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, October 5, 2010.

Members Present:
Legislator DuWayne Gregory - Chairman
Legislator Lou D'Amaro - Vice-Chair
Legislator Ed Romaine
Legislator Jay Schneiderman
Legislator Daniel Losquadro
Presiding Officer Lindsay - Ex-Officio Member

Also In Attendance:
George Nolan - Counsel to the Legislature
Jason Richberg - Aide to Legislator Gregory
Renee LoMoriello - Chief Deputy Clerk of the Legislature
Gail Vizzini - Director Budget Review Office
Robert Lipp - Deputy Director - Budget Review Office
Linda Bay - Aide to Minority Caucus
Paul Perillie - Aide to Majority Caucus
Ben Zwirn - County Executive's Office
Rich Tortora - Capital Market Advisors
Eric Naughton - Budget director - County Executive's Office
Connie Corso - County Executive's Budget Office
Dennis Brown - County Attorney's Office
Catherine Stark - Aide to Legislator Schneiderman
Justin Littell - Aide to Legislator D'Amaro
Dot Kerrigan - AME
All Other Interested Parties

Minutes Taken By:
Donna Catalano - Court Stenographer

(*THE MEETING WAS CALLED TO ORDER AT 10:14 A.M.*)

CHAIRMAN GREGORY:
Good morning, Ladies and Gentlemen. We are going to get started with today's Budget and Finance Committee Meeting. We will start off with the Pledge of Allegiance led by Legislator D'Amaro.

SALUTATION

Okay. Good morning. We have one card which is Rich Tortora. Why don't we just have you come up and whoever else. Connie, you guys want to come up and sit at the table.

MR. TORTORA:
Good morning. My name is Richard Tortora. I'm the President of Capital Markets Advisors, and my firm serves as the independent financial advisor to the County of Suffolk. What I was hoping to speak to you about today was the potential implication of further drawdowns on the County's Tax Stabilization Fund.

In our role as financial advisor, one of our responsibilities is to help the County maintain their relationships with the three credit rating agencies; Standard & Poor's, Fitch and Moody's. In conjunction with that, as the County goes into the market typically four times a year, sometimes more often, the County does two cash flow financings each year and capital financings each year as you are well aware. In conjunction with each of those borrowings, money we have at a minimum a conference call with each of the three rating agencies and then annually, typically in the spring, we have a formal sit-down where we invite the analysts out here to the County and we do maybe an hour and a half, two hour presentation for each of the three firms.

One thing that has become very apparent over the last 12, 18 months is the growing concern on the part of the analysts at each of the three firms on the deterioration of the reserve levels of the Tax Stabilization Fund specifically. In the past, one thing we were always able to say to the rating agencies that the County always had two aces up their sleeves; one of which was the ability to securitize the tobacco proceeds, which you did, of course, two years ago. And you did it the right way as compared to other jurisdictions that securitized -- securitized tobacco proceeds and used the money as a one-shot to plug a gap. What the County did, of course, is you used it to defease debt over a protracted period of time. So that was perceived probably as a credit positive because of the way you used those proceeds.

But the other ace you always had up your sleeve was this very significant Tax Stabilization Fund, which had up until 18 months ago, two years ago, $120 million in it. On the last go around with the rating agencies, one analyst in particular, an analyst named ann Flynn at Fitch Ratings, expressed her real concern. I mean, what they do is they don't downgrade you without warning. It's very much an iterative process. So we had an interview with them, they come back and forth with additional questions, additional follow up. But one of the things they heard in the interview that particularly concerned them was the County's intention to transfer $30 million out of the Stabilization Fund for the pension payment. While that pension payment isn't made until the first quarter of 2011, the County was talking about doing it maybe in the third quarter of 2010.

The impression that I got and I think a lot of people on our side of the table was if indeed that transfer took place third quarter 2010 then there was a very good chance that Fitch was going to downgrade us. The County right now enjoys the highest credit ratings that it's ever had. The County is presently rated in the AA category by Moody's, Standard & Poor's and Fitch. You're a AA-2 with Moody's and you're a AA flat with no modifier with Standard & Poor's and Fitch. That's very significant. The reason being, in the past when the County was rated in the BAA Category, in the A Category, whenever you went to the capital markets to borrow bond financing, you would always get bond insurance. In the past up until two years ago, 18 months ago, there were seven

AAA municipal bond insurance companies. Since the fiscal crisis that started in the Fall of '08, there are no longer seven. There's only one bond insurance company that has some AAA ratings.

So as a result, the cost of bond insurance should you need it, would probably be two or three times what it had been in the past. And I mentioned that because what our responsibility is as a financial advisor is just to tell you what the potential implication are of some of your actions as it pertains to your credit rating, and then you make the policy decisions and we are where we are.

But very simply, if the County pursues the -- its norm trajectory and issues in the neighborhood of 150 to $200 million in long-term debt, you know, in the ongoing years as you have done in the recent past, you're presently a AA. If indeed the rating went down into the A Category -- and that's two steps, so that wouldn't happen overnight certainly. Right now you're a AA2, you'd have to go down to AA3, but at that point, you're right on the bubble. If you slipped into the A Category, which is still an attractive credit rating, but the market investors would now expect the County to insure its debt, they would probably do so at a cost of maybe 50 to 75 basis points. So let's assume that were to happen -- and again, that's a couple of steps away -- but again, if we went from where we are, AA2 to AA3, you're that much closer to it potentially happening.

Your cost for bond insurance alone in any give year could be one million to $1.5 million. In addition to that, your cost of capital, the interest rate at which you borrow your debt is directly related to your credit rating. So at AA interest rate long term, you are able to borrow in the bond market at extraordinarily attractive rates. You're able to borrow bonds maybe in the neighborhood of maybe two and a half percent.

You are also, because you have such a strong -- in part because you have such a strong underlying credit rating -- you have two ratings; you have your long-term rating which is for long-term debt, for bond debt; and then every year the County goes into the market twice for cash flow financings in the Fall and then in late December. In part because of your strong underlying rating, you have always been able to secure the highest short-term rating from Moody's, Standard & Poor's and Fitch. Another concern of ours is in the event that the credit rating starts to deteriorate, it would potentially jeopardize your ability to get those high short-term ratings.

The County does extraordinarily well in the note market in the last year, 18 months. In part because you're such a good credit rating, in part because you issue the type of debt that investors look for; general obligation debt, large par amounts. It's not unusual for you to get 15 or more bids when you sell notes. It's not usual for you to get six or eight bids when you sell bonds. If in indeed we lost the SP1 Plus, the Mig 1, Moody's Investment Grade 1, we suspect that the number of bidders would decline and certainly, you're cost of capital would go up.

