

NASSAU COUNTY INTERIM FINANCE AUTHORITY
MINUTES OF THE MEETING OF THE DIRECTORS
HELD ON MARCH 10, 2014

Pursuant to notice dated March 4, 2014, a meeting of the Nassau County Interim Finance Authority (“NIFA”) was convened at 6:30 PM at the Marriott Long Island Hotel & Conference Center located at 101 James Doolittle Blvd, Uniondale, NY 11553.

The following Directors of the Authority were present:

Jon Kaiman, Chairman
Paul Annunziato
Paul Leventhal
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 January 27, 2014 Directors’ meeting.

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

Leventhal abstaining:

Resolution No. 14-487

APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JANUARY 27, 2014 MEETING OF THE DIRECTORS OF THE NASSAU COUNTY INTERIM FINANCE AUTHORITY

RESOLVED, that the Minutes of the meeting of the Authority held on January 27, 2014 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

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Chairman Kaiman welcomed Director Leventhal back as a NIFA Director.

General Counsel Wise stated that the next item on the agenda was a resolution to consider the approval of the retention and/or solicitation of a replacement for the 2008 D-1 and 2008 D-2 Remarketing Agent. He stated the firm that NIFA was using has been dissolved and this resolution would allow NIFA to continue using the principal of the dissolved firm, Bernard Beal, at his new firm.

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

Resolution No. 14-481

APPROVAL OF THE RETENTION AND/OR SOLICITATION OF A REPLACEMENT FOR THE 2008 D-1 AND 2008 D-2 BONDS REMARKETING AGENT

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 ("NIFA") and be it further

RESOLVED, that the Directors accept, endorse and approve the course of action and recommendations in the Materials concerning the retention and/or solicitation of a new remarketing agent for NIFA's 2008 D-1 and 2008 D-2 Bonds, including but not limited to the hiring of outside

advisors or lawyers; 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 requesting authorization to enter into a five-year liquidity agreement with TD Bank, which would replace JP Morgan Chase Bank in connection with NIFA's 2008A Bonds and to take related action.

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

Wright abstaining:

Resolution No. 14-482

AUTHORIZATION TO ENTER INTO A LIQUIDITY FACILITY IN CONNECTION WITH
NIFA'S 2008A BONDS 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 ("NIFA"); and be it further

RESOLVED, that in accordance with the Materials, the Chairman or his designee(s) is hereby authorized to negotiate and execute a five year liquidity facility with TD Bank in connection with NIFA's 2008A Bonds substantially upon the terms and conditions discussed in the Materials; and be it further

RESOLVED, that in connection with the substitution of liquidity providers for the Series 2008A Bonds, the Chairman or his designee(s) is authorized to cause a mandatory tender of said Bonds, and to take such steps as are necessary for the reoffering of said Bonds by the Remarketing Agent, including the preparation and distribution of a reoffering circular with respect to such Bonds, in such form as he may deem reasonable and appropriate; and be it further

RESOLVED, that reasonable outside counsel fees and disbursements for the aforesaid liquidity facility

provider is hereby approved, as well as fees and disbursements for NIFA's outside counsel, Sidley Austin LLP, and its Financial Advisor, Lamont Financial Services, together with such other expenditures as are deemed necessary or appropriate in connection with the completion of the aforesaid actions, be it further

RESOLVED, that all actions heretofore taken by the Chairman or his designee(s) in furtherance of the foregoing resolutions are hereby ratified and approved; and be it further

RESOLVED that the Chairman or his designee(s) are further authorized to take all actions deemed necessary or appropriate to implement the foregoing and related actions.

* * *

Deputy Director Maria Kwiatkowski stated that the next item on the agenda was a resolution to consider a contract between Nassau County and Hazen and Sawyer/Malcolm Pirnie. She stated that the amount of the contract amendment is approximately \$5,000,000. She stated that there is a potential for the funding to be reimbursed by FEMA.

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

Resolution No. 14-483

CONSIDERATION OF COUNTY CONTRACT FOR HAZEN AND SAWYER / MALCOLM PIRNIE

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 of the County's Contract for

Hazen Sawyer / Malcolm Pirnie in the amount of \$5,000,740, bringing the total not to exceed amount to \$34,147,665; 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 future 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.

* * *

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 was between the County and Albanese and Albanese. He stated that since this is Superstorm Sandy related the Chairman will need to recuse himself from the vote.

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

Resolution No. 14-484-A

REVIEW OF CONTRACTS FROM THE COUNTY ATTORNEY'S OFFICE

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 the contract with Albanese and Albanese numbered CQPW14000002 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.

