

**BUDGET & FINANCE COMMITTEE
OF THE
SUFFOLK COUNTY LEGISLATURE**

MINUTES

A meeting of the Budget & Finance Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York, on Tuesday, June 17, 2008.

Members Present:

Legislator Ricardo Montano - Chairman
Legislator Kate Browning - Vice-Chair
Legislator Thomas Barraga
Legislator Edward Romaine
Legislator John Kennedy
Legislator Brian Beedenbender
Legislator Lou D'Amaro

Also In Attendance:

George Nolan - Counsel to the Legislature
Bob Martinez - Aide to Legislator Montano
Barbara LoMoriello - Deputy Clerk of the Legislature
Gail Vizzini - Director/Budget Review Office
Linda Bay - Aide to Minority Caucus
Ben Zwirn - Deputy County Executive
Allen Kovesdy - Deputy Director/County Executive's Budget Office
Debra Alloncius - AME
All Other Interested Parties

Minutes Taken By:

Donna Catalano - Court Stenographer

Minutes Transcribed By:

Denise Weaver - Legislative Aide

(*THE MEETING WAS CALLED TO ORDER AT 10:05 A.M.*)

CHAIRMAN MONTANO:

Good morning, everyone. I apologize for being late. I had to run back to the house, I forgot something. We're going to start the meeting right now with the Pledge of Allegiance, Budget and Finance Committee meeting and Legislator Browning would you start us with the Pledge of Allegiance.

Salutation

CHAIRMAN MONTANO:

Okay. We don't have any correspondence this month. There are no public -- no cards were submitted. So I'm going to ask Allen Kovesdy from the County Attorney's -- I mean from the County Executive's Office and Gail Vizzini to make a presentation. Allen, you're going to discuss the tobacco securitization?

MR. KOVESDY:

No. I'm just going to update what -- I wasn't at that, Robert was at that.

CHAIRMAN MONTANO:

The microphone. All right. So what are you going to present to us?

MR. KOVESDY:

Good morning.

CHAIRMAN MONTANO:

Good morning.

MR. KOVESDY:

I'm going present to you what's happening on 1307, where we are on that resolution and what the schedule is.

CHAIRMAN MONTANO:

That's tobacco securitization. Isn't it?

MR. KOVESDY:

No, it's two parts, sir. There's tobacco securitization is one --

CHAIRMAN MONTANO:

And the tax liens.

MR. KOVESDY:

The tax lien is the second. The -- all the bids for the tobacco securitization came in last week and there was a meeting, a presentation by some of the groups last Friday. I wasn't there, Robert was there. He might give you more information on that. The tax liens are due at 3:30 on Monday.

CHAIRMAN MONTANO:

The RFP's.

MR. KOVESDY:

The RFP's will be returned.

CHAIRMAN MONTANO:

The responses, okay.

MR. KOVESDY:

And being that Tuesday is a Legislative meeting, they will -- the analysis will start on Wednesday is scheduled Wednesday's and Thursday for the analysis on the tax liens. Once the committee meets, our reports will be done and then a comparison of the two proposals will be presented to the County Executive and the Legislature as per the law.

CHAIRMAN MONTANO:

Okay. I was -- I received a letter Thursday afternoon. What time Bob? About four o'clock inviting me to the bid presentations for Friday. I believe there were four or five on the agenda. I was able to attend the first two. I don't know, did any other Legislator receive an invitation?

LEG. ROMAINE:

No.

LEG. BEEDENBENDER:

I got an e-mail.

CHAIRMAN MONTANO:

All right. Well, I did attend two of the presentations. I was not able to attend the afternoon session so I was just wondering if anyone else attended. So I have an idea of -- well, certainly the first two I'm aware of, the second two I don't have the booklets yet on that. Robert, did you stay for the full session?

MR. LIPP:

Yes.

CHAIRMAN MONTANO:

And there were how many presentations, four in total?

MR. LIPP:

There were four, yes, four.

CHAIRMAN MONTANO:

Okay. And how many bids were submitted on that Allen?

MR. KOVESDY:

I'm not on that, but I'm on the tax lien side, I can't give you that.

CHAIRMAN MONTANO:

Oh, okay. So you're doing the other part of it.

MR. LIPP:

I believe there were seven bids and four were considered acceptable and asked to give presentations.

CHAIRMAN MONTANO:

Okay. So the four that were on the agenda were those four that were deemed acceptable.

MR. LIPP:

Correct.

CHAIRMAN MONTANO:

Gotcha.

MR. KOVESDY:

I could also tell you that three people showed up for the bidders conference on the tax liens and had questions and we answered the questions and they went out.

CHAIRMAN MONTANO:

The bidders conference is simply an informal meeting between the, I guess, the unit that sent out the RFP and those that are interested in bidding prior to their bid. Is that correct?

MR. KOVESDY:

Exactly.

CHAIRMAN MONTANO:

Okay. All right. Anyone have any questions on this?

LEG. D'AMARO:

I do.

CHAIRMAN MONTANO:

Mr. D'Amaro.

LEG. D'AMARO:

Good morning. Just a quick point of clarification. Next week you anticipate both the tobacco and the tax liens responses to be reviewed and then compared to one another. And then they're going to be presented you said by the end of the week to us and the County Executive?

MR. KOVESDY:

No. We -- we're getting them in on Monday, but I don't know how many bids we're getting in.

LEG. D'AMARO:

What are you getting in on Monday?

MR. KOVESDY:

The tax liens, 3:30 on Monday.

LEG. D'AMARO:

Okay, 3:30 on Monday. Tuesday's a Legislature meeting.

MR. KOVESDY:

So Wednesday will be the first meeting of the committee based on how complex they are --

LEG. D'AMARO:

Okay.

MR. KOVESDY:

-- how many that come in, we're meeting -- we're scheduled for Wednesday and Thursday to commence.

LEG. D'AMARO:

The review of the responses to the RFP on the tax liens?

MR. KOVESDY:

Right.

LEG. D'AMARO:

Sale of tax liens.

MR. KOVESDY:

Right. Then the tax liens alone will be ranked as in any RFP and scored based on an RFP and once they are scored that score will go to a central person who will compare the tobacco and that

together because that's what you asked for in the resolution.

LEG. D'AMARO:

Right. And so that comparison is going to be made available to us.

MR. KOVESDY:

Yes. It's required as part of the legislation.

LEG. D'AMARO:

Right. And what's target date for us getting the comparison the two -- we're comparing whether to go with tobacco or with tax liens. When do we get the comparison from your office?

MR. KOVESDY:

I'm not sure of the date because I don't know how long it's going to take on the other end, but --

LEG. D'AMARO:

Do you anticipate it might be next week by the end of the week?

MR. KOVESDY:

Or the beginning of the following week, I would think so.

LEG. D'AMARO:

Okay.

MR. KOVESDY:

It's a priority because we basically canceled everything else on my end that we're doing next week just to do the RFP.

LEG. D'AMARO:

Okay. So we can look for the comparison of the two sets of responses --

MR. KOVESDY:

In a short time frame.

LEG. D'AMARO:

-- probably not by Friday of next week, but early into the next week.

MR. KOVESDY:

Yeah, there's a different time frame. I'll get back to you.

