

NASSAU COUNTY INTERIM FINANCE AUTHORITY  
MINUTES OF THE MEETING OF THE DIRECTORS  
HELD ON NOVEMBER 25, 2013

Pursuant to notice dated November 18, 2013, a meeting of the Nassau County Interim Finance Authority (“NIFA”) was convened at 9:42 AM 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:

Jon Kaiman, Chairman  
Paul Annunziato  
John Buran  
George Marlin  
Lester Petracca  
Dermond Thomas  
Christopher Wright

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

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

The Chairman stated that the first item on the agenda was a resolution to approve the minutes of the October 9, 2013 Directors’ meeting.

Upon motion duly made and seconded, the following resolution was approved with Chairman Kaiman, Director Annunziato and Director Petracca abstaining:

Resolution No. 13-460

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE OCTOBER 9, 2013 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 October 9, 2013 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

\* \* \*

Chairman Kaiman then entertained a motion to go into executive session to discuss potential litigation.

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

Resolution No. 13-460 A

EXECUTIVE SESSION - PURSUANT TO SECTION 105 OF THE PUBLIC OFFICERS LAW

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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 9:43 AM the open session of the Directors was temporarily adjourned and an executive session of the Directors was convened. At 10:30 AM the executive session was adjourned and the open session was reconvened. No votes were taken in the Executive Session.

General Counsel Wise stated that the next item on the agenda was a resolution concerning NIFA's auction rate securities. He stated that in 2004 and 2005 NIFA issued over \$700 million in

short term securities called auction rate securities. He stated that in 2008 because of dislocations in the market, NIFA had difficulty remarketing those short term auction rate securities and ultimately switched to other forms of borrowing. General Counsel Wise stated that the law firm of Kirby and McInerney has applied for an appointment to work -on a contingency basis- to try to recover monies from various investment banks which got NIFA involved in the auction rate process.

Chairman Kaiman stated that NIFA would like to move forward with this action, but also would like to explore other firms to assess their skill sets and experience.

Director Annunziato stated that he was employed by one of the firms that may be a defendant in this action and he was, therefore, recusing himself from this matter.

Director Wright stated that he would also be recusing himself.

Upon motion duly made and seconded, the following resolution was approved with Directors Annunziato and Wright recusing themselves:

Resolution No. 13-461

#### AUTHORIZATION TO APPOINT A LAW FIRM AND TO TAKE 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 “NIFA”); and be it further

RESOLVED, that based upon the Materials presented to this meeting, the Directors hereby delegate to the Chairman or his designees the authority to enter into a contract with the law firm of Kirby McInerney LLP (the “Firm”) or any other law firm that he finds to be qualified, in order to pursue any rights or recoveries that NIFA may have in relation to its auction rate bonds or related matters; and be it further

RESOLVED, that this contract is given on a sole source basis because of the unique nature of the assignment, the expertise of the Firm in similar matters and the extraordinary circumstances which makes advertising impractical or inappropriate.

\* \* \*

General Counsel Wise stated that the next item on the agenda was a resolution authorizing the County to issue bond anticipation notes for approximately \$122 million. He stated that the proceeds will be used to continue working on Superstorm Sandy related projects.

Chairman Kaiman recused himself from this item on the agenda since it related to Superstorm Sandy.

Upon motion duly made and seconded, the following resolution was approved with Chairman Kaiman recusing himself:

Resolution No. 13-462

CONSIDERATION OF ISSUANCE OF 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 bond anticipation notes and approves such issuance(s) in the amounts 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.

\* \* \*

General Counsel Wise stated that the next item on the agenda was a resolution authorizing the County to issue General Obligation Bonds.

Director Marlin asked that each item be voted on separately for these bonds. He then made a motion to approve Category A, which is the issuance of approximately \$51 million for general purpose capital projects and for sewer and storm water projects.

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

Resolution No. 13-463 A

CONSIDERATION OF ISSUANCE OF GENERAL OBLIGATION BONDS BY NASSAU COUNTY – CATEGORY A

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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 and approves such issuance(s) in the amounts described in the Materials under Category A (plus costs of issuance) 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.

\* \* \*

Chairman Kaiman then made a motion to approve Category B, which is the issuance of \$6.5 million for termination pay.

Chairman Kaiman stated that the original request was for \$30 million but that NIFA was authorizing the issuance of only \$6.5 million for termination pay. He stated that this resolution would also include authorization to use \$3.5 million from a prior bond issuance.

Upon motion duly made and seconded, the following resolution was approved with Director Marlin voting no:

Resolution No. 13-463 B

**CONSIDERATION OF ISSUANCE OF GENERAL OBLIGATION BONDS BY NASSAU COUNTY – CATEGORY B**

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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 and approves such issuance(s) in the amounts described in the Materials and under Category: B (plus costs of issuance) upon the conditions outlined in the Materials; and be it further

RESOLVED, that any bond funds not already expended from the \$26.5 million authorized by NIFA on March 22, 2012 for PBA, DAI, and SOA separation payments, may be used without restriction for PBA, DAI and SOA termination pay; 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.