* * *

Mr. Wise stated that the next contract was between the County and Leventhal, Cursio, Mullaney & Sliney LLP. He stated that this was a contract to represent the County in a matter called Hoey vs. County of Nassau.

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

Resolution No. 14-484-B

REVIEW OF CONTRACTS FROM THE COUNTY ATTORNEY'S OFFICE

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 the contract with Leventhal, Cursio, Mullaney & Sliney LLP numbered CQPD14000001 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.

* * *

Mr. Wise stated that the final contract was between the County and Berkman, Henoch, Peterson, Peddy & Fenchel, PC. He stated that this was a contract to represent the County in a matter called Isley vs. County of Nassau.

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

Resolution No. 14-484-C

REVIEW OF CONTRACTS FROM THE COUNTY ATTORNEY'S OFFICE

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 the contract with Berkman, Henoch, Peterson, Peddy & Fenchel, PC numbered CQAT13000012 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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Chairman Kaiman stated that the next item on the agenda was the consideration of the County wage freeze. The Chairman then made the following statement:

"In 2011, the NIFA board issued a wage freeze order so as to prevent the County from devolving further into a condition of fiscal chaos. It's believed that from 2011 to 2013, Nassau County saved \$230 million. In 2014, the County is still in dire financial straits, requiring NIFA to

continue to impose restraint on Nassau's financial expenditure. The wage freeze, while still necessary from a strict fiscal analysis, is creating havoc amongst the County workforce and its application in creating additional financial risks for the County. As we enter the fourth year of the wage freeze, NIFA is taking measures to modify and/or lift the wage freeze, if certain conditions set forth in a pending resolution are met. In essence, Nassau County's efforts bring itself back to the point where it can meet its obligations can have had some effect on its financial picture, but not enough to allow us to lift the wage freeze outright. Accordingly through extensive negotiation, there appears to be a pathway to lifting the wage freeze, while achieving real, long-term savings. The County will be obligated to pay the cost of COLA and step increases over the next four years and the unions will provide contract concessions that amount to hundreds of millions of dollars of savings over the long term. Therefore, it is my intention to propose that the wage freeze be lifted upon the authorization of each collective bargaining agreement, with terms and conditions set forth in the negotiation process. The answer to those terms are that COLAs and steps issue upon the agreement to this proposal with the understanding that COLAs for 2011, '12, and '13 are waived, COLAs will be awarded for 2014, '15, '16, and '17; steps will be awarded the month following the authorization of this agreement, again in September of this year, and each year afterwards. Each union may have small variations of this schedule pursuant to the negotiations with Nassau County. All new county employees, including police, will pay towards their pensions and contribute to towards their medical benefits. Additional concessions have been previously negotiated that form the basis of this agreement. It should be noted that the unions' litigation on the legality of the wage freeze is preserved, but they waive the right to litigate the accruals and compounding of wage increases lost

or delayed. The one exception to the this is that if the wage freeze is found to be found unlawful in all respects during the period from 2011 to 2013, the unions may be awarded the 2011.. the 2011 and 2012 cost of living adjustment and the year subsequent to the completion of the wage-freeze litigation. Nassau County will agree to commit and pay for all costs associated with this agreement through the year 2017. NIFA will secure said dollars through its authority over the county sales tax revenue, which passes through NIFA as part of NIFA's charge to pay County debt service and NIFA administrative costs. Nassau County will also apply speed camera revenue, unbudgeted red -light camera revenue, and unbudgeted sales and mortgage recording tax revenue to cover said costs consistent with this agreement. I would like to thank the NIFA staff, including our outside counsel, for all the work that they have done to see this through. I would like to thank the NIFA board for engaging in this process as they all and we all have done, and the union and County leaders who have participated in these discussions these last five months. I would note that I have had conversations with the leadership of all of the unions involved in this process — certainly the PBA and the CSEA were very much at the forefront of these negotiations with the County—the others played a role as well and I know that negotiations continue. The hope is that all five of the major unions will come to an agreement or resolution with the contracts consistent with this, or with these resolutions that are before this board tonight and the result will be that the wage freeze is in fact lifted for all County employees.”

The Chairman stated that the following resolutions regarding the wage freeze must be voted on by the Directors. He stated that if agreements can be reached with the Unions, then the wage

freeze can be lifted at a later time.

