to approval of the New York State Comptroller. His approval of NIFA borrowings is required pursuant to Section 3656 of the Act. Unfortunately, shortly after work had begun, the Comptroller informed NIFA he would not approve the transaction.

Those professionals who did preliminary work on the Transaction were Orrick Herrington & Sutcliffe (“Orrick”) (who would have served as our bond counsel) and Lamont Financial Advisors (“Lamont”) (who would have been our financial advisor).

Discussion:

Since we had verbally told Orrick and Lamont to proceed (after consultation with the Directors and Chair), we believe they are entitled to be paid. Orrick will be charging us at the same rate that they charge the State Comptroller and Lamont will be charging us at the rate we normally pay them for financial advisory services.

Requested Action:

Payment of Orrick and Lamont as well as any other fees coincident with the aforementioned Transaction for a total not to exceed \$25,000.

Attachment:

Resolution

NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLUTION NO. 16-643

PAYMENT OF PROFESSIONAL FEES IN CONNECTION WITH A PROPOSED NIFA
REFUNDING

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 based upon the discussion in the Materials, the Directors approve of the total payment of up to \$25,000 in connection with a NIFA refunding that NIFA was preparing to undertake to assist Nassau County, but was not completed for the reasons described 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.

Adam Barsky
Chairperson

November 29, 2016

NASSAU COUNTY INTERIM FINANCE AUTHORITY

FOR CONSIDERATION

November 29, 2016

TO: NIFA Directors

FROM: Evan Cohen

SUBJECT: J. Anthony Enterprises, Inc. Contract

REQUEST FOR: Consideration of County Contract for J. Anthony Enterprises, Inc.

Introduction:

On March 24, 2011 NIFA adopted the Contract Approval Guidelines (“Guidelines”), which include the Contract Approval Request Form. The Guidelines delineate the dollar thresholds and approval process of all County contracts that must be submitted to NIFA for approval.

On October 6, 2016, the County submitted a contract for J. Anthony Enterprises, Inc. to NIFA for approval. The vendor was selected through a County RFP process. The contract is valued at \$5,746,000 with a term of 540 days.

Discussion:

On July 25, 2016, the County Legislature approved the contract for services between the Nassau County Department of Public Works and this vendor. This contract is to provide construction services for a new Police Department Garage located in Bethpage, NY. Funding for this contract would be provided by capital funding. The borrowing has been approved by the Nassau County Legislature but the borrowing request would require additional approval by NIFA.

Requested Action:

The County has requested approval of this contract.

Attachment: Resolution

NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLUTION NO. 16-644

CONSIDERATION OF COUNTY CONTRACT FOR J. ANTHONY ENTERPRISES, 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 any actions authorized by these resolutions shall have no force or take effect until such time as the Directors have approved Nassau County’s Multi-Year Financial Plan for FY 2017 – FY 2020; 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 County’s Contract for J. Anthony Enterprises, Inc., which is projected to cost \$5,746,000; 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.

Adam Barsky
Chairperson

November 29, 2016

NASSAU COUNTY INTERIM FINANCE AUTHORITY

FOR CONSIDERATION

November 29, 2016

TO: NIFA Directors

FROM: Evan Cohen

SUBJECT: Contract Documents

REQUEST FOR: Order to Nassau County to Compile Certain Labor Related Documents

Introduction:

The NIFA Act and NIFA's Contract Review Guidelines require that the Directors approve labor contracts. In 2014, the Directors approved labor contract amendments for the Civil Service Employees Association, Inc. ("CSEA"), Detectives Association, Inc. ("DAI"), Police Benevolent Association ("PBA"), Superior Officers Association ("SOA"), and Sheriff's Correction Officers Benevolent Association ("COBA"), (collectively, the "Contracts" and the "Unions"). Those Contracts will each expire at the end of 2017 unless renegotiated at an earlier date.

Discussion:

Each of the Contracts were approved without NIFA having the benefit of a single discreet contract for each of the unions. At the time NIFA was told that the Contracts consisted of stipulations, side letters, settlement agreements, memoranda of agreement, interest arbitration awards, arbitration awards, improper practice decisions, etc. ("Terms") and production would be unwieldy.

Immediately after approval of the Contracts, both verbally and in writing, the County was informed that NIFA would not review any amendments to the Contracts until the County had prepared a single comprehensive contract document for each of the above referenced unions, which included all of the Terms, updated to the present.

All NIFA inquiries and requests for these Contracts have gone unanswered except for a multi-volume set of materials that was delivered to NIFA earlier in the year containing information related to the PBA. The County was informed immediately that the submission was not what we expected or were seeking.

To date we have not had any response from the County assuring us that they are working on compiling the Terms of all the Contracts into the format that NIFA has requested.

Requested Action:

You are requested to order the County, pursuant to Section 3669 of the Act, to provide NIFA by January 31, 2017 with complete Contracts related to each of the above referenced unions. Said Contracts must contain all of the Terms that would be relevant to a NIFA review of the Contracts or a review by an arbitrator or other reviewing entity.

Attachment:

Resolution

NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLUTION NO. 16-645

ORDER TO NASSAU COUNTY TO COMPILE CERTAIN LAOR RELATED DOCUMENTS

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 based upon the discussion in the Materials and pursuant to Section 3669 of the Authority Act, the County Attorney, because of his role as chief legal counsel to the County, is ordered to prepare comprehensive labor agreements, as outlined in the Materials, before January 31, 2017; 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.