CHAIRMAN MONTANO:

All right. If anyone wants, I have a copy of 1307 available for them. Just one quick point, Allen, in terms of the tobacco securitization and the tax liens, we're talking about and/or in other words, the possibility of doing both, not one versus the other. Am I correct in that? Or you correct me if I'm not.

MR. KOVESDY:

I'm just charged to review the both of them and to present to the County Executive and the Legislature the best alternatives for you guys to decide what you want to do.

CHAIRMAN MONTANO:

Right. But the best alternatives could include doing both. It's not mutually exclusive is what I'm saying.

MR. KOVESDY:

No, my understanding is you can only do one.

CHAIRMAN MONTANO:

You can do -- okay.

MR. KOVESDY:

Only do one this year.

CHAIRMAN MONTANO:

Is that, Counsel, is according to 1307 --

MR. KOVESDY:

That's what we discussed at this subcommittee meetings that only -- you can only do one because the -- you can't go out and bond both of those.

CHAIRMAN MONTANO:

Okay. Counsel?

MR. NOLAN:

Yeah, the ninth resolved clause states that --

CHAIRMAN MONTANO:

Which one?

MR. NOLAN:

The ninth resolved clause, that after through legal and financial analysis and review only the more fiscally and socially prudent option of tobacco or tax lien sales as determined by resolution approved by the Legislature shall be pursued. That's what that resolution says. That doesn't mean that later we can -- that precludes us for passing another resolution to do both.

CHAIRMAN MONTANO:

Okay. So it's one or the other.

MR. KOVESDY:

That's my understanding.

CHAIRMAN MONTANO:

Gotcha. Okay.

LEG. KENNEDY:

Mr. Chair.

CHAIRMAN MONTANO:

Go ahead.

LEG. KENNEDY:

Okay. Allen, you spoke about the fact that the bids have been received. Anytime that a bid is let it's basically let on a certain set of parameters or what in fact is being sought in the first instance. Who defined what's being sort so far?

MR. KOVESDY:

There was a group that met, a representative of Audit and Control, a representative of the Treasurer, we had people from BRO and our office. We did the initial draft and then it was revised and Purchasing sent it out.

LEG. KENNEDY:

Okay. Then I'm going to shift over to BRO for a second. When it came to defining these bids, what

were the broad scale parameters? Did we look at terms of years, did we look at stream of revenue? Did we look at optimization of what might be received in lieu of what would be the normal course of revenue over a series of years? How did we define the parameters?

MR. LIPP:

First of all, let's make it clear that we're talking about the tax liens, not tobacco.

LEG. KENNEDY:

Well, actually I thought I was speaking about both.

MR. LIPP:

Okay. Good thing that I mentioned that then.

LEG. KENNEDY:

So I'm aching for an answer on anything.

MR. LIPP:

Okay. What Allen was talking about and he would like to clarify so be my guest, but he was talking about when I was there for helping to put together the RFP for tax liens, his office put it together and I was part of a group that looked at modifications.

LEG. KENNEDY:

Okay. So let's speak about that first and then we'll go to the tobacco.

MR. KOVESDY:

All right. Tax liens are open-ended. There were -- we left a clause for any unique proposal would be accepted. So tax liens was open-ended to any type of proposal, whether it's a single year or a multi-year. We left it open. That was the decision of the working group that they wanted any unique proposal so we left it open to any unique proposals.

LEG. KENNEDY:

One of the things that we had spoken about when we contemplated tax liens, I believe was that there be some latitude on our part to continue to look at flexibility if we wanted to go with 215's or other types of hardship issues. Was that a factor that was presented?

MR. KOVESDY:

Yes, sir. It was a -- we dealt exclusively -- we listed all the laws, in there, Suffolk County Tax Act, Mr. Montano's law and all the other laws, they were included. There was also a request that any -- that anything -- any foreclosure there be a methodology that if there were any foreclosures they would come back to the County first. There was a methodology if the County wanted to give property that they come back and address that. So we looked at every possibility and we laid it out in specifics.

LEG. KENNEDY:

Okay. So we have tax liens with a fairly broad type of a query or an offering, multiple types of iterations, one-year, multi-year, however somebody's going to come to us. On the other side of the equation, we have tobacco securitization. Now, was BRO a part of defining what the letting or broad parameters were there?

MR. LIPP:

No.

LEG. KENNEDY:

Okay. So who defined that then, Allen?

MR. KOVESDY:

The LDC.

LEG. KENNEDY:

And do we -- let me to Counsel, do we have a seed on that LDC that's a three person.

CHAIRMAN MONTANO:

No.

MR. NOLAN:

The Presiding Officer made a designation.

CHAIRMAN MONTANO:

Terry.

LEG. KENNEDY:

Okay. So he was a part of the definition. Is this -- is there a certain period of years that being sort?

MR. KOVESDY:

I can't answer that. I'm not involved in that end of it.

MR. LIPP:

Yes.

LEG. KENNEDY:

What I'm trying to get at is if we're actually going to be presented with what's fiscally prudent or optimal, how do we compare something on one side that seems to me somewhat amorphous and something on the other side that I presume is very well defined?

MR. KOVESDY:

At the end your going to get something that compares apples to apples, year to years and give you a choice otherwise, you know, it would be a waste of time.

MS. VIZZINI:

The RFP for the tobacco securitization was very specific in terms of a target amount and a targeted amount over the 2008 through the next five -- 2012 Operating Budget, targeted amounts. There was latitude in terms of structuring the deal and there is still some -- they will be meeting again to receive the second level of interest to pursue securitizing either earlier years or securitizing beginning in 2013 as the original RFP indicated.

So more than likely, although I'm not a hundred percent sure whether it will be the Budget Office or the financial consultant, Capital Markets, who prepares the comparison. I would expect that you'll get, you know, how much money up front over what period of time and at what cost. And to what -- you know, because we had a targeted amount in resolution 283 of about 50 to \$60 million to offset half of the current shortfall.

LEG. KENNEDY:

But you bring up a good point and that's, I guess, what through the Chair I would like to say I'll be extremely interested to see not only which methodology yields what amount, but what amount of revenue we are forfeiting or foregoing by embracing this policy. And what the impact is going to be both now and into out-years.

LEG. KENNEDY:

Okay. Mr. Chair, I'll yield.

MS. VIZZINI:

The RFP itself called for no more than 75% of the revenue and there are two scenarios. There's a 75% and 67% scenario. So there will be some continuation of revenue, but, you know, 25%.

LEG. KENNEDY:

Okay. Thank you, Mr. Chair.

CHAIRMAN MONTANO:

All right. Legislator Barraga.

LEG. BARRAGA:

I just want to go a step further. I'm beginning to get a little uneasy about, you know, the gap of 120 to 150 million. My impression was that the steps we've taken so far, I think it's tobacco securitization, would close the gap to the tune of like 60 or \$65 million. But we still have roughly another 65 or 70 million that we have to deal with and we're not talking about that and we haven't had any meetings recently and time is moving by. I'm a bit concerned about, you know, what steps are we taking to close the other 65 or \$70 million that is still out there. Or is it out there? Do we have some sort of a windfall coming in because of gasoline or heating oil or something along those lines. Is Foley playing a role in this?

You know, we have a choice right now in terms of you coming in and comparing tax liens to tobacco securitization. And Mr. Montano made a good point and I made this in the past, do we find ourselves in a situation where we do another resolution and have to do both this year to close the gap. I don't see any discussion beyond that 65 or 70, yet we all agree that this shortfall is in the range between 120 and 150 and here we are into June already. Anybody want to elaborate on what else we intend to do here to close this gap?