Right now you're borrowing, again, at terrific rates, probably something close to 35 basis points or one-third of 1%. If we were not a Mig 1 or an SP1 Plus, that number could easily double, interest expense could easily double. Now in terms of what that means to you, it's not a huge number, but it's in excess of a half million dollars on your note borrowings. On your bond borrowings, again, if the rating were to deteriorate, we expect that if you move from where you are now, AA2, down to maybe a AA3, which would be the next step down, not a huge change, because you're moving within the AA category, it's probably five to ten basis points, the real concern of course is if then you slip a notch lower.

And the reason I mentioned the possibility of you slipping a notch lower, because once you get into the bottom of the AAs, there's more -- I don't want to say there's more scrutiny on you -- but, you know, but the economy doesn't seem to be rebounding the way we all hoped it would. So in the past you've had these reserves to count on. If they are gone and your sales tax numbers don't firm up, the mortgage tax receipts don't move in the direction that we'd all like to see them, then you don't have that flexibility that the rating agencies look for that allow jurisdictions to kind of weather the tough times.

So in summary, my reason for being here is just to point out that that reserve, the Tax Stabilization Fund, is -- has been crucial to the success of the County's credit rating and its access to the credit markets. If indeed that number were to come down significantly, we'd be concerned that that could trigger a downgrade in the near future. Thank you.

CHAIRMAN GREGORY:
Thank you. Currently we have approximately $68 million in a reserve fund which is almost half of what it was a few years ago. Have the bond rating agencies expressed any concerns about that?

MR. TORTORA:
They certainly have, sure. They have noticed the amount of the drawdown and rapidity of the drawdown, and they've expressed concern. You would expect in tough economic times that a fund is drawn down, that's what it's there for certainly. But what they're concerned about with a jurisdiction with a budget the size of the County's, if, you know, we were at 120 million plus, now you're slightly in more than half of that and there's talk of that number maybe being halved again, that's a great concern to them.

CHAIRMAN GREGORY:
Now, what other things do these bond rating agencies look at? Do they look at our budget? Do they look at the proposed revenues that in the budget, then when we go out for bonds they look at that?

MR. TORTORA:
Sure. There are primarily four key areas that they look at when they give you a credit rating. They look at your debt, the amount of debt outstanding, the purposed for which it's issued, the likelihood for you to need more debt in the future and how quickly you pay it off. They look at your management; that's your management team, you know, the folks in the Exec's Office, the Comptroller's office, the Treasurer's Office. They look at economic and demographic factors; the size of your tax base, real property tax collections, sales tax collections, etcetera. And then they look at your financial performance; your budget-to-actual performance, how those monies hold up, do you run an operating surplus at the end of the year, an operating deficit, do you have reserves, etcetera.

Because we are all in the same boat in terms of the economic condition, everyone's taking their lumps all over the country, not just on Long Island certainly. So that's a touch one right now. They're certainly very comfortable with the management team at the County. They know all you, you know, your key department heads and your key elected officials, some of the members of the Legislature. So that's fine. They're comfortable with your amount of debt. Finances are the key right now, and that's what troubles them.

The big one is sales taxes because the County is so heavily dependent on that, and it's not clear what direction those numbers are going in. Once in a while we get a big check, other times we get a small check. So that's why I pulled out -- I, of course, pulled out the report prior to coming here this morning, they talk about liquidity and flexibility. The reserves is what gives you the flexibility and the liquidity that are essential right now to your credit rating in this kind of market environment.

CHAIRMAN GREGORY:
Now, what would have -- you know, in your professional opinion, what would have more of an impact on the bond rating; would it be to transfer funds, as you say, but you are here 1972, you know, transferring funds from the Tax Stabilization Fund to the Retirement Fund, or putting in what some have termed phantom revenue in the budget that would never be realized? What would have more if an impact, because -- and I'm not sure if they get into the details of the budget, because you have a situation where the County Executive has put in the closure of the nursing home, which he clearly doesn't have the support of it, I think that's a $20 million net for the County. If he had

the support of that, he would have had to put it in budget I would think. And also, the Legacy Village, from my understanding, those revenues wouldn't be realized until 2012. So what would have more of an impact on our financial ratings?

MR. TORTORA:
The rating agencies, if they see the use of reserve to pay a one time expense -- so if we say that's what's going on with the pension cost rising dramatically, that's something akin to a one-time expense, it's going to be ugly next year and maybe the year after that, and then the expectation is it should settle down. So that's the use of reserves for a one-time expense. If they see the use of reserve for an ongoing expense against a one shot, they frown on that certainly. And we've talked about one shots before. It always comes up in the rating agencies presentations. So again, use of the monies to pay a one-time cost, fine. To plug a gap that's going to occur the next year and the year after that, that would concern them.

CHAIRMAN GREGORY:
I think you answered part of my question.

MR. TORTORA:
I'm sorry. Could you tell me what the second part is?

CHAIRMAN GREGORY:
My question is more of a comparison of what would be more detrimental to our bond rating; would it be transferring these funds as in 1972, or plugging the budget, this year's budget, with quote, unquote phantom revenue or revenue that I would say 90% of it won't be realized? Even if it is realized, it won't happen until next year?

MR. TORTORA:
I understood the question perhaps incorrectly. If the thought is what is more detrimental to the rating, using the money to save Foley or using the money to plug in for the pension payment; is that the question?

CHAIRMAN GREGORY:
No.

MR. TORTORA:
No. I'm sorry.

CHAIRMAN GREGORY:
That's all right.

MR. TORTORA:
What I'm always reluctant to do is comment on policy. I mean, so I guess my answer was kind of a roundabout way of trying to answer your question. If the use of the funds -- and again, I know I'm going back to the other side -- if the use of the funds could be deemed a one shot, that's a bad thing. The County has had a very good relationship with the rating agencies in terms of the County's ability to project certain revenues. The analysts have consistently given us the benefit of the doubt, because in the past, when we projected where sales tax revenues would come in, where mortgage tax receipts would come in, where the sale of an asset, when that revenue would be realized, while they might of kind of scuffed at it in the past, the County has been very consistent in delivering what it said it would deliver, so it has a very high credibility with the rating agencies. So maybe that answers your question somewhere.

CHAIRMAN GREGORY:
Yes, that answers it better.

MR. TORTORA:
Great. Thank you. Legislator D'Amaro.

LEG. D'AMARO:
Thank you. Good morning, thank you for being here.

MR. TORTORA:
You are welcome.

LEG. D'AMARO:
So the purpose -- your explanation is that tapping the reserve is a concern of the rating agencies. It matters to what extent we tap that reserve fund with respect to the bond rating, the course of borrowing. With respect to the bonds, you are talking more about slipping two notches rather than one, but, you know, to get to two, you need to take the first step. So I understand that.