Adam Barsky
Chairperson

November 29, 2016

NASSAU COUNTY INTERIM FINANCE AUTHORITY

FOR CONSIDERATION

November 29, 2016

TO: NIFA Directors

FROM: Evan Cohen

SUBJECT: Bond Anticipation Notes Borrowing, 2016 Series D BANs

REQUEST FOR: Consideration of Bond Anticipation Notes Borrowing by Nassau County

Introduction:

Nassau County has requested NIFA's approval of a proposed sale of bond anticipation notes ("BANs"). The maximum amount of proceeds will be \$98,600,000 plus costs of issuance. It is currently anticipated that the BANs will be sold in one series.

The reason for the County's request is found in section 3669 2(e) of the NIFA Act, which states that during a Control Period:

"The authority shall review the terms of each proposed long-term and short-term borrowing by the county and any covered organization to be effected during any control period, and no such borrowing shall be made during any control period unless it is approved by the authority."

The purpose of the issuance of the 2016 Series D BANs is to refund three series of County BANs scheduled to mature on December 15, 2016. The 2016 Series D BANs have been authorized pursuant to various bond ordinances of the County.

Discussion:

As you are aware, the County is exploring the possibility of entering into a public-private partnership ("P3") transaction involving its sewer system ("System") which is expected to continue to improve the efficiency of service delivery while transferring capital investment risk and environmental risk from the County to a concessionaire. If the County does enter into a P3 transaction involving the System, all sewer debt would need to be redeemed or economically defeased. Therefore, the County has been funding sewer capital projects through the issuance of federally-taxable BANs. It is the County's intention to continue to roll maturing BANs until a decision has been made on the P3 transaction.

Requested Action:

You are requested to approve the County's proposed issuance of BANs to fund the payment of maturing BANs, subject to the final review and approval of the Chairman or his designee(s).

Attachment:

Resolution

NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLUTION NO. 16-646

CONSIDERATION OF ISSUANCE OF BOND ANTICIPATION NOTES BY NASSAU COUNTY

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 based upon the discussion 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 of taxable BANs and hereby approves said borrowing on the condition that total proceeds, consisting of par and original issue premium, cannot exceed \$98,600,000 plus costs of issuance, and be it further

RESOLVED, that the final terms of the sale are subject to the review and approval of the Chairman of the Authority or his designee(s); 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.

Adam Barsky
Chairperson

November 29, 2016

NASSAU COUNTY INTERIM FINANCE AUTHORITY

FOR CONSIDERATION

November 29, 2016

TO: NIFA Directors

FROM: Evan Cohen

SUBJECT: Tax Anticipation Note Borrowing, 2016 Series A&B TANs

REQUEST FOR: Consideration of Tax Anticipation Notes Borrowing by Nassau County

Introduction:

Nassau County has requested NIFA's approval of a proposed sale of Tax Anticipation Notes ("TANs" or "Notes"). The maximum amount of proceeds will be \$260,000,000 plus costs of issuance. It is currently anticipated that the TANs will be sold in three maturities maturing in March, September and December of 2017.

The reason for the County's request is found in section 3669 2(e) of the NIFA Act, which states that during a Control Period:

"The authority shall review the terms of each proposed long-term and short-term borrowing by the county and any covered organization to be effected during any control period, and no such borrowing shall be made during any control period unless it is approved by the authority."

Issuance of the County's TANs was delegated to the County Executive by Ordinance 116-1959; consequently, it does not require new authorization by the County Legislature.

Discussion:

TANs are a common device used by public entities to help with cash flow until taxes are received.

The County typically does two cash flow borrowings each year – a Revenue Anticipation Notes ("RANs") issue in May / June and a TANs issue in November / December. The Notes are issued to provide monies to meet cash flow deficits expected to occur during the period the Notes are outstanding.

The County's lowest cash positions are typically in January and July, just prior to the receipt of the tax levy in March and September.

The requested amount of \$260,000,000 is more than the 2015 TANs. However, due to improved cash flow management, the County will no longer need to have RANs and TANs outstanding at

the same time. Therefore, the maximum amount of notes outstanding at any time during 2017 is projected to not exceed \$260 million, which is less than prior years. The County now expects to save \$1.6 million in interest expense on the notes compared to the 2017 Proposed Budget.

The issuance of the TANs in December allows the County to save \$1.6 million in pension costs by pre-paying the 2017 pension cost by December 15, 2016 instead of February 1, 2017.

After discussions between NIFA and County staff, we are convinced that this issuance is needed in order to meet the County's financial obligations.

Requested Action:

Although cash flow borrowings of any kind are not the sign of a robust financial position, they are commonly used by public entities. In this case, the County's rationale appears to be sound. You are requested to approve the County's proposed cash flow borrowing through TANs, subject to the final review and approval of the terms thereof by the Chairman or his designee(s).

Attachment:

Resolution

NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLUTION NO. 16-647

CONSIDERATION OF ISSUANCE OF TAX ANTICIPATION NOTES BY NASSAU COUNTY

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 based upon the discussion 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 of TANs and hereby approves said borrowing on the condition that total proceeds, consisting of par and original issue premium, cannot exceed \$260,000,000 plus costs of issuance, and be it further

RESOLVED, that any actions authorized by these resolutions shall have no force or take effect until such time as the Directors have approved Nassau County’s Multi-Year Financial Plan for FY 2017 – FY 2020; and be it further

RESOLVED, that the final terms of the sale are subject to the review and approval of the Chairman of the Authority or his designee(s); 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.