LEG. MONTANO:

Allen?

LEG. BARRAGA:

Thank you.

MS. VIZZINI:

I can't --

LEG. MONTANO:

Ben, would you like to come forward?

MS. VIZZINI:

I can, you know, these are all major policy decisions. We are probably doing more in this year than we have done in the past 15 or 20 years in terms of major policy decisions. When the budget panel was constructed we knew that we were addressing half the problem in resolution 283. One of the components of 283 was each department had to look at their revenue, the extent to which they could enhance revenue and the Budget Office did send over several days ago to the Presiding Officer and I gave it to my staff to review, if these revenue enhancements are approved by a resolution, they will more than likely appear in the '09 Operating Budget. They total \$3.2 million, which is not a -- it's a step in the right direction, if you have the threshold to increase some of these fees that are recommended.

Mid September, I think it's a third Friday in September, the 2009 Operating Budget will be before you. This is one of the reasons why many of the proposals for the tobacco and the tax liens in addition to resolution 283 are considered on the fast track because the Executive Budget Office will be able to assume that the Legislature is willing to move forward with certain policy determinations. Those other policy determinations, how the other 70 million is addressed could be a combination of many things. It could involve a modest increase in taxes. It could involve swinging some of the sales tax from one fund to another. It could involve and probably should involve accessing the \$130

million in Tax Stabilization Reserve. Short of that, you're talking selling other assets, consolidations and to what extent they mitigate the problem.

LEG. BARRAGA:

Yeah, but the whole of point of this exercise from the very beginning was to do -- really accomplish two goals to avoid a tax increase and to avoid layoffs. I mean, I don't want to find myself nor other members find ourselves in a position where, you know, there's a -- due a lack of discussion on the other 65 or 70 million, then we're forced to take unbelievable draconian actions in order to close that gap.

MR. KOVESDY:

The record -- I'm sorry, the recommended budgets, requested budgets have just been received as of last week. So we really don't even know at this point what the departments are requesting, if there are additional mandates or anything else.

LEG. BARRAGA:

Well, I mean, how much savings are we talking there, just a few million dollars -- that, you know, 3 million, \$4 million? I'm talking 65 or 70 and I'd like to have some direction as to what you have in mind to close it. We were pretty aggressive on the first half of it, but it's still a huge amount of money that's out there and there's been no discussion. We're sort of bogged down in this tobacco securitization lien business and yet time is going to by, I want to find out what do you have in mind to close the other 65 or 70 million. Is it Foley, is it some other methodology where you won a huge influx of cash in the short term? I don't know, Ben, what do you got?

MR. ZWIRN:

Yeah, no, there are -- we are working trying to get some help from Albany as we speak, I mean --

(Laughter from audience)

MR. ZWIRN:

-- everybody laughs and it's unfortunate. We've asked for, you know, a traffic violations bureau, they have stalled just about every revenue producing piece of legislation that we have proposed. And, but we're still up there hopefully.

LEG. BARRAGA:

I mean, I'm --

MR. ZWIRN:

I'm just saying, but you were asking what things we're --

LEG. BARRAGA:

-- not that that can be a possibility, but, you know, they're going to shut the house down up there in a couple of weeks.

MR. ZWIRN:

Absolutely. I'll probably be up there tomorrow, make a one last stab at trying to get some of this stuff passed before they leave.

LEG. BARRAGA:

Taking them out of the equation just for a moment --

MR. ZWIRN:

Okay.

LEG. BARRAGA:

-- what else is on the table to close this gap?

MR. ZWIRN:

Even today before the committee you have two bills, which are housekeeping bills, which will bring in about another \$8 million in cash closing out capital accounts, closing out land acquisitions; money where there's still left in the accounts. We now putting that money toward the proper taxing jurisdiction where the money came from, but a lot of that money is going to go back to the General Fund. We are trying to look at every opportunity to raise a million dollars, several million dollars here and there. We have looked at fee increases, but we don't want to, you know, one of things we looked at was on the table at one time was bus increases, fees for buses because the fuel costs are going up so high. But we decided we looked at the revenue numbers that would come in, there's not enough revenue that would be generated by say a 50 cent fare increase or a dollar round trip. It wouldn't bring enough money -- make it difficult for people to have to use public transportation who can't drive so we took that off the table.

But we have looked at fee increase in Consumer Affairs, item pricing, which was Legislator, Presiding Officer Lindsay's recommendation, that's on agenda at committee this week. We are trying to do as best we can and try to bring the gap in as close a number that we can deal with as possible. Turnover savings have been ratcheted up. I know Legislator Romaine complains that we don't fill all the positions, well, we've been, the County Executive has been even more frugal then he normally has been to try to gain as much as he can by the end of the year through turnover savings.

MR. KOVESDY:

Early retirement.

MR. ZWIRN:

Early retirement is being analyzed now. We expected to get about 200 people, I think it was about 264 who filed and they still have some opportunity for people to -- they're now going through those lists to see what people are eligible or some people who may not be eligible.

So we are going through everything that we said we would do in 1307. And we are looking everywhere we can. As I said and also with our, you know, going up to Albany and trying to do everything we can there. At some point we will know what our actual number is going to be and then we're going to have to work to try to reduce that even further. But we are doing everything we can. There is no big amount of money other than say tobacco securitization or tax lien sales. Without that, without that part of it we're really facing --

LEG. BARRAGA:

Yeah, and I will shut this off, but what you're mentioning, you know, they bring in bits and pieces, but I think even the end, even if you got all of that, you'd still have this rather huge gap. And all I'm saying is that at some point we may have to consider doing both, tobacco securitization and tax liens because the tax lien, let's say we do tobacco -- the tax lien would bring in also a huge influx of cash. Other than that, you'd have to do something really -- and we've read about this in the paper rather draconian that the Legislature would have a real problem with it, but time is moving here pretty quickly and this Legislature, the state is shutting this operation down. They have a habit of just shutting it down and going gone home and they could run for reelection. So some of the things you may want from them you may not get.

MR. ZWIRN:

Right.

LEG. BARRAGA:

But even if you do, I still think, my sense is that there's still going to be that 40, 50 million that you're going to have to make up and we may have to go back to, you know, a lien or something like that that brings in a lot of cash in a short period of time.

MR. ZWIRN:

Oh, I think we'll have the responses to the RFP's. Everything will be in by the 23rd and they'll have a chance to analyze it. And I --

LEG. BARRAGA:

Well, that analysis one versus the other; fine. But all I'm saying is that, you know, if tobacco securitization looks better than liens you go with securitization, but at some point you may have to revisit the lien aspect and go with that as well.

MR. ZWIRN:

I think at that point the County Executive will make his recommendation to the Legislature and the Legislature will take his recommendation and then take that into account and decide what they would like to do themselves. I mean, you know, it's not just the County, certainly we're not doing this on our own. We're doing the best we can, but we need a -- you know, we need a full partner in this all the way through and I assure they'll be plenty of debate.

We are prepared and I know that we've spoken to the Presiding Officer if necessary to call a special meeting in July to discuss some of these things, either in the very beginning of July or the very end when you come back for committee week if necessary. And he said he would do that to see and he would poll the Legislature to see who's going to be around to make sure that there would be as many people as possible.