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

Thomas opposing:

Resolution No. 14-485

**FINDING A WAGE FREEZE IS ESSENTIAL TO THE ADOPTION AND MAINTENANCE
OF A FINANCIAL PLAN AND BUDGET FOR NASSAU COUNTY IN COMPLIANCE
WITH GOVERNING LEGISLATION**

WHEREAS, on March 24, 2011, March 22, 2012, and March 14, 2013, NIFA adopted resolutions imposing successive wage freezes of one year each on County employees; and

WHEREAS, during the Control Period, NIFA has approved three Multi-Year Financial Plans (for periods Fiscal 2012 – 2015, 2013 – 2016 and 2014 – 2017), each contemplating that substantial borrowing would be necessary to finance operating expenditures, including the cost of tax certiorari settlements and judgments, while transitioning to a balanced budget; and

WHEREAS, the County failed to meet conditions imposed by NIFA in its resolutions approving the Multi-Year Financial Plans for Fiscal 2012 – 2015 and Fiscal 2013 – 2016, and the County as yet has not met conditions imposed by NIFA in its resolutions approving the Financial Plan for Fiscal 2014 – 2017; and

WHEREAS, on October 9, 2013, the County Comptroller "[s]trongly urge[d] the Administration to return to annually paying at least \$50 million of property tax refunds with recurring revenues," with the \$50 million "amount approximat[ing] the annual running average payout for 2010 through 2012"; and

WHEREAS, the County nevertheless planned to address its tax certiorari liabilities in 2014 and subsequent years principally through local legislation eliminating the County Guaranty; and

WHEREAS, on November 25, 2013, NIFA adopted a report of its Staff that, even assuming continuation of the wage freeze and successful reduction of tax certiorari liabilities through the local legislation, projected County deficits in excess of \$100 million in 2014, \$140 million in 2015, \$160 million in 2016 and \$175 million in 2017; and

WHEREAS, on February 18, 2014, the New York Court of Appeals issued its decision in *Baldwin Union Free School Dist. v. County of Nassau*, which invalidated the local legislation, thereby continuing the County's sole responsibility for \$75 to \$100 million in annual operating expenses associated with tax certiorari settlements and judgments; and

WHEREAS, NIFA, having analyzed the expenditure and revenue components of the County's current outlook for FY 2014 through FY 2017, finds that the savings contributed by a wage freeze are a necessary component for the next 12 months and will be essential to setting the County on a path to fiscal balance as required by law; and

WHEREAS, during a control period, by law NIFA may in appropriate circumstances adopt a Resolution finding that a wage freeze is essential to the adoption or maintenance of a County budget or a financial plan that is in compliance with the State legislation that established NIFA,

NOW, THEREFORE, BE IT RESOLVED, that NIFA hereby finds that a wage freeze as authorized by NIFA's governing legislation is essential to the County's adoption and maintenance of its FY 2014 Budget and Multi-Year Plan as well as compliance with State law.

* * *

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

Wright and Thomas opposing:

Resolution No. 14-485

DECLARING A CONTINUING FISCAL CRISIS IN NASSAU COUNTY AND ORDERING, WITH RESPECT TO EMPLOYEES OF THE COUNTY, THE SUSPENSION OF ALL INCREASES IN SALARY OR WAGES, AND THE SUSPENSION OF INCREASED PAYMENTS FOR HOLIDAY AND VACATION DIFFERENTIALS, SHIFT DIFFERENTIALS, SALARY ADJUSTMENTS ACCORDING TO PLAN, AND STEP-UPS AND INCREMENTS

WHEREAS, on March 24, 2011, March 22, 2012, and March 14, 2013, NIFA adopted resolutions declaring a fiscal crisis and imposing one-year wage freezes on Nassau County employees; and

WHEREAS, on this date, March 10, 2014, NIFA adopted resolution No. 14-485, which finds that a wage freeze, as authorized by NIFA's governing legislation, is essential to the County's adoption and maintenance of the County's adopted Budget and Multi-Year Financial Plan, and to compliance with such legislation; and

WHEREAS, by law NIFA, after enactment of Resolution No. 14-485, may declare a fiscal crisis and, upon making such declaration, shall be empowered to order a wage freeze for one year;

WHEREAS, NIFA and its Staff have analyzed the Multi-Year Financial Plan, Fiscal 2014-2017, adopted by the County Legislature, which was reluctantly approved by NIFA with conditions; and

WHEREAS, the wage freeze will provide substantial savings during the ensuing 12-month period; and

WHEREAS, even assuming such savings from a wage freeze, NIFA determines that the County will be significantly challenged to achieve statutory balance by FY 2015, let alone the end of the Multi-Year Financial Plan, and will require additional borrowing to meet ongoing operating expenses as it endeavors to transition to a GAAP balanced budget;

WHEREAS, over the course of several months, NIFA representatives have engaged in extensive, good faith discussions with leaders of the unions representing County employees and with leaders of the County government;