Adam Barsky
Chairperson

November 29, 2016

NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLUTION NO. 16-648

DISAPPROVING THE COUNTY'S MULTI-YEAR FINANCIAL PLAN FOR FISCAL 2017 – 2020, AND REQUIRING THAT THE COUNTY SHALL PROVIDE A MODIFIED PLAN BY DECEMBER 5, 2016

WHEREAS, Nassau County is operating in a control period, which the Nassau County Interim Finance Authority (“NIFA”) imposed on January 26, 2011; and

WHEREAS, the proposed Multi-Year Financial Plan Fiscal 2017 – 2020 (“Proposed Plan”), as presented to the County Legislature by the County Executive in September 2016, had revenue sources, including a new "public safety" fee on traffic and parking tickets that required action by the Legislature; and

WHEREAS, before Election Day, the Legislature approved substantially all of the County Executive's Proposed Plan while deferring a vote on certain ordinances, including the aforementioned public safety fee; and

WHEREAS, on November 21, 2016, the Legislature held its deferred vote on certain amendments to revenue-generating ordinances funding the County's Multi-Year Financial Plan Fiscal 2017 – 2020 (the "Adopted Plan") by (i) eliminating elements of the public safety fee equivalent to approximately \$36 million in projected revenues for FY 2017, and (ii) substituting projected revenues from a partial amnesty program designed to collect fees under a 2013 County law that is currently being challenged in court; and

WHEREAS, the NIFA staff has prepared a report on the Adopted Plan and its funding sources, dated November 29, 2016 (“Report”);

NOW, THEREFORE, BE IT RESOLVED, that the NIFA Directors hereby adopt the Report; and

BE IT FURTHER RESOLVED, that pursuant to Sections 3667(2)(e) and 3669(2)(a) of the NIFA Act, NIFA hereby disapproves the Adopted Plan, because it:

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;

BE IT FURTHER RESOLVED, that pursuant to Section 3667(2)(g) of the NIFA Act, NIFA hereby requires that the County shall provide NIFA no later than December 5, 2016 or such later date as approved by the Chairman of NIFA, with a modification of the Adopted Plan; and

BE IT FURTHER RESOLVED, that pursuant to Sections 3667(2)(g) and 3669(2)(a)(iv) of the NIFA Act, NIFA stands ready, should the County fail to provide a modified plan in sufficient detail or within the time period specified above, to make an appropriate finding of such failure, and to formulate and adopt its own modifications to the Adopted Plan, such modifications to become effective on their adoption by NIFA.

Adam Barsky
Chairman

November 29, 2016

NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLUTION NO. 16-649

**ORDER REQUIRING COUNTY OFFICIALS TO SUBMIT MODIFICATIONS TO THE
FINANCIAL PLAN ON OR BEFORE DECEMBER 5, 2016**

WHEREAS, on November 21, 2016, the Legislature held a deferred vote on certain amendments to revenue-generating ordinances funding the County's Multi-Year Financial Plan Fiscal 2017 – 2020 (the "Adopted Plan"), thereby causing a shortfall in the Adopted Plan by at least \$36 million; and

WHEREAS, on today's date, the Nassau County Interim Finance Authority ("NIFA") has disapproved the Adopted Plan and required the County to provide a modified plan (the "Modified Plan") for NIFA's consideration by December 5, 2016; and

WHEREAS, NIFA, pursuant to Section 3669 2(f) of the NIFA Act, shall issue to appropriate officials of the County such orders as it deems necessary to accomplish the purposes of the Act, including, but not limited to, timely and satisfactory approval of a financial plan;

NOW, THEREFORE, BE IT RESOLVED, that pursuant to Section 3669 2(f) of the NIFA Act, NIFA hereby orders the officials of the County to deliver by December 5, 2016 or such later date as shall be approved by the Chairman of NIFA, a Modified Plan with the following details:

1. The Modified Plan shall not include any revenues from the Legislature's income and expense law amnesty program ordinance passed on November 21, 2016;
2. The Modified Plan shall include at least \$36 million in verified expenditure reductions or revenue enhancements for FY 2017 in order to offset the reduction to revenues referenced in paragraph numbered 1 (at the same level of detail provided in the County's Supporting Schedules to the budget);
3. The Modified Plan shall not reduce the \$75 million appropriation for tax certiorari payments included in the Adopted Plan;
4. The Modified Plan shall not eliminate or reduce sources of revenues in the Adopted Plan other than to conform to the public safety fee ordinance passed on November 21, 2016 by the County Legislature, and shall not add or increase expenditures in the Adopted Plan.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that NIFA staff shall deliver a copy of this Order by email to the County Executive, the Deputy County Executive for Finance, and each member of the County Legislature.