CHAIRMAN MONTANO:

Yeah. I don't see not having that. Gail, when did you say the budget was going to be submitted, September what?

MR. KOVESDY:

Third Friday in September.

CHAIRMAN MONTANO:

Third Friday in September.

MS. VIZZINI:

Yeah, the Charter requires that.

CHAIRMAN MONTANO:

Right. What's -- so that's the 19th? That's what my calendar says, okay. All right, so we have time. We have two meetings in between that. All right. I'm going to get to the agenda unless there are any further questions.

MS. VIZZINI:

Mr. Chairman?

CHAIRMAN MONTANO:

Yes. Go ahead, Ms. Vizzini.

MS. VIZZINI:

I just wanted to brief you and tell you that at the close of business yesterday we received the community college budget.

CHAIRMAN MONTANO:

I saw an e-mail it said 4:57?

MS. VIZZINI:

Well.

LEG. MONTANO:

That's close of business, go ahead.

MS. VIZZINI:

The Budget Office was gracious enough to give us a briefing in terms of some of the highlights. As you know, the college did not ask for any increase in the County contribution nor did they ask for any new positions. Basically the budget was presented in that manner, you know, no increase in the County contribution, no new positions. The trustees had indicated \$120 annual increase in tuition, it was reduced to an \$80 annual increase in tuition.

Enrollment is still looking good according to the college and the Budget Office, roughly a growth rate of at least 2.5 or more over the current year. This Legislature had concerns in regards to the reserve fund last year and the presentation in the budget. Preliminarily it looks like an effort was made to align the reserve fund with the financial statements, we will be looking at that more closely. A portion of the reserve was distributed back to the reserve a million dollars and a little bit over a million, a million four was added to the Operating Budget. I was glad to see the Budget Office increased the college's request for energy, which is something that we've gone back and forth with in the past. Just wanted to let you know that we'll be doing our report on that probably have that to you by the end of July.

CHAIRMAN MONTANO:

Any questions on that? Okay. Moving right along I'm going to go -- does anyone want to address the committee? Hearing none we'll go right into tabled resolutions.

Tabled Resolutions

IR 1363, Authorizing a competitive long term business plan to stabilize County finances and prevent disruption of essential County services and programs. (Romaine) Legislator Romaine, your pleasure.

LEG. ROMAINE:

Well, at this point I'll make a motion to table.

CHAIRMAN MONTANO:

I'll second that. All in favor? Opposed? Abstentions? **Motion tabled. (VOTE: 7-0)**

IR 1458, Amending the 2008 Operating Budget and transferring funds to the Huntington Youth Bureau Youth Development Research Institute, Inc. (Cooper) Gail, I'll make a motion to table for purposes of discussion. Is there a second?

LEG. KENNEDY:

Second.

CHAIRMAN MONTANO:

All right. Gail, was this a transfer under Omnibus? If I recall correctly this was not under Omnibus this was a separate allocation.

MS. VIZZINI:

That's correct.

CHAIRMAN MONTANO:

Okay. Any discussion? Any other motions?

LEG. D'AMARO:

I --

CHAIRMAN MONTANO:

All --

LEG. D'AMARO:

-- just, I had a question.

CHAIRMAN MONTANO:

Go ahead, Legislator D'Amaro.

LEG. D'AMARO:

BRO have you been contacted by the sponsor on whether or not there's another offset for this yet?

MS. VIZZINI:

Not to my knowledge. It was my understanding Mr. Zwirn was working with the sponsor.

LEG. D'AMARO:

Oh, I'm sorry, Mr. Zwirn.

MR. ZWIRN:

We are looking for another offset, but I know that we heard the committee's concern about not being Omnibus money so we're trying to be --

CHAIRMAN MONTANO:

Not looking hard, gotcha. All right. All in favor? Opposed? Abstention? Motion carries. **Tabled (VOTE: 7-0)**

Introductory Resolutions

IR 1485, Apportioning Mortgage Tax by: County Treasurer. (Co. Exec. Levy) I'm going to make a motion to approve and place on the consent calendar. Do you want to give a brief explanation, Counsel?

MR. NOLAN:

This is a pro forma resolution where we -- the more tax that's collected, the towns and the villages get their respective shares.

CHAIRMAN MONTANO:

I need a second.

LEG. KENNEDY:

Second.

CHAIRMAN MONTANO:

All right, I got four. Legislator Barraga. What was that? All in favor? Opposed? Abstention? Motion carries. **Approved and placed on consent calendar. (VOTE: 7-0)**

IR 1486, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 299. (Co. Exec. Levy) I will make a motion approve and place on consent calendar.

LEG. BEEDENBENDER:

Second.

CHAIRMAN MONTANO:

Second by Legislator Beedenbender. All in favor? Opposed? Abstention? Motion carries. **Approved and placed on consent calendar. (VOTE: 7-0)**

IR 1537, Authorizing the County Comptroller and County Treasurer to close certain Capital Projects and transfer funds. (Beedenbender) Need a motion.

LEG. BEEDENBENDER:

Motion to table. There's a resolution that's coming up later in the agenda that includes all the things in my resolution and some more so we'll just table this one.

CHAIRMAN MONTANO:

Okay. Need a second.

LEG. BARRAGA:

Second.

CHAIRMAN MONTANO:

Second by Legislator Barraga. All in favor? Opposed? Abstention? Motion carries. **Withdrawn**

IR 1553, To readjust, compromise and grant refunds and chargebacks on real property correction of errors by: County Legislature (Control #791-2008). (Co. Exec. Levy) I'll make a motion to approve and place on the consent calendar.

LEG. BEEDENBENDER:

Second.

CHAIRMAN MONTANO:

Second by Legislator Beedenbender. All in favor? Opposed? Abstention? Motion carries. **Approved and placed on the consent calendar. (VOTE: 7-0)**

LEG. BEEDENBENDER:

Mr. Chairman?

CHAIRMAN MONTANO:

Yes, sir.

LEG. BEEDENBENDER:

Could I just request through the Clerk on the record that you withdraw 1537 for me please.

CHAIRMAN MONTANO:

You may. 1537 is withdrawn.

IR 1559, Authorizing the County Comptroller and County Treasurer to close certain Capital Projects and transfer funds. (Co. Exec. Levy) I need a motion.

LEG. KENNEDY:

Motion to table.

CHAIRMAN MONTANO:

I'll make a motion.

LEG. ROMAINE:

Second.

CHAIRMAN MONTANO:

A motion to table, second by Legislator Romaine.

LEG. D'AMARO:

Excuse me, Mr. Chairman, can we get an explanation, perhaps from Counsel.

CHAIRMAN MONTANO:

Well wait, first let's get the motions on the table. We have a motion to table by Legislator Kennedy and a second by Legislator Romaine. Do we have --

LEG. D'AMARO:

I'll offer a motion to approve.

CHAIRMAN MONTANO:

A motion to approve by Legislator D'Amaro and a second by Legislator Beedenbender. First, since the tabling motion takes precedent, on the motion to table, any comments, questions?

LEG. KENNEDY:

Mr. Chair, the basis for my motion to go ahead and table is this issue was first brought forward by Legislator Beedenbender as Chair of Public Works and I applaud his efforts to go ahead and do so. And as a matter of fact, we had debate at great length regarding what in fact was the actual basis and what in fact might or might not be able to be done with those balances that were indicated as uncommitted.

