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6 NASSAU COUNTY LEGISLATURE

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8 RICHARD NICOLELLO

9 PRESIDING OFFICER

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11 BUDGET REVIEW COMMITTEE

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13 LEGISLATOR JOHN FERRETTI

14 CHAIR

15

16

17 Theodore Roosevelt Building

18 1550 Franklin Avenue

19 Mineola, New York

20

21

22 August 4, 2022

23 2:08 P.M.

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2     A P P E A R A N C E S :

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4     LEGISLATOR JOHN FERRETTI

5                     Chair

6

7     LEGISLATOR RICHARD NICOLELLO

8                     Vice Chair

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10    LEGISLATOR HOWARD KOPEL

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12    LEGISLATOR DELIA DERIGGI-WHITTON

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14    LEGISLATOR ARNOLD DRUCKER

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1 8-4-2022

2 LEGISLATOR FERRETTI: Please rise  
3 for the Pledge of Allegiance as our Presiding  
4 Officer Rich Nicolello leads us in the Pledge  
5 of Allegiance.

6 Mr. Pulitzer, if you would please  
7 call the roll call for the Budget Review  
8 Committee.

9 MR. PULITZER: Thank you  
10 Chairman. Budget Review Committee roll call.  
11 Legislator Arnold Drucker.

12 LEGISLATOR DRUCKER: Here.

13 MR. PULITZER: Ranking member  
14 Kevan Abrahams.

15 LEGISLATOR DERIGGI-WHITTON: I  
16 will be substituting for him.

17 MR. PULITZER: Thank you ma'am.  
18 That is a Delia DeRiggi-Whitton.

19 Legislator Howard Kopel.

20 LEGISLATOR KOPEL: Here.

21 MR. PULITZER: Vice Chairman  
22 Richard Nicolello.

23 LEGISLATOR NICOLELLO: Here.

24 MR. PULITZER: Chairman John  
25 Ferretti.

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LEGISLATOR FERRETTI: Here.

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MR. PULITZER: We have a quorum  
sir.

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LEGISLATOR FERRETTI: Thank you  
Mr. Pulitzer. We are going to start off today  
with public comment. We have one speaker, Mr.  
Kevin McKenna.

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MR. MCKENNA: Kevin McKenna, Edna  
Drive, Syosset, New York. I would have  
thought that public session at a budget  
meeting would be after you talk about the  
budget so that we can hear what it is that is  
taking place so that then we can comment on  
it. Can we do it that way?

16

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18

LEGISLATOR FERRETTI: No, sir, we  
are having public comment to start the  
session.

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MR. MCKENNA: So what's the  
public comment about?

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LEGISLATOR FERRETTI: You tell me  
whatever you would like to speak about the  
budget.

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MR. MCKENNA: Well, I haven't  
heard about the budget to speak about. You're

1  
2 kind of doing things backwards with all due  
3 respect. I'm sure that if you were on this  
4 side of the fence you'd probably agree with  
5 me. We are being broadcast live to all Nassau  
6 County residents right now.

7                   Also, to my surprise, I checked  
8 last week to see when the next Nassau County  
9 leg meeting was and this budget meeting was  
10 not announced on the Nassau County website  
11 last week. Today I happen to notice it. It  
12 popped up there all of a sudden and it's a  
13 shame that Nassau County residents are not  
14 given notice of such an important budget  
15 meeting by Nassau County.

16                   It's also a shame that the Nassau  
17 County legislators who continually put up  
18 posts on their Facebook pages self-promoting  
19 themselves at events, especially Legislator  
20 Drucker, who continually self-promotes himself  
21 at events, I don't understand why the  
22 legislators would not post on their Facebook  
23 page and alert their constituents to such an  
24 important event like a budget meeting. This  
25 is a really, really important meeting that

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2 99.999 of the Nassau County residents do not  
3 know about.

4

Do you agree Ms. Phillips? Do you  
5 agree that residents don't know about this?

6

LEGISLATOR FERRETTI: Mr.  
7 McKenna, your comments are to this body right  
8 here, not to the comptroller. So please  
9 direct your comments to the legislature.