Adam Barsky
Chairperson

November 29, 2016

***Nassau County Interim
Finance Authority***

NIFA

***REVIEW OF THE ADOPTED
MULTI-YEAR FINANCIAL PLAN
FISCAL 2017 – 2020***

November 29, 2016

NASSAU COUNTY INTERIM FINANCE AUTHORITY

DIRECTORS

Adam Barsky
Chair

Paul D. Annunziato

John R. Buran

Paul J. Leventhal

Lester Petracca

Howard S. Weitzman

Christopher P. Wright

STAFF

Evan L. Cohen
Executive Director

Carl A. Dreyer
Treasurer

Laurie A. Giardina
Corporate Secretary

Maria Kwiatkowski
Deputy Director

Jeremy A. Wise
General Counsel

OVERVIEW

On October 31, 2016, the County adopted a Multi-Year Plan for FY 2017 – 2020 (the “Plan”), which contains significant projected risks and deficits in each year. These risks include approximately \$142.3 million in FY 2017, when calculated in accordance with Generally Accepted Accounting Principles and without using “other financing sources” (such as bond proceeds) to support operating expenses (hereinafter, deficit on a “GAAP Basis”). The NIFA Act requires that the Control Period continue as long as there is at least a 1% deficit on a GAAP Basis in the County’s Major Funds (as defined in the Act), or \$29.8 million based on the FY 2017 Budget.

During the adoption process the Legislature deviated from its normal procedures and did not simultaneously approve the ordinances needed to generate the revenue required by the Plan. Instead, the Legislature waited until their meeting on November 21, at which time they approved only a portion of the revenue-generating ordinances that were required.

For example, the Legislature revised the Public Safety fee ordinance to exclude parking tickets and lowered the surcharge on moving violations from \$105 to \$55. This results in a projected loss of approximately \$36 million in recurring revenue budgeted in the Plan.

The Legislature maintains that the \$36 million loss can be offset by additional revenue it assumes the County will realize from its Income and Expense Law Amnesty Program. The Amnesty Program will allow commercial property owners, who were subject to fines for failing to file income and expense statements, to settle their liability at 75% of the amount owed.

Due to legal challenges to the Law, we consider the Amnesty Program revenue to be highly speculative in FY 2017. Even if the legal challenges of the property owners are unsuccessful, this revenue will likely decline rapidly. Enforcement will resolve the “backlog” and likely lead to greater compliance with the Law, thereby leaving large revenue shortfalls in the Out-Years of the Plan.

Consequently, we conclude that the ordinances passed at the Legislature’s meeting on November 21 only address a portion of the \$217.4 million in risks to the Plan that were identified in NIFA’s October Report and weaken an already fiscally-challenged Plan.

Our conclusions must be considered in the context of NIFA’s agreement with the County to demonstrate progress toward GAAP Basis balance by limiting the GAAP Basis deficit to \$80 million in FY 2016, \$60 million in FY 2017 and absolute balance in FY 2018. The Plan’s sizeable risks reduces our confidence that the County will be able to meet these benchmarks and fulfill its commitment. Much larger and more reliable increases in recurring revenues and/or reductions in recurring expenditures are obviously required.

The Plan does not chart a reliable or realistic course for effectuating long-term balance. Hence, despite the many actions taken by the Administration and Legislature to-date, the County is in need of gap-closing solutions that go beyond those already included in the Plan.

As a consequence of these findings and the apparent lack of progress by the County in solving its fiscal problems, the Directors not only need to maintain the Control Period, but should seriously consider mandating budget cuts of at least \$36 million. These cuts will help to ensure that operations of the County will be conducted within the resources available and future generations will not inherit a disproportionate responsibility for the actions of the current generation.

The remainder of this Report, read in conjunction with NIFA's October Report, provides both the historical context and analysis that were utilized to arrive at the preceding comments.

BACKGROUND

At a meeting on October 13, 2016, the Directors accepted a staff report (“October Report”), which contained a series of analyses and findings concerning the proposed Multi-Year Financial Plan for Fiscal Years 2017 – 2020 (the “Proposed Plan”). The October Report was subsequently transmitted to the County Executive and Legislature for consideration.

The October Report discussed a number of risks and concerns, totaling \$217.4 million on a GAAP Basis, and concluded that it was out of balance and either expenditures or revenues in the Proposed Plan needed to be adjusted before it would be acceptable to the Directors. These actions (one or both) were necessary in order to meet the Board’s directive to limit the GAAP Basis deficit in FY 2017 to \$60 million and achieve absolute balance in FY 2018.

As noted in the following discussion, the actions taken by the County Legislature have not sufficiently satisfied the concerns of the Directors.

On October 31, 2016, the Legislature approved the FY 2017 Budget and Plan (containing a number of amendments and technical adjustments to the first year of the Proposed Plan), which are discussed on page 9. The County Executive did not veto any of the amendments, some of which had reduced the \$88 million in proposed new and revised fee revenue to \$77 million.

In a deviation from its normal procedures, the Legislature did not approve the corresponding ordinances on October 31 that were needed to generate the \$77 million in budgeted revenue. Finally, on November 21 the Legislature approved revenue-generating ordinances, but these left large deficits in the Budget and Plan.

The deficits occurred because the Legislature revised the Public Safety fee initiative to exclude parking tickets and lowered the fee proposed by the County Executive from \$105 to \$55. The Legislature did not modify the Budget to accommodate this change; thereby opening a gap of \$36 million in budgeted Public Safety fee revenue. The Legislature asserts that the loss can be offset by \$36 million in additional revenue, which it presumes the County can realize from its Income and Expense Law Amnesty Program.