MR. TORTORA:
And clearly I wouldn't suggest that this action would trigger a double downgrade. We certainly don't think that's the case. We just think based on what we've heard that a single downgrade in the case of Fitch from a AA flat to a AA minus, we think that's very possible.

LEG. D'AMARO:
All right. And then, of course, if you get into those areas, you start to need the insurance. And it's a less competitive market to purchase the insurance, the costs have gone up on that like everything else.

I had a few specific questions for you. So you paint that picture and you give us that warning, but do you have the same concerns if we tap that fund for 30 million as opposed to 50? And if not, why not?

MR. TORTORA:
Sure. The amount of the withdrawal, the amount to which you draw down the fund, that's a big concern. I mean, the rating analysts had comfort when we left it at 88 million without the $30 million transfer that was originally proposed for the third or four quarter. They were comfortable with 88 million, but they would have been, I believe, uncomfortable if we drew it down to 58 million. So the amount of the drawdown was certainly significant.

Your question, 30 million or 50 million, 50 million would raise a lot more eyebrows with them certainly than the 30 million drawdown or the 20 million drawdown. But also, they always look at how the funds are used, which gets back to Legislator Gregory's question. If it's perceived to be used for pretty much a one-time expense, they're more comfortable with that. If it's perceived to be used as a one-shot and then that hole shows up again the next year, that's a concern of theirs.

LEG. D'AMARO:
Just to put that in concrete for my purpose, looking at the use of the funds, it would be more appropriate to use the reserve fund for, say, what's proposed the pension paydown or the pension obligation which is ever escalating as opposed to funding operating expenses.

MR. TORTORA:
Certainly.

LEG. D'AMARO:
Okay. My next question is let's say we take the 50 million, let's say a policy decision is made and we use 50 million more out of the reserve fund, that puts into play the scenario you painted this morning with respect to the bond -- the credit rating agencies, bond rating agencies. What options do we have or how can we rebolster our rating? What options do we have? If we decide, you

know, it's a given, we're taking the 50, what else can we do to ensure that we don't start to go down those steps?

MR. TORTORA:
Very tough question. We talked about the four key areas they look at. Again, management is management, that's not going I suspect. Your debt I don't suspect is going to change. It's not like all of a sudden you're going to issue debt to fund operating expenses. The economics and demographics are somewhat beyond your control, so the key factor is finances.

So if we had these drawdowns, but then in the next breath we were able to give the analysts a very lucid detailed game plan on how we were going to get those reserves back up to a level that they would be comfortable with, they potentially would accept that and give us, you know, the benefit of the doubt, because, you know, they like this team, they like what this team has been telling them, they have faith in what the team has been telling them, so if we can come up with a concrete plan that they thought was viable even after the drawdowns, we might be okay.

LEG. D'AMARO:
So we would need to convince these agencies that, you know, we're tapping the reserves more than they would like, here's the plan to replenish the reserves in a sufficient amount of time to give them more comfort. So how do we do that?

MR. TORTORA:
That's a policy decision. I don't know. How do you generate -- how do you put more money back in that stabilization fund? I think your hands are somewhat tied in terms of what you can do. I mean if you think about -- you know, they respect investors theoretically, the rating agencies, so they want tax increases, they want fee increases, they want you to cut services, because what they are all about is they want to see you as financially strong as possible so you can pay your debt in full and on time.

LEG. D'AMARO:
So on a policy level, is it fair to conclude that lowering our bonds rating has brought implications when it comes to them the policies to try and get that bond rating back up, whether it's tax increases or more cuts in services or more cuts in staff, employees? I mean, we wouldn't have any other tools at our disposal at that point. All we can do is go -- the only way we can go is down in our bond rating unless we come up with some policy initiatives to regenerate the reserve fund.

MR. TORTORA:
In this climate, yeah, I think it's a challenge. The revenue side is the real hard part right now. So what we're seeing across the Island, across the State, is the revenues aren't there, so they cut from the other side, they cut the expenditure side.

LEG. D'AMARO:
Okay. Thank you, Mr. Chairman.

CHAIRMAN GREGORY:
Legislator Losquadro.

LEG. LOSQUADRO:
Thank you. Gail, what's the balance right now of the reserve fund?

MS. VIZZINI:
It's 88 million.

LEG. LOSQUADRO:
Eighty-eight. Okay. Earlier this year, you know, I actually went to the County Executive and spoke

to Connie, to the team, about tapping some additional money from the Tax Stabilization Reserve Fund to pay the separation costs on the early retirement incentive plan. It was a one-time expense. It was something that we would have had to bond out and pay debt service on. I thought it was much better to use the cash. It was something that actually wound up looking good for us, it was a good use of that ten million dollars.

That was done with the knowledge that we were going to be taking $30 million this year to help offset the increase in pension costs. To now look at that and say we're going to increase that to 50 for a total 60 million to come out of that for this year, based on all the discussions that we had, I think it is far too high a number. You know, we had very serious discussions about adding that $10 million this year, you know, based on a $30 million.

To increase that now to 50, I think is just far too high. I think it puts us down to a number that given the economic climate we are in and the fact that even in this piece of legislation here if references a 116% increase that is projected for the -- for the contributions up to 16.3% in 2012. What it doesn't reference is our State Comptroller is estimating that in 2013 that number could be 30%. And that's another 80 plus percent on top of that 116% that's being projected now. And the Comptroller's lowered the anticipated rate of return after they borrowed against the pension fund at a guaranteed rate of return.

I mean, the State has put us in an absolute nightmare scenario with this system. And we are going to have make up that up shortfall. And to put ourselves in a position now where we are not going to have even the cushion that we had this year, with that potential spike, or not even potential, the spike that's going to occur in our pension contribution, I think it's foolish at best and just outright bad policy at worst. It's a position we should not put ourselves in financially. And I am adamantly opposed to this.

So Mr. Tortora, there were a couple of numbers that went back and forth based on different potential decreases in our bond status. Based on step one, step two, short term, long term, what would the potential aggregate cost to the County be, say, per annum based on each of those scenarios; you know, a short term, you know, one-notch decrease and then a little bit longer term two-notch decrease? Because I see if we go down that road, there's no turning back, because next year we would have to deplete the fund entirely. And I think that, you know, we are going to hit that level. So what would each of those two scenarios be in the aggregate as far as additional cost to the County?

MR. TORTORA:
If indeed you were downgraded from where you are presently, AA-2 or AA flat, the additional cost going down one notch would probably be not particularly significant, maybe a half a million dollars interest expense on your capital borrowings annually. If at the same time you were to lose your ability to get the Moody's investment grade one and the SP-1 plus, the highest short-term ratings, that could probably be an additional incremental expense of maybe another half a million dollars, maybe three-quarters of a million dollars. And, of course, that would be every year.