Whereas, NIFA representatives have participated in numerous meetings with union leaders and County leaders to help facilitate a resolution of the current wage freeze while recognizing NIFA's statutory obligations to address the current fiscal crisis and the imbalance in the County's current and projected revenues and expenditures; and

Whereas, considerable progress has been made toward convincing the NIFA Directors that they may be able to reach a reasoned decision to lift the wage freeze in a manner consistent with their statutory duties and the requirements of the governing NIFA statute;

WHEREAS, these discussions have explored, and NIFA has considered seriously, the impact of the wage freeze on County personnel and their families, the impact of the freeze on employee morale and future hiring, as well as the impact of lifting the freeze on the County's finances and fiscal credibility;

WHEREAS, these discussions have explored potential avenues for lifting the wage freeze, in a manner consistent with the fiscal stability of the County and the requirements of the NIFA Act, by the County generating new revenues and securing savings through new labor agreements;

WHEREAS, through these discussions, NIFA has identified conditions that, if faithfully implemented through County legislation and new labor agreements, would allow NIFA to terminate the wage freeze; and

WHEREAS, NIFA has consistently maintained, and hereby reiterates, its intention that the wage freeze apply fairly to all County personnel, including ordinance employees, and not solely to the unionized workforce;

WHEREAS, County sales tax revenue flows through NIFA for the purpose of paying debt service and NIFA administrative costs;

NOW, THEREFORE, BE IT RESOLVED, that NIFA hereby declares that the fiscal crisis in the County continues; and be it further

RESOLVED, that NIFA intends to lift the wage freeze promptly upon satisfaction of the following conditions:

1. The unions will complete negotiations with the County for new collective bargaining agreements, approved by the County Legislature and NIFA.

a. Negotiations between the PBA and the County, and between the CSEA and the County, have created a framework for new agreements acceptable to NIFA.

b. The PBA model awards wage increases during the period of the agreement, provides for cost of living increases, and restores certain steps lost during the wage freeze.

c. The PBA model offsets these costs through a combination of new targeted County revenue sources (such as proposed new school zone speed cameras), savings through attrition, and labor concessions (e.g., new salary charts for new hires, health care and pension contributions and work rule changes).

2. The County must achieve the dollar figures from new revenue sources, in the amounts projected to NIFA, to offset the net cost (above labor concessions) of each new labor agreement.

a. Subject to applicable law and agreements with holders of obligations or other parties, the County shall commit to dedicate revenues from speed cameras, mortgage recording fees, sales tax, and other revenues received in excess of budgeted amounts to the extent necessary to fund any shortfall in the payment of additional costs attributable to labor agreements entered into in connection with termination of the wage freeze.

b. The County will authorize NIFA in writing to hold back sufficient sales tax revenue to guarantee compliance, if necessary.

3. The unions will preserve their legal claim that NIFA acted illegally by ordering the wage freeze in the period March 2011 through March 2014. The unions will waive legal claims that their members accrued increased wage levels (through steps, COLAs or any other increases) during the period March 2011 through March 2014. However, if the courts reach a final determination, after all appellate rights have been exhausted, that the wage freeze in the period March 2011 through March 2014 was illegally imposed for that entire period in all respects, then the County would pay to the union member the COLAs for 2011 and 2012 in the year subsequent to the conclusion of the litigation.

RESOLVED, that the wage freeze remains necessary pending satisfaction of the conditions referenced above; and be it further

RESOLVED, that NIFA hereby orders that all increases in salary or wages of employees of the

County (including ordinance employees), which will take effect after the date of this order pursuant to collective bargaining agreements, other analogous contracts or interest arbitration awards, now in existence or hereafter entered into, requiring such salary increases as of any date thereafter are suspended for one year; and be it further

RESOLVED, that NIFA hereby orders that all increased payments for holiday and vacation differentials, shift differentials, salary adjustments according to plan, and step-ups and increments for employees of the County (including ordinance employees) which will take effect after the date of this order pursuant to collective bargaining agreements, and other analogous contracts or interest arbitration awards requiring such increased payments as of any date thereafter are, in the same manner, suspended for one year.

* * *

Director Thomas stated that he opposed the resolutions because he feels that the County must find other ways to balance the budget rather than relying so heavily on the wage freeze.

Director Wright stated that he opposed the resolution because he believes the cost of lifting the wage freeze is closer to \$250 million and does not believe that the County has demonstrated its ability to pay for it. He also stated that the County has a lot of work to do to demonstrate its ability to pay but it is possible.

Director Wright then entertained a motion to adjourn. Upon motion duly made and seconded, the Directors voted unanimously to adjourn the meeting at 7:10 PM.

Respectfully submitted,

Laurie A. Boucher
Corporate Secretary