We question the Legislature’s assumptions regarding the Income and Expense Law and associated Amnesty Program, especially since the Law continues to be legally challenged. Even if lower Courts eventually rule in favor of the County, it is likely to be appealed to the Court of Appeals, thereby hindering the County’s ability to realize the needed revenue in FY 2017.

Consequently, we conclude that only a portion of the risks identified in NIFA’s October Report was addressed in the Plan.

UPDATE OF ANALYSIS

We have reviewed the County’s Plan, which incorporates several amendments and technical adjustments that were approved by the Legislature during the legislative adoption process. These changes are discussed in the next section of this Report. The following discussion should be read in conjunction with our October Report for a complete understanding of our analysis and concerns with the Plan.

FY 2017

The County addressed a portion of the FY 2017 issues and risks that were discussed in our October Report. However, our analysis indicates that the FY 2017 Budget still contains approximately \$142.3 million in projected risks on a GAAP Basis, including \$60 million related to the proposed borrowing for tax certiorari refunds.

Although this projection is \$75.1 million lower than our October analysis of the Proposed Plan, it remains more than four times the \$29.8 million deficit which would otherwise trigger a Control Period had one not already been in place since 2011. Even if the County receives approvals from the Legislature and NIFA to borrow the aforementioned \$60 million, the remaining risks total approximately \$82.3 million, which is a formidable challenge for the County to manage in FY 2017. Furthermore, the County’s non-budgeted reserves remain inadequate to mitigate significant unanticipated events or litigation, such as settlements with the Towns associated with the “utilities lawsuits.”

We are concerned by the County’s lack of significant progress and aggressiveness in reducing the projected GAAP Basis deficit using reasonable projections of revenues and expenditures (see chart below). Further, it is obvious that even if the County is successful in limiting the GAAP Basis deficits to \$80 million in FY 2016 and \$60 million in FY 2017, it will still be far from achieving absolute balance in FY 2018.

Operating Results on a GAAP Basis								
(\$ in millions)								
FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016p	FY 2017p
(\$180.4)	(\$144.9)	(\$160.0)	(\$64.1)	(\$73.6)	(\$189.2)	(\$105.3)	(\$80.0) ^a	(\$142.3) ^b

^a Assumes achievement of County initiatives designed to reduce deficit to \$80 million in FY 2016. ^b Prior to achievement of County initiatives designed to reduce deficit to \$60 million in FY 2017.

The risks in the FY 2017 Budget, which are shown in Table 1, are discussed in detail in our October Report. It should be noted that the Legislature did not modify the Budget despite its downward revision of the Public Safety Fee ordinance and new presumption of additional revenue from implementation of the Income and Expense Law Amnesty Program. Consequently, our revised projections indicate a Public Safety Fee risk of \$38.8 million, which discounts by 10% the projected revenue assumed by the Legislature and leaves unchanged our \$10 million risk related to the Income and Expense Law. To be clear, we do not believe the County will collect the additional \$36 million in revenue from

the Amnesty Program; however, these revenues have not been officially included in the Budget; therefore, they are not reflected as a risk in Table 1.

Table 1

ANALYSIS OF FY 2017 BUDGET			
Surplus/(Risk)			
(\$ in millions)			
(\$ in millions)	FY 2017 Proposed	FY 2017 Adopted	Change Better/(Worse)
Revenues:			
Permits and Licenses	(\$3.2)	\$0.0	\$3.2
Fines and Forfeitures	(\$67.4)	(\$40.0)	\$27.4
<i>Public Safety Fee</i>	<i>(64.4)</i>	<i>(38.8)</i>	<i>25.6</i>
<i>Boot and Tow Fee</i>	<i>(2.0)</i>	<i>(0.2)</i>	<i>1.8</i>
<i>Other</i>	<i>(1.0)</i>	<i>(1.0)</i>	<i>0.0</i>
Rents and Recoveries	(7.1)	(5.1)	2.0
<i>Sale of County Land</i>	<i>(5.1)</i>	<i>(5.1)</i>	<i>0.0</i>
<i>BOE Chargebacks</i>	<i>(2.0)</i>	<i>0.0</i>	<i>2.0</i>
<i>Other</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Departmental Revenues	(22.6)	(12.4)	10.2
<i>Income and Expense Law</i>	<i>(10.0)</i>	<i>(10.0)</i>	<i>0.0</i>
<i>Other</i>	<i>(12.6)</i>	<i>(2.4)</i>	<i>10.2</i>
Bond Proceeds for Operations	(60.0)	(60.0)	0.0
<i>Tax Certiorari Payments</i>	<i>(60.0)</i>	<i>(60.0)</i>	<i>0.0</i>
OTB Profits (VLTs)	(3.0)	(3.0)	0.0
Sales Tax	(10.3)	(4.2)	6.1
Other Revenue	(1.3)	(0.8)	0.5
Total Revenues	(174.9)	(125.5)	49.4
Expenditures:			
Salaries and Wages	(12.0)	(12.0)	0.0
<i>Overtime</i>	<i>(12.0)</i>	<i>(12.0)</i>	<i>0.0</i>
Tax Certiorari Payments	0.0	0.0	0.0
Judgments and Settlements	(20.2)	0.0	20.2
Contingency Reserve	10.0	0.0	(10.0)
Other Expenditures	(0.8)	(0.3)	0.5
Total Expenditures	(23.0)	(12.3)	10.7
Projected Risks on a Budgetary Basis	(\$197.9)	(\$137.8)	\$60.1
GAAP Basis Adjustments*	(19.5)	(4.5)	15.0
Projected Risks on GAAP Basis	(\$217.4)	(\$142.3)	\$75.1

*Includes required modified accrual accounting adjustments estimated by the Comptroller.