The real cost comes in if indeed you slip from the AA to the A, which again, we don't think this action is going to do that, but if indeed that's where you ended up let's say a year from now, then it's significant, because then we think your insurance expense goes up from zero now to a million, a million and a half, we think your interest expense on your notes might go up to, you know, maybe a million dollars perhaps.

One thing that's important to notice is that right now we're in the lowest interest rate environment that we've ever seen both in terms of notes and bonds. So moving within the AA category in the current market isn't that big a deal. We said it's only five ort en basis points if you're a AA-2 or a AA-3. But if we were in an interest rate environment, the traditional environment where rather than borrowing at two and a half percent where you are now, you are borrowing at four and a half percent, now the movement within the AA category could be twice that. It could easily be 20 basis points, 25 basis points. And on the note side, if you were borrowing say in a normal market one and a half, two and a half percent, that rate could easily be 50, 100 basis points higher. We subscribe --

LEG. LOSQUADRO:
Just to interject there for one second. Given the national economic environment, what the Federal Government has been doing in terms of issuance of massive amounts of debt, what I've been reading, what I've been looking at is that these interest rates can't last forever. What is your professional opinion and what is the financial industry saying as to where these interest rates may move when they may move?

MR. TORTORA:
I've been so wrong on this the last couple of years, because I would come here and say, "They can't get much lower, they can't stay this low for very long," but they've stayed very low for a very long time. I think if you brought a half dozen economists into the room, you know, Pearl Kamer and her group, they would say that the expectation is that interest rates should and will rise in the next six to 12 months. You know, how much will they rise? That's a wild card. You know, borrowing -- you borrowed 350, $450 million a year in short-term borrowing, you're borrowing at a third of a percent, it wouldn't be surprising to me if you were borrowing at 1% year from now, three times the rate.

You know, no rates are more volatile. They move more quickly and more dramatically than bonds rates. Right now, if you are borrowing in the bond market at two and a half percent, it wouldn't surprise me if in a year from now, you were borrowing at 3 1/2% or more. So the expectation is rates will rise. How quickly and how much? That's the big question.

LEG. LOSQUADRO:
Well, I think that's a certainty. It gives all the more reason for us to preserve whatever reserve that we can this year moving forward into next, because, you know, it's just like the Stock Market and the housing market, it was flying high, people never wanted to believe it was going to end. Well, you know, what these rates are at historic lows and at some point, it's going to end and it's going to have to come back up. And I think that sort of uncertainty lends, like I said, even more credibility to the argument that we have to be prepared for that.

We have to be specially vigilant in our decisions of how much and when to tap this fund. And what I'm hearing from you, I think supports that exactly. So at a minimum, we're talking a million dollars, even just a one notch lowering. You were saying half a million dollars probably on each level, maybe a million, million to a quarter based on your numbers. And then just on the long term side, if it we were to drop again then, say a year from now, you're talking two and a half million, and then short-term side which would be undetermined. So you are talking, you know, maybe a million this year, maybe as much as four million in the following year in additional costs. That is not insignificant, and those are recurring costs. Something I'm willing to undertake. So thank you, sir.

CHAIRMAN GREGORY:
Legislator Romaine.

LEG. ROMAINE:
Thank you. I know I have some questions for Mr. Tortora. But before I did that, I needed to talk about the pension debt. But I did want to comment that two and a half years ago, these bonding agencies gave AAA rating false swaps. They ruined this country. They should be ashamed of themselves. And that they have any credibility is beyond me. They ruined this country. They, in essence, by not doing their job, by not rating investments that they should have, ruined this country. They should be ashamed of themselves. And any government that puts any faith in any of their ratings is lending credibility to these people who failed in their most primary mission; to

protect investors.

With that being said, I have a very low opinion on rating agencies based on their past experience. Let's talk about pension debt. How much more are we going to have to pay in 2011 than we are paying now? What is the estimated bill? What are we paying this year? What are we going to have to pay next year? What are the estimates on that?

MR. NAUGHTON:
The 2010 bill for the County was $92 and a half million. The 2011 bill was estimated to be 137.7 million.

LEG. ROMAINE:
So roughly how much more?

MR. NAUGHTON:
Roughly $40 million more.

LEG. ROMAINE:
So roughly $40 million more. And of that 92 million that we pay, how are we paying it this year? We were paying it out of operating expense.

MR. NAUGHTON:
That bill was paid in February out of the Operating Budget.

LEG. ROMAINE:
Totally out of operating. Considering the financial situation, how are we estimating to pay the $132 million more?

MR. NAUGHTON:
In the recommended budget, we are proposing to amortize $19 million of the increase.

LEG. ROMAINE:
So what you are suggesting is that some of this, I believe the County Executive has put forward earlier this year, moving money from our reserve account into a new pension reserve account to pay some of the additional expense; is that correct?

MR. NAUGHTON:
Yes. We did propose moving $30 million into the pension reserve fund.

LEG. ROMAINE:
And now you're proposing another 19 million, okay. That doesn't seem to add up to the 40 additional. I guess we still can't pay all of it out of operating like we did last year. So we're proposing to go $19 million into debt, into bonds. What is the cost -- that's a ten year bond if I'm not mistaken?

MR. NAUGHTON:
It's not a bond. You're borrowing against the pension system over a ten year period about a five and a quarter percent rate.

LEG. ROMAINE:
Five and a quarter percent rate that we would borrow, okay? So what is the expense of borrowing over ten years that 19 million dollars that we about to borrow next year? You don't have that?

MS. VIZZINI:
It's about another $5 million, and the General Fund portion is about 15 plus million. And over the

period of time, it would be another four million. So for the full 19, I'm guessing 5 million.

LEG. ROMAINE:
Over ten years? So essentially we're about to ask the taxpayers to come up 20-24-$25 million more or less over the next ten years to bond out the cost of this debt. I've been in government awhile, one of the things that people usually say to me -- I don't know if there's new economics out there --

MR. NAUGHTON:
Excuse me. I think what Gail said was that it's an extra $5 million cost.

LEG. ROMAINE:
Yeah. So it would be -- five million and 19 is 24 million dollars that we would be spending, okay?

MR. NAUGHTON:
But you have to spend the 19 anyway. So the only additional cost is five million dollars.

LEG. ROMAINE:
That isn't our only option, because as I am about to say and I am sure you are aware, because you've been in government some time, Mr. Naughton, is that usually paying for something upfront as opposed to going to debt is a more preferable way to do it. It's very basic economics to me; that if you can pay for something, if you have money available that you could pay for something, it's better to do that than incur debt.