\* \* \*

Director Marlin then made a motion to approve Category C, which is the issuance of approximately \$1,348,000 for Workman’s Compensation bonds.

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

Resolution No. 13-463 C

CONSIDERATION OF ISSUANCE OF GENERAL OBLIGATION BONDS BY NASSAU COUNTY- CATEGORY C

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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 and approves such issuance(s) in the amounts described in the Materials in Category: C (plus costs of issuance) 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.

\* \* \*

Director Marlin then made a motion to approve Category D, which is the issuance of \$718,000 for judgments and settlements.

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

Resolution No. 13-463 D

CONSIDERATION OF ISSUANCE OF GENERAL OBLIGATION BONDS BY NASSAU COUNTY- CATEGORY D

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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 and approves such issuance(s) in the amounts described in the Materials under Category: D (plus costs of issuance) 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.

\* \* \*

Director Marlin then made a motion to approve Category E, which is the issuance of \$35 million for tax certiorari related matters.

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

Resolution No. 13-463 E

**CONSIDERATION OF ISSUANCE OF GENERAL OBLIGATION BONDS BY NASSAU COUNTY- CATEGORY E**

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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 and approves such issuance(s) in the amounts described in the Materials under Category: E (plus costs of issuance) 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.

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Director Marlin then made a motion to approve the next item on the agenda which was to authorize the issuance Tax Anticipation notes.

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



unanimously:

Resolution No. 13-464

CONSIDERATION OF ISSUANCE OF TAX ANTICIPATION NOTES BY NASSAU COUNTY

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(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 \$227,592,260 including 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.

\* \* \*

General Counsel Wise stated that the next item on the agenda was a resolution to consider the approval of contracts between the County Attorney’s office and outside vendors. He stated that since the County Attorney’s office has a history of submitting contracts late and/or commencing work on contracts prior to NIFA approval, the NIFA Directors had stated that they would like to review them.

Mr. Wise stated that the first contract is with Leventhal, Cursio, Mullaney & Sliney relating to the Board of Elections.

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

Resolution No. 13-465 A

REVIEW OF CONTRACT FROM THE COUNTY ATTORNEY'S OFFICE FOR LEVENTHAL,  
CURSIO, MULLANEY & SLINEY LLP

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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 the County struggles to regain fiscal balance, and it is operating under a financial plan that contemplates, among other measures, transitional borrowing for operating expenses and a continuing wage freeze on the compensation of County employees; and be it further

RESOLVED, that County must continue to deliver essential services to County residents; and be it further

RESOLVED, that in these circumstances, NIFA must scrutinize contracts for expenditures that are not consistent with the County's current financial condition and the priorities, necessities, judgments and fiscal realities embodied in the County's adopted financial plan; 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 contract numbered CQAT13000010 in the amount of \$25,000;; 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.

\* \* \*

Chairman Kaiman stated that the next County Attorney contract with the law firm of Bee, Ready, Fishbein, Hatter & Donovan for \$500,000 is problematic since it was submitted to NIFA very recently. He stated that since the Directors have not had time to review this contract, he was recommending that the contract be rejected, without prejudice, if the County wanted to resubmit it to NIFA at a subsequent meeting.

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

Director Annunziato recusing himself:

Resolution No. 13-465 B

REVIEW OF CONTRACT FROM THE COUNTY ATTORNEY'S OFFICE FOR BEE, READY,  
FISHBEIN, HATTER & DONOVAN

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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 the contract between the County Attorney's Office and the law firm of Bee Ready, Fishbein, Hatter & Donovan for \$500,000 is hereby rejected without prejudice if the County wishes to resubmit it to NIFA for approval at a subsequent meeting of the Directors; 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.

\* \* \*

Director Marlin then asked about a settlement the County Attorney paid to the Bishop firm concerning a contract that the NIFA Directors had previously rejected. Mr. Wise stated that he has found out that the former County Attorney did settle a contract claim for a contract that was previously rejected by the NIFA Directors.

Chairman Kaiman stated that NIFA would pursue a legal opinion as to what course of action should be taken since this was not the intent of the Directors when they rejected the contract that was settled.

Chairman Kaiman stated that the next item on the agenda was a resolution to adopt the NIFA staff report concerning the adopted Nassau County Multi-Year Financial Plan, Fiscal 2014-2017. He then asked Executive Director Cohen to brief the Directors on the report.