There are two potentially positive changes in our risk projections, which are unrelated to the technical and Legislative adjustments discussed on page 9. The changes

relate to our improved projection of sales tax revenue and assessment of resources available to pay unbudgeted judgments and settlements.

Our analysis indicates that sales tax revenue may be \$6.1 million higher than previously projected after accounting for the State’s latest quarterly reconciliation distribution in October. The year-to-date results now indicate that actual receipts were stronger than previously led to believe from earlier distributions made by the State. While still using a modest projected growth rate of 1.5% in FY 2017, the current strength translates into greater projected revenues in FY 2017. Further, the County demonstrated to us how it could have sufficient balance in its Litigation Fund at the end of FY 2016 to cover the \$20.2 million in unfunded judgments and settlements we had previously identified as a risk in FY 2017.

FY 2018 – FY 2020

The County projects baseline gaps of \$78.9 million in FY 2018, \$92.9 million in FY 2019, and \$98.9 million in FY 2020 (the “Out-Years”) even if it can successfully implement its entire FY 2017 gap-closing plan, which has been fully incorporated into the Plan. However, consistent with our findings discussed in the October Report, our analysis continues to indicate that the County’s revised projections of Out-Year gaps may be understated if the risks we identified in FY 2017 are not satisfactorily addressed with recurring solutions. We project that the baseline gaps could reach \$224.9 million in FY 2018, \$251.3 million in FY 2019 and \$267.8 million in FY 2020 prior to consideration of the County’s Out-Year Gap Closing Plan, as shown in Table 2.

Table 2

Projected Out-Year Gaps			
(\$ in millions)	FY 2018	FY 2019	FY 2020
County Estimated Baseline Gap	(\$78.9)	(\$92.9)	(\$98.9)
NIFA Risks (including GAAP Basis adjustments)	(146.0)	(158.4)	(168.9)
NIFA Estimated Baseline Gap	(\$224.9)	(\$251.3)	(\$267.8)

Closing the Out-Year Gaps – The County’s Out-Year Gap Closing Plan, even if fully implemented, is insufficient to close the baseline gaps projected by the County and also mitigate the projected risks identified in our analysis. Furthermore, we have an ongoing concern that the Gap Closing Plan repeats many of the same initiatives already proposed in earlier financial plan submissions, almost all of which contained considerable risk or require outside approval. These concerns are discussed in our October Report.

LEGISLATIVE AMENDMENTS

This section of the Report discusses the Budget amendments (and certain technical adjustments) adopted by the Legislature on October 31, 2016.

The County made several changes to the Proposed Budget, which in aggregate resulted in the Major Funds of the FY 2017 Budget (as defined in the Act) being decreased by \$25.8 million when excluding interdepartmental transfers. The largest changes are shown in Table 3. As discussed previously, the Legislature also revised its revenue assumptions for the Public Safety Fee initiative and Income and Expense Law Amnesty Program. However, these decisions are not reflected in Table 3 since the Legislature did not make the corresponding adjustments to the Budget.

Table 3

Legislative Amendments			
Expenditures		Revenues	
Reductions			
Contingency Reserve	(\$10.0)	Fund Balance Resources	(\$15.0)
Medicaid	(5.4)	Mortgage Recording Fee	(4.0)
Terminal Leave Payments	(5.0)	Bus Fare Revenue	(2.2)
Savings from Initiatives	(2.3)	County Clerk Fees	(2.0)
Interest Expense	(1.7)	Board of Elections	(2.0)
Recipient Grants	(1.2)	Other Revenue	(0.6)
Other Expense	(0.2)		
Increases			
		Other Revenue	0.5
Total	(\$25.8)		(\$25.8)

Revenue Reductions:

Fund Balance – The County removed \$15 million of Fund Balance that had been appropriated to pay operating expenses in the Proposed Budget. The earlier inclusion of this budget line had increased the projected GAAP Basis deficit on a dollar for dollar basis, which far exceeded the \$60 million deficit NIFA is permitting in FY 2017.

Mortgage Recording Fee – The proposed increase in the mortgage recording fee, which had been projected to generate an additional \$4 million in revenue, was eliminated.

Bus Fare Revenue – The \$2.2 million in additional revenue that the County had anticipated from a proposed increase in the bus fare was removed and the proposed increase was reversed.

County Clerk Fees – The Legislature eliminated proposed increases in the deed recording and other miscellaneous Clerk fees. The fee increases were projected to generate \$2 million in additional revenue.

Board of Elections – The Legislature eliminated the proposed Board of Elections’ chargeback initiative, which would have charged back to other municipalities the additional costs it incurs for special and non-Countywide primary and elections. The Administration projected that this initiative would have relieved the County of approximately \$2 million in related costs.

Expenditure Reductions:

Contingency Reserve – The \$10 million contingency reserve was eliminated and the appropriation for police termination costs was reduced by \$5 million to offset the budgetary hole created by the removal of \$15 million in Fund Balance resources that had been allocated in the Proposed Budget (as discussed above).