We have a rainy day fund, we call it a reserve funds, and, boy, if it ain't raining now, it's never gonna to rain. So I'm looking at that funds and I'm saying, "I have a choice, I can tap into that fund for $20 million or I can go into debt for 19 million and take on another five million in interest expense." And that's an option that I'm looking at right now. And I'm trying to consider which is better.

Now I'm listening to Mr. Tortora, I have no faith in rating agencies and that this government even depends on them, I know it's the system, but what they did, I still shake my head at the lack of outrage, the lack of outrage to these companies that mislead investors and drew this country into one of the worst recessions that it's facing.

That aside, the bottom line is we have an option, because we do have a rainy day fund -- we created that rainy day fund for taxing people for services that we did not provide by leaving vacancies in County Government. Right now, there's over 1600 vacancies in County Government. We don't tell people because we don't put a line in like most governments do, say, "Reserve Fund." What we do is we put positions in the budget, then we leave them vacant, massively vacant, 16-- I would say is massively vacant. And when we leave them vacant, we get that money, and about 75% of that money goes into the Reserve Fund, and I think 25 is rolled over to the following year to the Fund Balance. That's how we do that. We've done that for a number of years. We've built up this fund by denying services or taxing people for services that we don't provide.

We now are confronted with this. And one of things that I have to do, and I'm going to listen very carefully to this discussion, because I've listened to Mr. Tortora who made a lot of sense, I've listened to my colleague, Mr. Losquadro, who made a great deal of sense. But we have essentially a choice; do we use our rainy day fund to pay for this expense now, because we have it, thank God; or do we go deeper into debt and take on $19 million of debt with a $5 million expense over ten years? Essentially, that's the question before us. How are we going to run this government? So anything that you can comment on those choices, I'd be happy to listen to.

MR. NAUGHTON:
Well, my first comment is Legislator Losquadro pretty much said it to you, I don't know if you were

listening, it may be raining now, but it's going to be pouring in 2012. The pension cost is going up by an extra $40 million, so to draw down your reserves now would not be considered a prudent decision. I think if you do a survey of most governments today, they're going to probably amortize part of the pension increase, because that is the right thing to do, that is the smart thing to do. The rating agencies have not criticized that. But to do what you're suggesting, to draw down our reserves now, it would be foolish.

LEG. ROMAINE:
Well, i'm not suggesting that. I'm saying that's the choice before us. If that's the case, then why did the County Executive proposed the 30 million? Why didn't he amortize that debt? Is it just a matter of degree?

MR. NAUGHTON:
No. There's a limitation in the law, it only allows you to amortize a portion of the increase, and we're amortizing the amount that we could.

LEG. ROMAINE:
So your proposal is the maximum that we could amortize; is that correct, for the record?

MR. NAUGHTON:
That would be correct.

LEG. ROMAINE:
So you had no choice; you either propose the 30 million in a pension reserve account, or you would have no way to pay the pension bill; is that correct?

MR. NAUGHTON:
No. The other choice was to make some draconian cuts. I don't think you would like that either.

LEG. ROMAINE:
Or raise taxes. Thank you very much.

CHAIRMAN GREGORY:
Legislator Schneiderman.

LEG. SCHNEIDERMAN:
Let me start on the same topic that Legislator Romaine was on. Rich, you know, you're independent advisor and we're looking at two potential ways of dealing with this; the borrowing of $19 million, which has associated interest cost, and I would imagine the rating agencies look at your debt levels and that's also a factor in terms or your potential credit rating, versus using this Reserve Fund to pay it now, and you're saying that there's a possibility that that could affect our credit rating.

We know in the borrowing we are going to have a guarantee of that interest, there's no question about it, maybe a decrease in our credit rating, who knows. And there's a possibility we get out of the interest by using the reserve, but there's that possibility. Your recommendation still is that we don't take it out of reserve, that we go for the borrowing of the $19 million? Explain that. Let me ask you, and I hate to bring these types of questions up, because -- but I know firm -- because I've worked with your firm for a long time when I was Supervisor. You did I think almost of all of bonding, preparing those documents. Your firm charges a fee for that. So if we go with the bonding, will your firm come out ahead then if we don't go for the bonding?

MR. TORTORA:
No, because if I understand what the County's intention would be, they'd bond it through the State so that the State would amortize the debt on their behalf. So we wouldn't be involved. There

would be no fee. But you do raise an interesting point, so let me mention it. What we would suggest you do, the State is saying you can amortize this expense through us over a ten year period at a rate of five percent. If indeed there was State legislation that allowed the County to issue the debt on its own, you could reduce your borrowing costs significantly, because your cost of capital even for that particular purpose would be significantly then what the State's proposing. This 5% rate is a money maker for the State. We'd rather see the State give you the authority to issue the debt on your own with your AA credit rating. I suspect you could probably save 1% or a million dollars.

MS. CORSO:
Can I just get some clarification? Are you suggesting that you're going to use the 20 million from the Tax Stabilization Reserve in lieu of doing the amortization of the 19 million in the budget? Because I think Legislator Romaine said that as well.

LEG. SCHNEIDERMAN:
That's a potential choice.

MS. CORSO:
I'm just asking if that's the option. Is the $20 million going to be used in lieu of the amortization? I'd like to get clarification for that.

MS. VIZZINI:
It's under consideration.

LEG. SCHNEIDERMAN:
I have a couple more questions too. Rich, you know, earlier you talked about reserves. In reality there's different reserves; we have the Tax Stabilization Reserve, I believe there's a couple other; there's a Debt Stabilization Reserve as well, I know there's a Sewer Stabilization Reserve. Gail, if you could just give me some of those reserve if you have them.

MS. VIZZINI:
Well, the Assessment Stabilization Reserve is very substantial. I think at the end of 2011 there will be over $154 million, because of a, once again, significant over $36 million payment from Southwest. Those are reserves --

LEG. SCHNEIDERMAN:
Those are for the General Fund. That's for the Sewer District.

MS. VIZZINI:
It helps our cash position, but as with all of our reserves, it must be paid back by the end of the fiscal year.

LEG. SCHNEIDERMAN:
I'm kind of curious in respect to credit agencies, rating agencies, whether the only Reserve Fund they're looking at is this Tax Stabilization or are they also looking at these other reserve funds?

MS. VIZZINI:
I believe they look at your reserve, but I would certainly defer to Richard in terms of what distinguishes --

LEG. SCHNEIDERMAN:
Because some of them are growing, are they not? Like that one in particular has been growing.