I also had conversation with BRO as to whether or not these funds were actual funds, funds that might have been tied to specific bonds. And as I'm going through 1559 again, I see a couple of categories that I would just like to go ahead and ascertain independently that there's -- the projects are completed. So that's --

CHAIRMAN MONTANO:

The basis of your motion.

LEG. KENNEDY:

-- my rationale for tabling.

CHAIRMAN MONTANO:

Anyone other -- anyone else on this? We might as well just have discussion on it. Counsel walked out of the room, I was going to ask for an explanation. Ben, do you want to explain exactly what you have here for the record.

MR. ZWIRN:

It's a housekeeping matter that we do periodically at the -- generally it comes out of the County Exec's Budget Office. Well, we closed out Capital accounts where the projects have been completed. There's still money left in the accounts and that money is sitting there so that we take that money at the end. There's land acquisitions where all the money was not needed or there's still money left in the accounts, that was primarily what Legislator Beedenbender had in his bill. And we put them together and it comes to \$8 million and they'd go back to the jurisdictions from which they were taken whether it's the General Fund or the sewer district, wherever the money was taken from for those projects, the money would go back into those fund balances. And it's not something that we don't do on regular basis and this year it happens to be about \$8 million, which is a nice thing. Hopefully that money will be used to help with the early retirement payouts so that's -- it's a nice surprise this year to have that much money and we have plans to use it.

CHAIRMAN MONTANO:

Legislator Kennedy then Legislator Romaine.

LEG. KENNEDY:

Thank you. I appreciate the explanation, Ben, but I would say and I'm going to wait for George to come back into the room, as you know, funds that are raised by bond proceeds very often are very restricted as far as what they can be done. So if a bond's been let for an info system for the health

centers and we have balances still of 1.5 million, first of all I know that we have recently seen a resolution to purchase additional software directly associated with electronic systems for the health centers. My first question is why would we be contemplating new resolutions, new funding for a system that apparently is in place?

Secondly, a bond associated with purchasing software or implementing electronic record system in health centers, those proceeds if they're sitting there can't be used to offset payouts for early retirement. There's restrictions there.

MR. ZWIRN:

Even if money came from a sewer district, that money would have to go back to sewer district.

LEG. KENNEDY:

Absolutely.

MR. ZWIRN:

Not all this money is going to be -- I said that in the beginning.

Not all that money is going to back, but a good portion of this money could very well be used to help payout on the early retirement.

If you have specific questions, Legislator Kennedy, I would -- we don't have a meeting again, a regularly scheduled meeting till August 5th, I would ask at the very least that this be discharged to the floor for a full vote and Legislator Kennedy has the rest of the week to go sit with Carmine and go over this line by line so all his questions can be resolved before the general meeting.

CHAIRMAN MONTANO:

Do you want to discharge without recommendation?

LEG. KENNEDY:

Well, you know, I appreciate the offer and I'll be happy to go ahead and take it up, you know, I'm not the only one that voted for the table. I'll defer to Legislator Romaine or anybody else.

MR. ZWIRN:

The invitation would be for anybody who wants to have it.

LEG. KENNEDY:

Okay. I would also like to hear from Counsel as to what type of latitude there is. And my conversation with BRO was also as to what in fact uncommitted really represents. You're familiar with this resolution, 1559? Is this real money sitting in accounts someplace that we're just going to scoop up and move someplace else?

MS. VIZZINI:

Our conversation was predicated on what I thought was the distribution to Legislator Beedenbender of all --

LEG. KENNEDY:

Yes.

MS. VIZZINI:

-- all capital projects --

LEG. KENNEDY:

Yes, yes.

MS. VIZZINI:

-- with uncommitted balances.

LEG. KENNEDY:

Yes.

MS. VIZZINI:

When something gets this far there's a reasonable degree of scrutiny that goes through it that these projects are older than five years, which according to the Charter if there's funds in there that have been -- that are unexpended they can be closed out or something like you mentioned the health information system, the IDX system, which was in the aggregate a significantly large number, was \$8.5 million computer system for employee medical records and reporting and what have you. It also involved the use of outside consultants to get it up and running and stay on track. There is a balance in the aggregate of over a million dollars there, but the bond was very, very specific. And I think that's what you'll run up against and I would defer to George that depending on how specific these bonding resolutions are, the monies were bonded for specifics. So that's why the finance law requires these things to -- if there's leftover money it be used to pay the debt service on that particular bond.

LEG. KENNEDY:

That's my general understanding as well and I'll defer back, Mr. Chair, but I'd be eager to hear from Counsel.

MR. ZWIRN:

That's good.

MR. NOLAN:

Well, my understanding is the same is that, you know, if you bond for a project, the money has got to be used for project and to pay the debt service. I don't know that, you know, closing out these projects. I understand this is something we do annually, but I'm not sure that the money is going to go where Ben indicated it's going to go, that it's going to be used in that way and I don't know that the resolution actually says that.

MR. ZWIRN:

No. And I don't think it does either, but I agree with Legislator Kennedy and what Gail Vizzini said that that's if it came for a specific -- it would to go down and pay debt service. That's a good thing.

CHAIRMAN MONTANO:

Legislator Romaine.

LEG. ROMAINE:

Ah, yes. I'm generally in favor of closing out capital projects particularly when the project is completed, but this is what I would ask of the Executive and/or Budget Review and I have no problem, I tabled it just to get a discussion. I have no problem if the Executive wishes this to be on the floor by Tuesday, but I would ask by prior to Tuesday that an analysis of every single closeout be done to the effect of one, is the project truly completed, two, where the money is going to go because I agree with Legislator Kennedy, not all of this money can go and I think even Ben has agreed to that --

MR. ZWIRN:

Right.

LEG. ROMAINE:

-- to the General Fund. I'd like to know what -- you know, we see numbers here, for example, day-care facility in Yaphank, 200,000 was budgeted, \$126 was spent. Is that project completed, was this project never started, what's the status of the project, why are we closing it out? I don't have an adequate explanation. It's one of a long list of things.

We have another project here, fiber cabling network for 200,000, zero dollars were spent, 200,000 remain. Was this project initiated, why was this project not done, did we bond for this project, and who made the decision not to go ahead and implement the project? This list raises more questions than it answers. By putting a list together like this hoping, you know, so many of them that we wouldn't notice, some of these things glare at you and say, boy, they didn't even start that project. And if we authorize funding for that project, who made that decision? Did someone come back to the Legislature and say we're not going to do this project? I don't have a status report on that project and the Executive obviously could never unilaterally make that decision without the consent of the Legislature since the Legislature approved the bond.

So I would want some information about some of these projects and I would ask Gail and/or the Executive by Monday to e-mail us about the status of each one of these projects, if they were started, if they weren't started, why they were canceled, if that cancelling -- cancellation was approved by this Legislature. Those type of pieces of information I think would be very helpful. I don't want to vote for something with, you know, 200 things on a list and I find out that one of those things we really wanted to do, we had approved it and the Executive in his wisdom chose not to implement what the Legislature had approved and then just put it on a cancellation list.

MR. ZWIRN:

If I might, Mr. Chair, is it possible we have the Chairman of the Public Works Committee here today, Legislator Beedenbender, would it be all right if you invited the Legislators to your committee and we'll have the Budget Office come down there and answer the questions at that time?