We have consistently noted that Fund Balance should not be used to fund operating expenditures (it is not an operating revenue); hence, we consider the removal of these resources to be fiscally prudent. However, we have also noted that it is fiscally imprudent to adopt a multi-year financial plan that lacks budgeted contingencies that would be available to mitigate unanticipated revenue shortfalls or cost overruns. This action could result in disruptive mid-year cuts that are progressively larger if negative variances develop and fewer months remain in the year.

Police Termination Payments – The County reduced its projection of expenditures for police termination payments by \$5.0 million to \$34.2 million, which approximates the costs for 135 police officer retirements. This reflects a reduction of approximately 20 uniformed positions from the original projection of \$39.2 million in the Proposed Budget. The County maintains that with the exception of 2015, the norm for Police retirements is 100 and, therefore, the adjustment to the Adopted Budget still provides sufficient funding to cover the cost of usual separations.

Medicaid Savings – The County is assuming that the Medicaid Enhanced Federal Medical Assistance Percentage (“eFMAP”) under the Affordable Care Act is being maintained at FY 2016 levels. Further, the County’s projections are based on recent advisements it received from the New York State Department of Health pertaining to downward adjustments to the County’s weekly share and indigent care payments. Finally, the County projects savings in the Health Care Premium component resulting from the State’s Medicaid takeover. Combined, these are projected to lower County expenditures by \$5.4 million.

Savings from Initiatives (attrition and vacancies) – The County reduced its projection for salaries and wages by \$2.3 million to reflect additional savings from attrition and vacancies that had not been included in the Proposed Plan. The savings include \$65,000 in the County Clerk’s Office, \$400,000 in the Comptroller’s Office and \$1.8 million in unallocated Countywide reductions. The County maintains that its initial

projection was based on an average salary of \$39,000, which was well below the average salary of \$60,000, and that the new projection still provides a conservatively estimated savings target that it can achieve.

Interest Savings – The appropriation for debt service was reduced by approximately \$1.7 million. The County attributes the savings to lower interest rates and reduced note borrowings and maturities than had been assumed in the Proposed Budget.

Recipient Grants – Safety Net caseloads are trending lower than assumed in the Proposed Budget. The County is assuming that lower unemployment will sustain this trend and result in \$1.2 million in additional savings.

VI. APPENDIX

ADOPTED MULTI-YEAR FINANCIAL PLAN FOR FISCAL YEARS 2017-2020

MAJOR FUNDS				
EXPENDITURES				
OBJECT	2017 Adopted	2018 Plan	2019 Plan	2020 Plan
AA-SALARIES, WAGES & FEES	895,451,794	911,585,327	916,267,527	920,923,546
AB-FRINGE BENEFITS	537,884,179	566,767,327	592,411,790	618,091,769
AC-WORKERS COMPENSATION	35,305,186	35,305,186	35,305,186	35,305,186
BB-EQUIPMENT	2,049,460	2,066,471	2,066,471	2,066,471
DD-GENERAL EXPENSES	38,062,550	38,635,668	39,068,982	39,320,866
DE-CONTRACTUAL SERVICES	250,942,143	251,944,188	252,350,671	252,767,315
DF-UTILITY COSTS	38,454,203	39,171,297	40,937,522	42,166,172
DG-VAR DIRECT EXPENSES	5,250,000	5,250,000	5,250,000	5,250,000
FF-INTEREST	118,477,210	131,853,579	129,588,458	132,293,749
GA-LOCAL GOVT ASST PROGRAM	68,399,582	70,078,322	71,799,030	73,562,755
GG-PRINCIPAL	94,230,001	107,700,170	119,024,999	130,395,000
HH-INTERFD CHGS - INTERFUND CHARGES	27,484,271	27,243,188	24,479,896	24,197,064
MM-MASS TRANSPORTATION	43,699,392	44,891,144	46,117,457	47,379,332
NA-NCIFA EXPENDITURES	2,000,000	1,925,000	1,975,000	2,025,000
OO-OTHER	277,914,254	239,784,693	238,032,821	222,986,417
PP-EARLY INTERVENTION/SPECIAL EDUCATION	135,000,000	137,700,000	140,454,000	143,263,080
SS-RECIPIENT GRANTS	59,900,000	60,499,000	61,406,485	62,327,582
TT-PURCHASED SERVICES	67,583,171	68,934,834	71,002,879	72,422,937
WW-EMERGENCY VENDOR PAYMENTS	48,775,000	48,287,250	48,287,250	48,287,250
XX-MEDICAID	236,570,744	249,795,962	247,826,793	247,826,793
TOTAL	2,983,433,140	3,039,418,604	3,083,653,215	3,122,858,284
REVENUES				
OBJECT	2017 Adopted	2018 Plan	2019 Plan	2020 Plan
AA - FUND BALANCE	0	0	0	0
BA - INT PENALTY ON TAX	35,200,000	35,200,000	35,200,000	35,200,000
BC - PERMITS & LICENSES	20,224,235	19,224,235	20,224,235	19,224,235
BD - FINES & FORFEITS	132,194,036	130,488,704	130,488,704	130,488,704
BE - INVEST INCOME	979,000	979,000	979,000	979,000
BF - RENTS & RECOVERIES	23,733,780	24,713,780	24,713,780	24,713,780
BG - REVENUE OFFSET TO EXPENSE	14,400,000	14,400,000	14,400,000	14,400,000
BH - DEPT REVENUES	227,028,063	222,228,063	222,228,063	222,228,063
BO - PAY LIEU TAX PAYMENT IN LIEU OF TAXES	42,346,721	42,289,884	41,017,919	40,426,882
BQ - D/S FROM CAP - DEBT SERVICE FROM CAPITAL	63,450,000	3,243,795	3,243,795	3,243,795
BS - OTB NON-TAX REVENUE	3,000,000	20,000,000	20,000,000	20,000,000
BW - INTERFD CHGS - INTERFUND CHARGES REVENUE	79,118,426	84,764,250	85,117,893	87,696,509
FA - FEDERAL AID - REIMBURSEMENT OF EXPENSES	137,083,311	138,219,832	139,347,703	140,465,175
SA - STATE AID - REIMBURSEMENT OF EXPENSES	212,238,590	213,693,120	215,175,678	216,686,813
TA - SALES TAX CO - SALES TAX COUNTYWIDE	1,054,394,190	1,080,754,045	1,107,772,896	1,135,467,218
TB - PART COUNTY - SALES TAX PART COUNTY	88,097,286	89,327,421	91,560,606	93,849,621
TL - PROPERTY TAX	816,994,240	808,203,589	806,579,408	806,305,368
TO - OTB 5% TAX	2,511,262	2,392,034	2,279,302	2,172,712
TX - SPECIAL TAXES - SPECIAL TAXES	30,440,000	30,440,000	30,440,000	30,440,000
TOTAL	2,983,433,140	2,960,561,751	2,990,768,982	3,023,987,876
SURPLUS/(DEFICIT)	0	(78,856,852)	(92,884,233)	(98,870,408)