MS. VIZZINI:

That one is growing. It helps us in terms of our cash position, but we can't offset with general fund expenditures with it. Debt service reserve, which we don't have anything in the debt service reserve, although that would be an excellent reserve to build up, especially in light of 2011 with the proceeds of the tobacco falling off.

We could also, should you approve this resolution, it is basically the County Executive's $30 million plus an additional $20 million. It would reduce the Tax Stabilization Fund to 38 million. I want to clarify that it's not reducing it to eight million. You could leave in the retirement reserve in anticipation of the, once again, 2012 costs. You're deliberating on the 2011 Budget and you're trying to come up with the best policy decisions that you can.

MS. CORSO:
Can I just add to Gail. The last call was about, what, four weeks ago, Rich? I fought vehemently to, you know, have the rating agencies recognize Assessment Stabilization Reserve and some of the fund balances and Fund 38, Fund 39. And it didn't seems to matter. And Rich, I think, can reiterate, because those funds don't have the liquidity -- like, you can borrow from those funds cash flow wise, I'm sure you see those resolution come through -- you have to pay everything back by 12/31. So they really don't consider, even though it does have a healthy balance in there. It's the Tax Stabilization Reserve that has them concerned.

LEG. SCHNEIDERMAN:
If I could look at some other reserves are that are liquid reserves, but we might call them fixed asset or property reserves, because the County owns sellable assets, and in this budget model, there are several of them that are moving; there's John J. Foley, there's a 95 -- well, whatever you want to call it, basically, it's off our balance books. There's a 95 acre parcel in Yaphank that is also being sold. So those are one shots as well. You can think of them as a reserve.

A credit agency would look at what you have in terms of your balance book. You could say -- you'd list these properties like GASBY does, say, here they are. They are sellable. That 95 acres is not only being sold, but it's being sold contingent on a contract that involves multiple other -- several hundred acres in total of property. I don't even know what all those properties would be worth in a fair market sale. But that would be off our books, they would no longer be sellable assets.

So, you know, you make a choice between this one liquid reserve fund in terms of your Tax Stabilization and then these fixed assets that would no longer be a reserve. Do credit agencies look at that in terms of, you know, one way or another if we make a decision, a policy decision, okay, we're not going to use this reserve fund in terms of the properties, selling these properties, but instead we're going to go with this cash reserve? How does that factor in the mind of these credit agencies?

MR. TORTORA:
I would think that obviously you have assets that you can sell. There's always at what cost and what the timing is to sell those assets. So they certainly discount the fact that you have hundreds of acres of land that that could be sold and things like that. What they put a lot of weight on is money in the bank that you have, you know, immediate access to to get you through tough times. And that's exactly what the Stabilization Fund is all about.

As Gail said, there are monies in other funds, but that just helps you cash flow wise. This Tax Stabilization Fund is really the one think that they look at in terms of the flexibility that they're hoping that you'll maintain to get you through tough times.

LEG. SCHNEIDERMAN:
Let me also ask you on the property tax question, because you said before the rating agencies like when you raise taxes. I've been here seven years now, and we haven't raised property taxes at all, don't want to see property taxes go up, but certainly if you were that credit rating agency you look

and you say, "Oh, seven years without a property tax increase, you know, maybe there's room there." You know, they might look at that positively and say, "Well if they had to raise property tax they could, because they -- you know, it's below the rate of inflation, they're might be some buffering there. Does that factor in in terms of the credit rating agencies?

MR. TORTORA:
The rating agencies will never direct you towards policy decisions. You know, they -- just as you said, they might realize there hasn't been a real property tax increase in a number of years, and there's potential for increased revenues there. But also, if you look at what the real property tax revenue stream is as a percentage of the County's budget is such an insignificant number.

LEG. SCHNEIDERMAN:
Right. We're primarily a sales tax-funded County. And there has been increase in revenues. Even though sales tax has been flat, in budgeting, we have seen more ordinary expenses within the County being paid for by other streams of sales tax. For instance, there's a fund that's reserved only for environmental projects; the Quarter Penny Fund. And we see more and more, including in this budget, several more position that are currently in the County budget being funded by this stream that would have probably been used for brick and mortar types of projects.

The hotel tax now, with a new increase in tax, we saw some of the new increase going directly toward operating the County's Parks Department, funding some cultural programs that we might otherwise fund. And now in this budget, we're seeing additional positions within Economic Development being funded through this. So without an increase in the sales tax rate, we're seeing these components of taxes that were not probably envisioned to pay ordinary expenses, now covering ordinary expenses, which does, to me, translate to almost like a new revenue stream for the County in lieu of property tax increases. Can you comment on that, in particularly how the credit agencies might look at that in terms of a revenue source?

MR. TORTORA:
They're always very interested in any existing revenue stream that might have grew, any new revenue stream that the County might be able to bring to fill up its coffers. They always want to know what action will it take -- you know, is there. State Legislation retired -- they want to know what's the likelihood that that new revenue stream is going to be in place. And then once it is in place, they want us to quantify what the value of the revenue stream is.

So again, from their standpoint considering what their responsibility is, they are interested in any potential revenue stream. They'll discount it based on economic conditions, they'll discount it based on what it might take to put that new revenue stream in place. But certainly, they're very interested in that.

LEG. SCHNEIDERMAN:
So when you look at everything globally in light of the potential use of $20 million in reserves, Tax Stabilization Reserves, beyond the 30 million that the County Executive recommended, but then you look at all those other factors, there's no real guarantee in any way that the credit agencies would now move to lower our credit rating in light of all the other positive things that are going on. Is that true?

MR. TORTORA:
It's interesting, I've said before this body I'm sure a number of times in the past dozen years that no one event should trigger a downgrade. But based on what we've heard from the analysts the last two, three -- don't forget, we've seen them three times already this year. Based on what we have heard, the thing that they're really micro focused on is the level of reserves in that Stabilization Fund.

And again, I'm here to say that based on what I've heard from them over the last, you know, six, 12, 18 months, if indeed that fund is drawn down significantly, they're very concerned that you don't have the liquidity, don't have the flexibility. And I think there's a good likelihood that that will indeed be the one event that triggers a downgrade with one or more, but one in particular, Fitch in particular.

LEG. SCHNEIDERMAN:
Thank you.

CHAIRMAN GREGORY:
Mr. Presiding Officer.

P.O. LINDSAY:
Hello, Mr. Tortora. Thank you for coming today. I appreciate your input on this really difficult problem. So if I heard your testimony right, we could be downgraded by taking the 30 million.

MR. TORTORA:
When that was on the table the last rating call, the analyst was making noise like she was moving towards -- that she thought we were moving toward a downgrade. Keep in mind, we work with typically one analyst at each of these firms. And then once we do our presentation, they ask questions, they present to their credit committee. So what she said to us is, "I'm concerned. There's negative pressure on this rating. And that $30 million, if that indeed is gone from the Stabilization Fund, I think that's going to put a lot of pressure on us to downgrade the credit.