CHAIRMAN MONTANO:

All right. So you're going to --

MR. ZWIRN:

So you'll have in advance of Monday. So if you have any questions you can do it then.

CHAIRMAN MONTANO:

I have no problems.

LEG. ROMAINE:

I would prefer, since I had the floor, I would prefer that we get a written report from the Executive and BRO by Monday. I'm happy to discharge this without recommendation provided that by Monday we can get a comprehensive report of each of these projects, which is probably a sentence or two about each one; no this project was never started for this reason, yes, when we decided not to start this project we informed the Legislature about that, those type of things.

CHAIRMAN MONTANO:

All right. If I may, Ben, we could discharge -- just to clarify, we could discharge it without recommendation, but I don't think we could discharge it conditional upon getting the report.

LEG. ROMAINE:

No, I understand that.

CHAIRMAN MONTANO:

We can request the report. If we discharge it without recommendation, then on Tuesday we can determine whether or not we want to approve it, table it or send it back to committee. I mean, just to be clear for the record on that. All right, Legislator Romaine?

LEG. ROMAINE:

You're the sponsor.

CHAIRMAN MONTANO:

Now, Legislator Beedenbender, before I recognize Legislator D'Amaro are you going to take this up

in your committee at two o'clock? I mean are you prepared to discuss all of the projects on the list?

LEG. BEEDENBENDER:

Well, no. But the only suggestion I would make to make this process easier for both -- for my colleagues is I did prepare at the last meeting for anything with a balance over three quarters of a million dollars we had all the explanations from DPW garnered from their status report. So, I'll make sure my staff does when we get back is send that out to everybody, which may fill in the answers for many of these, maybe not all of them, but I'll send that to my colleagues so we can at least have the answers on some of them. I think that might be the best way to move forward.

CHAIRMAN MONTANO:

I think so too. Quick thing, Ben, the last whereas clause says the available uncommitted balances have been verified. What is exactly -- what does that mean exactly when you say verified. What is the -- because I think that's the question, what's the process of verification? If you know -- I'm just reading from the reso.

MR. ZWIRN:

Yeah, no, I think they verify the actual accounts, the money that's in the accounts that's still there.

CHAIRMAN MONTANO:

Who verified it?

MR. ZWIRN:

The Budget Office.

CHAIRMAN MONTANO:

Oh, okay.

LEG. KENNEDY:

Mr. Chair, if I can go back, you know, Ben I understand the fact that you're talking about there's a need and certainly, you know, I think as always, Mr. Barraga really brings it home that, you know, we don't have the luxury to let time go while we do these things. But as I'm having a chance to go through this, I'll quote you chapter and verse, 7510 - 310, which is the {mowing} equipment at Blydenburgh County Park in Smithtown. You know full well as a matter of fact we just -- you by the exact added some funding for the Capital Budget and as a matter of fact, I read our Public Works status report and we're looking to let that contract in, I think it's June or July. And we've been pulling our hearts out through our noses to keep that thing from flowing into the stream. So maybe it's just my ignorance. And I'm always happy to go ahead and confess that, but I don't understand why I would want to say \$142,999.78 goes poof when we're looking for money.

MR. ZWIRN:

I didn't see any of your colleagues question your judgment on that.

LEG. KENNEDY:

Absolutely not, as a matter of fact, they tell me all the time.

MR. ZWIRN:

There's a lot of head nodding.

MS. VIZZINI:

Mr. Chairman?

CHAIRMAN MONTANO:

Yes, Gail.

MS. VIZZINI:

Just a point of clarification for all of you. In term -- if you have the backup to this, which is rather extensive, it's eight or nine pages.

CHAIRMAN MONTANO:

Which I do.

MS. VIZZINI:

It's the last column that's being closed out.

CHAIRMAN MONTANO:

And that was twenty-two cents in your example.

MS. VIZZINI:

So in the case that Legislator Kennedy identified that's the --

LEG. KENNEDY:

No, that's one of those never minds, okay, fine. So you spent the money on it.

CHAIRMAN MONTANO:

Twenty-two cents.

LEG. KENNEDY:

Okay.

MS. VIZZINI:

The other point too, just in terms of what Romaine --

LEG. KENNEDY:

Hey, twenty-two cents, we could buy a nail, there you go.

MR. ZWIRN:

Your first point now is well taken.

LEG. KENNEDY:

Absolutely. We could buy a nail.

CHAIRMAN MONTANO:

All right. Legislator Kennedy, you yield the floor?

LEG. KENNEDY:

You know, I'll yield and I mean if it's the wish of the committee to go with a discharge without recommendation, sure, why not. But nevertheless then I'll try to deal directly with Carmine.

CHAIRMAN MONTANO:

Okay. I'm going to -- well, Gail, go ahead then I'm going to recognize Legislator D'Amaro.

MS. VIZZINI:

Just one last comment. Independently by Monday Budget Review could not verify each and everyone of these things. I would be more than happy to confer with the Budget Office and ascertain what their methodology was to arrive at this because I think by the time we get to this there typically is an indication that, you know, from Public Works and from Audit and Control that's it's been bonded or it's been closed. I understand what you're been asking for, but in the time allowed I could not do it independently, but I would be happy to work with them.

LEG. ROMAINE:

Could -- with the permission of the Chair, could I make a much simpler suggestion then for Budget

Review and/or the Budget Office. Let's take those projects where 75% of the money originally budgeted in the current budget is -- remains uncommitted that we're eliminating. And the reason for that again, we put together a long list somewhere maybe not this Legislature and I mean not the one from two years ago, maybe not the one from four years ago, someone approved this project. The Executive brought forward this project, we approved it, we went to bond and all of a sudden the project's not getting done and rather than giving a reason why, they just put it on a long list and we cast the vote and we wipeout a project without an explanation. Now I'm sure there's explanation for everything because I get them whether they're credible or not, whether they're believable or not, whether they're convincing or not, I don't know. But I'd like an explanation at least, you know, give me some type of, you know, information before you cancel a project that this Legislature approved. The reason for that is I don't want to set the precedent where the Executive has made a decision, unilaterally, oh, I don't care what the Legislature approved. I'm not just going to do this project and we'll just sit and wait and then eventually we'll come up with some long list because every year we wipeout the unexpended balances on these capital projects, which is good housekeeping by the way, but we'll just add that in that list, they won't notice it and we'll cancel a project and we'll get our will and the Legislature, we've hoodwinked them again. I don't want that to happen if that's, you know, I just would like an explanation.

So, I'll make it very simple, 75% or more remain unexpended and we're eliminating the project, just let us know what that's about. I don't think that's a heavy burden. I think there's maybe you'll get to seven or eight of the projects on this list. I don't think that's an onerous burden for the Executive to do.

CHAIRMAN MONTANO:

The request is made. I'm going to recognize Legislator D'Amaro.

LEG. D'AMARO:

Mr. Zwirn, the resolution says at the beginning that the first whereas clause references that certain capital projects have been completed. Now when you say completed, does that mean that in every instance on every project on this list that the projects have gone forward with a certain budget, less than was budgeted was needed to complete the project and these are the balances?

MR. ZWIRN:

I don't know. I know that I would say at least most, but I'm not sure. I have to double check for you, Legislator D'Amaro.

LEG. D'AMARO:

If it wasn't completed, what other circumstances could there be?