ADOPTED PLAN COMPARED TO PROPOSED PLAN

MAJOR FUNDS CHANGES				
EXPENDITURES				
OBJECT	2017 Adopted	2018 Plan	2019 Plan	2020 Plan
AA-SALARIES, WAGES & FEES	(7,023,377)	(210,351)	(209,534)	(208,802)
AB-FRINGE BENEFITS	0	(460,000)	(635,122)	(732,699)
AC-WORKERS COMPENSATION	0	0	0	0
BB-EQUIPMENT	0	0	0	0
DD-GENERAL EXPENSES	0	0	0	0
DE-CONTRACTUAL SERVICES	(115,094)	(117,972)	(120,920)	(123,944)
DF-UTILITY COSTS	0	0	0	0
DG-VAR DIRECT EXPENSES	0	0	0	0
FF-INTEREST	(1,671,800)	0	0	0
GA-LOCAL GOVT ASST PROGRAM	0	0	0	0
GG-PRINCIPAL	0	0	0	0
HH-INTERFD CHGS - INTERFUND CHARGES	0	0	0	0
MM-MASS TRANSPORTATION	0	0	0	0
NA-NCIFA EXPENDITURES	0	0	0	0
OO-OTHER	(10,328,200)	20,000,000	20,000,000	20,000,000
PP-EARLY INTERVENTION/SPECIAL EDUCATION	0	0	0	0
SS-RECIPIENT GRANTS	(1,200,000)	(1,212,000)	(1,230,180)	(1,248,633)
TT-PURCHASED SERVICES	0	0	0	0
WW-EMERGENCY VENDOR PAYMENTS	0	0	0	0
XX-MEDICAID	(5,414,291)	(5,869,912)	(3,294,556)	(3,294,556)
TOTAL	(25,752,762)	12,129,764	14,509,689	14,391,367
REVENUES				
OBJECT	2017 Adopted	2018 Plan	2019 Plan	2020 Plan
AA - FUND BALANCE	(15,000,000)	0	0	0
BA-INT PENALTY ON TAX	0	0	0	0
BC-PERMITS & LICENSES	(1,053,565)	(1,053,565)	(1,053,565)	(1,053,565)
BD-FINES & FORFEITS	(420,000)	(420,000)	(420,000)	(420,000)
BE-INVEST INCOME	0	0	0	0
BF-RENTS & RECOVERIES	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
BG-REVENUE OFFSET TO EXPENSE	(41,790)	(41,790)	(41,790)	(41,790)
BH-DEPT REVENUES	(7,237,407)	(7,237,407)	(7,237,407)	(7,237,407)
BO-PAY LIEU TAX - PAYMENT IN LIEU OF TAXES	0	0	0	0
BQ-D/S FROM CAP - DEBT SERVICE FROM CAPITAL	0	0	0	0
BS - OTB NON-TAX REVENUE	0	1,000,000	(5,000,000)	(5,000,000)
BW-INTERFD CHGS - INTERFUND CHARGES REVENUE	0	0	0	0
FA-FEDERAL AID - REIMBURSEMENT OF EXPENSES	0	0	0	0
SA-STATE AID - REIMBURSEMENT OF EXPENSES	0	0	0	0
TA-SALES TAX CO - SALES TAX COUNTYWIDE	0	0	0	0
TB-PART COUNTY - SALES TAX PART COUNTY	0	0	0	0
TL-PROPERTY TAX	0	0	0	0
TO-OTB 5% TAX	0	0	0	0
TX-SPECIAL TAXES - SPECIAL TAXES	0	0	0	0
TOTAL	(25,752,762)	(9,752,763)	(15,752,762)	(15,752,762)
SURPLUS/(DEFICIT)	0	(21,882,527)	(30,262,450)	(30,144,128)