P.O. LINDSAY:
So the answer is yes.

MR. TORTORA:
I apologize, yes.

P.O. LINDSAY:
And if we took 50 million?

MR. TORTORA:
I think that would greatly accelerate the process.

P.O. LINDSAY:
It would still be one notch lower.

MR. TORTORA:
I don't think anything you do is going to get you a two-notch downgrade, but the one-notch downgrade is what we think is in the offing.

P.O. LINDSAY:
What is Nassau's rating, do you know?

MR. TORTORA:
I want to say an A-1. I'm told that they're a AA-3.

P.O. LINDSAY:
Which is how much lower than us?

MR. TORTORA:
One notch below where you presently are.

P.O. LINDSAY:
Do they have any reserve funds?

MR. TORTORA:
Not much at all.

MR. NAUGHTON:
I was actually in communication with their Deputy County Exec of Finance. He read the article in today's Newsday, so he sent me some information. They're undesignated fund balance is roughly $65 million dollars, and they have an additional $100 million in their sewer reserves. So and with some other miscellaneous funds, they have roughly about $200 million dollars.

P.O. LINDSAY:
So they have more reserve than we do?

MR. NAUGHTON:
No. It's a comparable number, because remember, with our Sewer Stabilization Fund, we have roughly about 150 at the end of next year. They have slightly about 100. They have 65. We have right now, once we take out the 30, we will be at 60, plus we also have a fund balance that we use. So there's numbers are slightly below us which is kind of consistent with the rating.

P.O. LINDSAY:
That's kind of surprising to me, because I was under the impression they didn't have any reserve funds. I'm not talking about the sewer reserve funds, but the Tax Stabilization Reserve. And I guess, Mr. Tortora, wouldn't you say that the problem that we are facing is on the revenue side, not on the expense side? I mean, I don't think the County has been lavishly spending money by any stretch of the imagination. It's our dependence on the sales tax, ans the sales tax revenues fell off the table. Wouldn't you agree with that?

MR. TORTORA:
What's clearly hurting you is the sales tax number, so it's the revenue side of the equation.

P.O. LINDSAY:
See our dilemma is the budget that calls for laying off 250 people? How much money do you think those people will spend on sales tax or buying anything if we layoff another 250? Don't you think we'd be adding to the problem?

MR. TORTORA:
That's not something I'm in the position to comment on.

P.O. LINDSAY:
Okay. It's a policy issue. See, our dilemma is to keep the rating agencies happy. They'd be very happy if we'd raise taxes, we didn't use our reserve funds at all, we cut services and laid off more people. But we are serving a two-headed monster; if we keep the rating agencies happy, we don't exactly keep our constituents happy. And that's what the policy decisions are that we're struggling with this decision. What this reso simply does is move another $20 million into the pension reserve fund to access it for -- we're not sure yet, because we're not done with our work on the budget. But just to clarify the whole thing because it came in discussion. That's really all I had to say.

CHAIRMAN GREGORY:
Thank you Legislator D'Amaro.

LEG. D'AMARO:
Okay. I'll be brief. Thank you. I'd like to respond to a few of the things that I heard, but i'm going to save most of it for when we debate the bill. I assume this is really the presentation. At

this point, we haven't called the bill. Just a couple of quick comments and questions.

I want to go back to what Legislator Romaine was talking about, I agree, and what the Presiding Officer saying, you know, we have some tough choices. But if we don't borrow this year, which is authorized by the State, I believe, do we know if we'd be able to borrow next year when we face, you know, a geometric increase in our pension costs yet again, or is that uncertain at this point? Is it a year-by-year decision?

MR. NAUGHTON:
No, it's been codified in the State Law.

LEG. D'AMARO:
Okay. So we have that option next year?

MR. NAUGHTON:
That's correct, for a portion of the increase.

LEG. D'AMARO:
Well, my point is that when looking at the two choices that Legislator Romaine put on the table, in my opinion, if we have the opportunity to borrow this year and at the same time save our credit rating, it seems to me more the prudent way to go, and let me tell you why. If we spend the 50 this year, then we have nothing really left to cover next year when we know we're seeing a doubling in our pension costs. You know, we need to take a longer-term view, we need a longer-range plan. I mean, we need to do prudent budgeting and not just, you know, cut and run this year and not worry about next year. I just don't think that's sound policy.

The second point I want to make is that Legislator Schneiderman talks about other reserves, assets, property, but to suggest that property that we may or may not sell or that the John J. Foley Skilled Nursing Facility is a reserve fund akin to having cash in the bank, I think is apples and oranges at best, and I don't think that's a reliable source of reserves. And I would highly doubt that a credit agency would look at that reserve, and I'll use that in quotes, as they would, let's say, a cash fund like the Tax Stabilization Reserve Fund. And that's it. You know, I'll save the rest of my comments for when we discuss the bill. Thank you, Mr. Chairman.

CHAIRMAN GREGORY:
Legislator Losquadro.

LEG. LOSQUADRO:
Thank you. I know we're not -- the bill is not live in front of us, but since we have this team here and we're having the discussion, I just want to get a couple of things straight. I heard from Gail and I heard from Legislator Romaine, but I haven't heard from anyone else that this $20 million will be used the way the $10 million for the Early Retirement Incentive was used, which would be in place of or as Ms. Corso said, in lieu of.

If that's something that we're actually willing to do and we are actually willing to reduced our overall expenses by tapping into this, then I'm still not a fan of it because of the, I believe, implications from the rating side, but if we are looking to keep the cost, you know, a zero-sum game, then maybe it's a consideration.

But that's not what we're talking about here. And not only -- let's not forget, we're not only talking about this year. If we plug 20 million in this year, there's 20 million next year, plus the continuing operating loss for the facilities; the Presiding Officer directly referenced the layoff of those individuals. So it's very clear we're talking about the sale of the nursing home this year, whether to do it, whether not to do it. And that is the alternative in this game. We're talking about do we take money this year or do we not take money this year, do we borrow next year. To me, the question is do we sell that facility this year or don't we sell the facility this year. And if we don't, is the a alternative closure or is the alternative finding a way every year to find a stopgap measure. And this year, apparently, it's taking an additional $20 million out of our Tax Stabilization Reserve Fund.

I think that's made very clear by the comments that we've hear today. If this is truly going to be a zero-sum game, we're going to take this out in lieu of borrowing that money, then maybe that's actually an alternative and we roll the dice with the rating agencies. But to me, it's very clear that's not the case. And if that's what we're actually planning on doing, shame on us, because if we want to actually compare ourselves to Nassau and the mess that they are in or think that moving in that direction or moving in the direction that the State has been moving in is the right move for us, I don't want any part of that.