MR. ZWIRN:

There's a project that might -- the priority might have changed, they couldn't get -- a land acquisition couldn't be made. Anything could have happened, you know, there could be lots of reasons.

LEG. D'AMARO:

All right. Let me ask you this --

MR. ZWIRN:

That's why we could --

LEG. D'AMARO:

Right. All of these projects on addendum one, are they inactive in the sense that nothing's been done on them with the within the last five years?

MR. ZWIRN:

I don't have the addendum in front of me so I don't know the answer to that question, but I will get

--

LEG. D'AMARO:

All right. Well, BRO, didn't we say that we can delete projects where there's been no expenditure of funds within the last five years? Is that what you said?

MS. VIZZINI:

Yes, that's affectionately called the Crecca Law that, you know, and as Legislator Romaine was asking for it's possible that if there's a substantial balance, 75% or more that there has not been progress. If you want that particular project to continue, the Charter also requires you can authorize that by separate resolution.

LEG. D'AMARO:

Right. Well, I agree with Legislator Romaine, that, you know, if the resolution's going to say these have been completed, then we need to know if they've been completed. I think that's a legitimate inquiry.

I just want to ask you a question about the addendum when it says current budget in the first column, is that budget in the Capital Budget or is that the budget of the project?

MS. VIZZINI:

That's what's in the -- that's what's authorized as far as a budget. At some point it probably was in the Capital Program.

LEG. D'AMARO:

Right. That's what we authorize through our budget process.

MS. VIZZINI:

Yes.

LEG. D'AMARO:

Okay. And then expended is pretty self-explanatory as the project move ahead, that's what was bonded and spent.

MS. VIZZINI:

Certainly expended. And the focus would be on the last column in terms of what's remaining to be closed.

LEG. D'AMARO:

Right. And uncommitted means that the bond -- the proceeds of the bond came in, but they were unexpended. Is that what --

MS. VIZZINI:

It could mean that. It could mean that we authorized 8 million, but we only bonded --

LEG. D'AMARO:

Bonded 6 million or something.

MS. VIZZINI:

Right, exactly.

LEG. D'AMARO:

So it's not necessarily cash sitting in a bank.

MS. VIZZINI:

Definitely not.

LEG. D'AMARO:

Right. But if there --

MS. VIZZINI:

Although a portion of it could be.

LEG. D'AMARO:

But if it were at the third whereas clause says that the revenue can be used -- will be used to offset the debt service cost.

MS. VIZZINI:

If it was bonded that's what it should be used for, yes.

LEG. D'AMARO:

It would have to be by law because if you can only use the bonded funds for the project we really wouldn't have any discretion on that. So if we bonded a project and we didn't expend the funds, the funds would have to be used to pay down the debt service on that project.

MS. VIZZINI:

Correct.

LEG. D'AMARO:

If it was not bonded it's less problematic because we don't have the actual funds sitting somewhere.

MS. VIZZINI:

Correct.

LEG. D'AMARO:

So then we're just de-authorizing any further issuance of bonds.

MS. VIZZINI:

Your reducing your authorized unissued.

LEG. D'AMARO:

Right. All right, so -- okay, thank you. All right.

CHAIRMAN MONTANO:

Legislator Beedenbender.

LEG. BEEDENBENDER:

No, I'm good.

CHAIRMAN MONTANO:

You're good. Any other comments on this? All right. I'm getting the sense that we're in -- we've reached a consensus possibly to discharge without recommendation. Is that -- I'll offer a motion. Somebody wants to second?

LEG. D'AMARO:

Second.

CHAIRMAN MONTANO:

Second by Legislator D'Amaro. Discharge without recommendation. All in favor? Opposed? Abstention? Motion carries. **Discharged without recommendation (VOTE: 7-0)**

And finally, **IR 1586, A Resolution authorizing the County Executive to enter into and execute an agreement to provide administrative support to the Suffolk County Tobacco Asset Securitization Corporation. (Co. Exec. Levy)** Do we have a motion?

LEG. D'AMARO:

Motion to approve.

CHAIRMAN MONTANO:

Motion to approve by Legislator Barraga, second by Legislator D'Amaro. On the motion. Any questions?

LEG. KENNEDY:

How about an explanation.

LEG. BROWNING:

Explanation.

CHAIRMAN MONTANO:

Explanation from Counsel.

MR. NOLAN:

The Legislature previously created the Suffolk County Tobacco Asset Securitization Corporation for the purposes of securitizing our tobacco proceeds. This resolution authorizes the County Executive to enter into an agreement with that corporation to provide administrative services to the corporation so they can carryout their mandate.

MR. ZWIRN:

And we get -- and they're charged back.

MR. NOLAN:

There is a provision for a chargeback, yes.

CHAIRMAN MONTANO:

Okay.

MR. ZWIRN:

It's clerical staff.

LEG. KENNEDY:

The LDC for the tobacco securitization they are -- their efforts are limited to that aspect only or are they able to -- is the LDC reviewing the letting of the tax liens or is that being done separately through the Exec's Office?

MR. KOVESDY:

It's a -- the tax liens are being done by the County Executive, the Legislature, the Treasurer and the Comptroller's Office. The tobacco is being done by the LDC.

LEG. KENNEDY:

Further to Counsel, can the tax liens be let without the creation of a similar type of an intermediary entity like an LDC? Is that unique to the tobacco securitization or would that same mechanism need to be in place in order to let the liens?

MR. NOLAN:

I think it may depend on what type of proposal we end up going with with tax liens. Certainly for the tobacco securitization we have to -- there has to be this separate entity to make the transaction

with. The tax liens I -- it may not be necessary to create a separate entity to effectuate that deal. That may depend on what the proposals are.

LEG. KENNEDY:

Can -- okay, all right. We'll run this reso. Fine, I'll yield.

CHAIRMAN MONTANO:

Legislator Romaine.

LEG. ROMAINE:

Just a quick question it says a resolution authorizing the County Executive to enter into and to execute an agreement to provide administrative support to the Suffolk County Tobacco Asset Security Corporation. Is there a cost to do this to the County?

MR. NOLAN:

Well, there will be I suppose some cost to the County in providing those services, but there isn't a provision in the agreement attached to the resolution indicated that we can get that money back from the corporation.

LEG. ROMAINE:

Who would get that money back from their sale? I assume as we discussed tobacco securitization there will be some talk about the amount of fees that are going to be paid to securitize the tobacco settlement and who -- what those fees will be and how much they'll be and who will receive them and what the corporation will get and if any members of the corporation will benefit. All of that information will be transparent at some point I assume.

CHAIRMAN MONTANO:

Ben, is that information on the fees would -- is that not included in the responses to the RFP's?

MR. ZWIRN:

I believe it is, Mr. Chairman.

CHAIRMAN MONTANO:

And is that public? I mean I know I saw -- I was at the presentation I presume it's public, but maybe I'll ask the County Attorney. Lynne, would you step forward please?

MS. BIZZARRO:

I can stand, this is fine.

CHAIRMAN MONTANO:

Right. That's what I'm getting to.

MS. BIZZARRO:

I'm sorry, what's your question?

CHAIRMAN MONTANO:

Yeah, I just want -- could you just -- if you know and I didn't mean to catch you off guard. I was at the presentation for some of the entities that responded to the RFP and they have, you know, they've given a formal proposal, but is that still confidential? Or is that -- I mean, what's the status of that? I don't want to discuss something that --

MS. BIZZARRO:

I couldn't say specifically for this, but I'd say in line with the way it normally goes, I would say yes.