Executive Director Cohen stated in October, NIFA issued a report on the County's proposed Multi-Year Plan which concluded that it contained approximately \$104 million of risks on a budgetary basis and \$122 million on a GAAP basis as well as greater amounts in the out years. He stated that in response to NIFA's report, the County's adopted Multi-Year Plan reflected the elimination of bonding that had been previously proposed for settlements after 2014, and a description of a plan for reducing tax certiorari liability. He stated that the County made several other minor changes to the proposed budget which in aggregate resulted in the major funds of 2013 budget being decreased by \$300,000.

Executive Director Cohen then stated that the Plan does not reflect any of the unbudgeted costs from lifting the wage freeze. He projected annual gaps in the out-years of approximately \$100 million larger than the County projects. He stated that the County will need to find new ways to increase revenues or reduce expenditures.

Chairman Kaiman stated that 2014 budget appears to be workable but the out-years do not appear to work.

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

Resolution No. 13-466

**APPROVING THE COUNTY'S MULTI-YEAR FINANCIAL PLAN FOR FISCAL 2014 –  
2017, WITH CERTAIN CONDITIONS**

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

WHEREAS, in September 2013 the County Executive submitted to NIFA his proposed Multi- Year Financial Plan for Fiscal 2014 – 2017 (“Proposed Plan”), the first year of which is his proposed 2014 Budget; and

WHEREAS, on October 9, NIFA accepted a staff report concluding that the Proposed Plan should be considered for approval only if certain conditions were satisfied; and

WHEREAS, on October 28, 2013, the County Legislature adopted its Multi-Year Financial Plan for Fiscal 2014 – 2017 (the “MYP”), the first year of which is the County’s 2014 Budget, which is now before NIFA for approval or disapproval; and

WHEREAS, the County is hereby and herewith reminded of its obligation to (a) save \$150 million in recurring personnel-related costs and (b) achieve a balanced budget in accordance with Generally Accepted Accounting Principles (“GAAP”) and consistent with the NIFA Act by 2015 and in each year thereafter, both as preconditions to certain transitional borrowing which may, as a consequence of meeting these conditions, be approved by NIFA in its sole discretion. The County is further reminded hereby that it has not, to date, met these conditions; and

WHEREAS, the NIFA Staff has prepared a report on the MYP, which the Directors hereby adopt;

NOW, THEREFORE, BE IT RESOLVED, that pursuant to Sections 3667(2) and 3669(2)(a) of the N.Y. Public Authority Law, Chapter 43-A, NIFA approves the MYP, including the 2014 Budget, subject to the conditions set forth in the Staff’s report, to wit:

- (i) POINT ONE: The County shall no later than any request for related borrowing, deliver a revised Multi-Year Plan, approved by the Legislature and signed by the County Executive, which (a) reduces the deficit in 2014 by \$30 million and (b) is balanced in accordance with Generally Accepted Accounting Principles (“GAAP”) in 2015 and each year thereafter. The determinations of the sufficiency of the deficit reduction in 2014 and GAAP balance in 2015 and thereafter will be solely within the discretion of NIFA.
- (ii) POINT TWO: Unanticipated savings or revenues that are not directly used to offset negative variances in line items in the 2014 Budget or MYP must be disclosed to NIFA before they are committed. The County and NIFA will then consult as to their highest and best use including, but not limited to (but with a bias toward), the reduction of County debt service or debt issuance. In addition, all other significant variances and their resolution must be disclosed to NIFA on a timely/real time basis and through written reports referenced in Point Four below.
- (iii) POINT THREE: NIFA’s approval of any “transitional cert borrowing” in FY 2013 – 2014 is predicated on the understanding that the proceeds will be used to pay

down new liability as well as the backlog so that in FY 2015 the County will be in a position to fund both the backlog and new liability with operating funds.

- (iv) POINT FOUR: If NIFA's approves any borrowings for non-cert judgments and settlements or employee terminal leave payments they must be predicated on the understanding that the proceeds will be used only during FY 2013- 2014 and that beginning in 2015 all non-cert judgments and settlements and employee terminal leave payments will be funded through operating revenues. The only exception shall be for large and unanticipated judgments, the determination of which will be subject to NIFA approval.
- (v) POINT FIVE: The County will continue to be required within 21 days after the end of every month to submit a report to NIFA that follows the same format as the "Monthly County Budget Report." Receipt of these reports will be a condition to approval of any additional borrowing and each report should include all budget variances including, but not limited to:
- A report of sales tax collections, together with a projection of year end results and the justification for the projection.
  - A report showing, by department, funded positions, filled positions, separations, transfers in/out, and new hires.
  - A copy of the County's proposed State legislative agenda, with sponsor and bill numbers for each gap-closing initiative that requires implementation during FY 2014 and FY 2015, together with monthly updates.
  - An accounting of certiorari payment activity and estimated backlog.

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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 11:20 AM.

Respectfully submitted,

Laurie A. Boucher  
Corporate Secretary