CHAIRMAN GREGORY:
Okay. I want to thank everyone for their comments. I just have one last question, it's really just a recap of what the Presiding Officer asked you. So it's very possible without this additional $20 million transfer in the Retirement Reserve Fund that we could face a downgrading anyway.

MR. TORTORA:
That you could face a downgrade anyway even if you didn't do this?

CHAIRMAN GREGORY:
Right. Because what you've past -- what you've said I think at least two or three times in your past presentations or most recent presentations, particularly with Fitch, the person we work with at Fitch, that there's a possible downgrade anyway before we even entertain this $20 million.

MR. TORTORA:
I don't think that's inaccurate. I mean, they're concerned about sales -- I mean, it's all about sales tax. If the sales tax numbers deteriorate, you know, you could certainly be subject to a downgrade, you know, irregardless of what you do.

MS. CORSO:
I have to just reiterate that that was disclosed in the official statements now and we did talk about it with Fitch and we did manage to maintain our rating. It's the 20 million that is going to be the final nail in the coffin.

CHAIRMAN GREGORY:
Final nail -- they're already looking at downgrading, but they're saying -- your speculation is that they --

MR. TORTORA:
That increases the likelihood if, indeed more money was taken out of the fund.

CHAIRMAN GREGORY:
Right. They're already looking that way anyway. So I guess what I'm getting at that our actions here at the Legislature, we have haven't on our own and independently jeopardized our credit rating, this has been because of the financial situation that we're facing and some of the measures that the County Executive and the Legislature has taken over -- I guess over the past year or some months that they're looking to downgrade us anyway.

MR. TORTORA:
The concern certainly was brought about primarily because of the economic condition and what it's done with your sales tax receipts, your mortgage tax receipts, your property tax collections. That's raised the concern. And then they -- they've stepped back, now they're looking at the credit differently, they're saying, "Okay, you know, you've got a tough -- you're in a tough situation on the

revenue side, do you have the flexibility, the financial wherewithal to get through this?" And then they look at the Stabilization Fund.

CHAIRMAN GREGORY:
But when you said that, my perspective changed. You know, as a Budget and Finance Committee, we're to look at the economics and fiscal matters of the County, but when you made that statement, I'm looking at it in the perspective of a political decision now where a County Executive who touts his fiscal responsibility, if you will, who has this information that we weren't privy to that the credit rating agencies were looking to possibly downgrade us anyway, and now we come up with a plan, it seems like he is seeking political cover for a situation that was likely to arise anyway and he's going to use us as a scapegoat.

MS. CORSO:
No. I don't think that's true, because what he did was he personally talked to the rating agencies on the phone and said he was not going to take more than the $30 million.

CHAIRMAN GREGORY:
Because he couldn't, Connie.

MS. CORSO:
And you all -- each of you have gotten the press releases. And you could heed the warnings that are in those press releases from each one of those rating agencies, so don't say that you weren't aware of it, because you do get those press releases.

CHAIRMAN GREGORY:
I don't get them personally.

LEG. ROMAINE:
I don't get them.

MS. CORSO:
I believe everybody gets them. Legislator Romaine, you questioned me on the OS, did you not? So do you get information from the rating agencies?

LEG. ROMAINE:
Stop there. What is OS.

MS. CORSO:
The official statements.

LEG. ROMAINE:
I questioned you on the TAN about something that appeared in the TAN notice that seemed to be lifted right out of a press release from the County as opposed to being based on any factual matter on the savings that you were realizing on each person -- that each Deputy Sheriff that replaced a Suffolk County Police Officer in patrolling the state highways; part of sunrise highway and most of, but not all of, the Long Island Expressway. So, yes, I get those statements, but I do not get notices from the credit agencies or letters from the credit agencies or warnings from the credit agencies. If you'd love to share them with me, I'd love to have them.

MS. CORSO:
I'll do that as soon as I get back to my desk.

LEG. ROMAINE:
Thank you.

CHAIRMAN GREGORY:
Okay. Thank you. Let's get to the agenda.

1901, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 343-2010. (Co. Exec.)

LEG. LOSQUADRO:
Motion.

CHAIRMAN GREGORY:
Motion by Legislator Losquadro to approve and place on the Consent Calendar, seconded by Legislator D'Amaro. All in favor? Opposed? Abstentions? **APPROVED** and placed on the **CONSENT CALENDAR (VOTE: 6-0-0-0)**.

1903, Amending the 2010 Operating Budget to support the Patchogue Fall Arts Festival. (Eddington)

I make a motion to approve.

LEG. LOSQUADRO:
Omni?

CHAIRMAN GREGORY:
Yes, this is Omni.

LEG. LOSQUADRO:
Motion.

CHAIRMAN GREGORY:
Seconded by Legislator Losquadro. All in favor? Opposed? Abstentions? **APPROVED (VOTE: 6-0-0-0)**.

1922, Amending the 2010 Operating Budget and transferring funds within the Police Department to fund additional surveillance cameras in the Town of Huntington. (Cooper)

I make a motion to table.

LEG. D'AMARO:
I'll second.

CHAIRMAN GREGORY:
Seconded by Legislator D'Amaro. All in favor? Opposed? Abstentions?
TABLED (VOTE: 6-0-0-0).

1945, Amending the 2010 Operating Budget to support the Long Island Latino Teachers Association. (Montano)

I make a motion to approve, seconded by Legislator Romaine. All in favor? Opposed? Abstentions? **APPROVED (VOTE: 6-0-0-0)**.

1965, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 344. (Co. Exec.)

LEG. LOSQUADRO:
Motion to approve and place on the Consent Calendar.

CHAIRMAN GREGORY:
Motion to approve and place on the Consent Calendar by Legislator Losquadro, seconded by myself. All in favor? Opposed? Abstentions? **APPROVED** and placed on the **CONSENT CALENDAR (VOTE: 6-0-0-0)**.

1972, Authorizing transfer of funds from the Tax Stabilization Reserve Fund to the Retirement Contribution Reserve Fund. (Pres. Off.)

P.O. LINDSAY:
Motion to table.

CHAIRMAN GREGORY:
Motion to table by Legislator -- Presiding Officer for public hearing, seconded by Legislator D'Amaro. All in favor? Opposed? Abstentions? **TABLED (VOTE: 6-0-0-0)**.

We are adjourned.

(*THE MEETING WAS ADJOURNED AT 11:27 A.M.*)

{ } DENOTES BEING SPELLED PHONETICALLY