CHAIRMAN MONTANO:

All right. That's my feeling on that so I would say that those questions could be directed to the

County Executive or the corporation. And then from what I understand the corporation has public status in other words it's -- the LDC is a public corporation so it's subject to the Sunshine Law, the Open Meetings Law and --

LEG. ROMAINE:
FOIL.

CHAIRMAN MONTANO:
FOIL and all of that. Right?

MS. BIZZARRO:
I would think, but, I mean, I'm just trying to think.

MR. KOVESDY:
Yeah, the meetings, the times and the dates of the meetings are posted for the LDC's.

CHAIRMAN MONTANO:
I'm sorry, wait a minute. Say that again, Allen.

MR. KOVESDY:
The times and the dates are for the LDC's are posted all over the County. I know they're all over the Dennison Building, they're public meetings.

CHAIRMAN MONTANO:
They're public meetings. All right. Robert, do you want to respond?

MR. LIPP:
Yeah, point of information.

CHAIRMAN MONTANO:
Sure.

MR. LIPP:
There were the four presentations on Friday.

CHAIRMAN MONTANO:
Right.

MR. LIPP:
And at the end of the day the LDC three members went into executive session to open up the bids.

CHAIRMAN MONTANO:
Oh, okay.

MR. LIPP:
So that hasn't been made public, at least as of yet, and on Thursday they're calling some of the bidders back to refine and ask some questions before they make a determination.

CHAIRMAN MONTANO:
So the presentation weren't the bids. They were simply discussions about what was in the bid, is that what you are saying?

MR. LIPP:
It was their presentation as to what -- how they're going to do the deal and why the County should contract with each of them. And then afterwards the LDC went into executive session to open up the bids to compare the two.

CHAIRMAN MONTANO:

To formally open the bids.

MR. LIPP:

Yes.

CHAIRMAN MONTANO:

I gotcha.

MR. LIPP:

So to my knowledge the only people that are aware of what those are the three members of the LDC at this point.

CHAIRMAN MONTANO:

Okay. Legislator Barraga. Were you done, Ed?

LEG. ROMAINE:

Yes.

LEG. BARRAGA:

I guess the question I have is once a decision is made as to who is the winner of the bid all the particulars associated with the bid are public. Right?

MR. LIPP:

That would be -- I believe so, but that would be a County Attorney question for sure.

LEG. BARRAGA:

It mean there should be transparency at that point in deference to Mr. Romaine's questions.

MR. KOVESDY:

Yes. Absolutely, absolutely.

LEG. BARRAGA:

All right. So once the winner of the bid, whoever it is, everything associated with the bid is available to the general public.

MR. KOVESDY:

I believe so.

CHAIRMAN MONTANO:

That's what I would think.

LEG. BARRAGA:

Thank you, okay.

CHAIRMAN MONTANO:

Legislator D'Amaro.

LEG. D'AMARO:

Yeah, going back to the resolution that's in front of us. The copy of the administrative services agreement is attached, I was just curious, I understand that the County is going to, it says supervise and manage certain operations of the corporation. The second page of that agreement delineates the responsibilities of the County, the services to be performed by the County in helping the corporation to achieve its objectives, but it says in section 2.2 something about receipt of invoices for reimbursement, I was just wondering who are those invoices submitted to for reimbursement?

MR. ZWIRN:

The LDC.

LEG. D'AMARO:

Well no, the LDC's submitting invoices.

MR. ZWIRN:

But if they're using administrative --

LEG. D'AMARO:

Oh, the County is going to invoice to the LDC? Okay.

MR. ZWIRN:

Say you have a clerical staff make photo copies at a meeting that person who works for the County is now doing work for the LDC technically they could put in for that time and for the paper and everything else, all the County assets that were used. If -- we'll certainly see what they are, but it's just because they have no employees, they have no staff so they're using the County staff.

LEG. D'AMARO:

Is it the County's intention to charge back for all of the functions delineated in section three of the agreement?

MR. ZWIRN:

I would guess with our County Executive that's right down to the --

LEG. D'AMARO:

Including salaries, administrative time spent, salaries, office space.

MR. ZWIRN:

I don't know, but I would think that we would keep records on that so we know.

LEG. D'AMARO:

Who's responsible for keeping those records?

MR. ZWIRN:

It would be the County Exec's Office that's who's -- we're the -- the County Exec --

MR. KOVESDY:

{Inaudible}.

LEG. D'AMARO:

Eventually from the proceeds of this transaction the funds will become available to reimburse the County is my point so if we keep careful track of it we can get paid back.

CHAIRMAN MONTANO:

All right.

LEG. D'AMARO:

My point is that eventually I would assume from the proceeds of the sale a certain amount of the proceeds can be used for administrative chargebacks and it would be in the best interest of the County to keep careful track of all time and effort expended so we could get paid.

MR. ZWIRN:

I would agree with you a hundred -- absolutely.

LEG. D'AMARO:

All right. So is that our intention? Is that what we're doing?

MR. ZWIRN:

I'm sure that is our intention.

LEG. D'AMARO:

Okay.

CHAIRMAN MONTANO:

Legislator Romaine.

LEG. ROMAINE:

Just a quick comment and then a question. The comment would be since the County is -- it would appear using the LDC method to create some distance between itself as a method of seeking bonding authority for the securitization, I would strongly suggest to the County that they limit their amount of involvement and encourage the LDC whenever possible to hire outside people not County employees.

I would also comment that any funding, billing of the LDC by the County should be verifiable, should be maintained, we all saw, you know, the firm we know what happens when you overbill, when you don't include hours and things of that nature, just general charges or percentage charges as opposed to specific services because obviously if I was someone involved with the LDC I would ask for an audit of the County's billing practices. I would encourage the LDC to hire as many outsiders not connected with County government as possible in managing the LDC because I think the symbiotic relationship is only going to be complicated by charging the LDC for photocopying, charging the LDC for someone that makes the photocopies, charging a percentage of the County Executive staff to the LDC, things of that nature and I know there's a desire to do that. But essentially the proceeds are going to come back to the County General Fund in some way and I would not want to see us hung up in billing practices that may not be copacetic. I think the LDC operates from a much healthier perspective an independent perspective by not availing itself as much as possible of County staff and hiring outside staff for this purpose.

CHAIRMAN MONTANO:

All right. Quick question, Ben, when the LDC meets you said that they provide public notice and they meet in a public session?

MR. ZWIRN:

Yes.

CHAIRMAN MONTANO:

Do we get notice of that?

MR. ZWIRN:

The next meeting is, I think, Thursday at one o'clock.

CHAIRMAN MONTANO:

Okay. All right, good. Any further discussion? We have a motion to approve on the table. All in favor? Opposed? Abstention?

LEG. ROMAINE:

Abstain.

CHAIRMAN MONTANO:

One abstention. **Approved (VOTE: 6-0-1-0 Abstention: Legislator Romaine)** I'm going send this to the full Legislature for a vote. I'll vote to approve, but subject to, you know, a debate on

Tuesday. With that, no further meeting -- no further resolutions on the table, I'll adjourn the meeting.

THE MEETING CONCLUDED AT 11:08 AM

{ } DENOTES BEING SPELLED PHONETICALLY