10

MR. MCKENNA: Is the Nassau  
11 County Board of Elections under the budget of  
12 the budget that you're hear to talk about?

13

LEGISLATOR FERRETTI: Yes. It's  
14 part of the 2022 Nassau County budget.

15

MR. MCKENNA: I sent in an email  
16 to all legislators, as well as the Nassau  
17 County executive, suggesting and recommending  
18 an audit of the Nassau County Board of  
19 Elections because I have proof, documented  
20 proof, that there are individuals that have  
21 low-show jobs in the Nassau County Board of  
22 Elections. And you owe it to the taxpayers to  
23 perform an audit of the board of elections  
24 because there are people working inside the  
25 board of elections that are not working for

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2 the operations of the board of elections.

3 They're working for the party leaders. And if

4 you guys are concerned about the budget you

5 can really, really save the taxpayers money by

6 trimming down that board of elections.

7

LEGISLATOR FERRETTI: Thank you  
for your comments Mr. McKenna.

9

MR. MCKENNA: How much time is  
allocated to public comment for this meeting  
since I'm only the one speaker?

12

MR. PULITZER: Mr. McKenna three  
minutes sir.

14

MR. MCKENNA: How much time is  
allocated to the meeting for public comment?

16

LEGISLATOR FERRETTI: Sir, we  
would see how many speakers are here and then  
allocate time. Thank you sir.

19

To the comptroller.

20

MR. MCKENNA: You know what's  
unbelievable? What's unbelievable is that you  
are showing the public right now that you do  
not want to hear from us. You're showing the  
public that you have no interest in hearing  
from the public. You should all resign, every

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2 one of you. Thank you very much.

3

LEGISLATOR FERRETTI: Okay.

4

We're going to move to the comptroller,

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Ms. Elaine Phillips. I know you have a

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presentation.

7

By the way, thank you everyone for

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being here today. Thank you to the

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comptroller's office. I know Mr. Persich is

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here as well. Thank you. So, comptroller,

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take it away.

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LEGISLATOR PILIP: Thank you very

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much. Thank you to the entire legislature

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that is not here today but specifically the

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Budget Review Committee. I would like to

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thank you Chairman Legislator Ferretti, Vice

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Chairman Presiding Officer Nicolello,

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Legislator Kopel, Legislator Drucker,

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Legislator DeRiggi-Whitton, who is my county

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legislator, and Legislator John Giuffre for

21

having us here today.

22

I'd also like to give Kevin, Frank

23

and Chris and the whole team a shout-out and

24

Mr. Pulitzer up there for making the

25

technology side of this so easy.



1  
2                   One doesn't present our findings  
3 without the people that really do the hard  
4 work. So, I'd like to take a minute and thank  
5 my staff. First and foremost, my deputy  
6 comptroller Betsy Hill, who leads our  
7 accounting division. And the director of  
8 accounting Lisa Tsikouras. And it's Lisa and  
9 her team, really your team, that made our  
10 midyear report, made all the published reports  
11 for year end of 2021 happen. Without them  
12 today would not happen.

13                   I'm also blessed to have the whole  
14 front row here. I have my director of  
15 communications Wendy Goldstein. I have my  
16 summer intern Kevin Judge, who was really  
17 instrumental in getting this report together  
18 here today. I have my deputy comptroller in  
19 charge of overseeing audit Jeff Schoen.  
20 Deputy comptroller Beaumont Jefferson, who is  
21 in charge of claims, benefits and payroll  
22 here. We have my chief counsel Charlie  
23 Cassalero. Melissa Marciano and Nicki  
24 Benoit. So thank you guys. They have my  
25 back.

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We're going to take a few minutes of your time today and go through a summary of our midyear report for 2022. We're going to take a step back for a second and if we can go to our first slide and just give you a quick overview of the results of 2021.

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As mentioned, on June 30th we published our annual comprehensive financial report. These are the audited finances for Nassau County according to GAAP, under GASBY statement 54. I'm not going to go into a tremendous amount of detail because you have an expert here in the audience and that's Andy Persich. So, we felt it was a better use of your time to let Andy really make the highlights there, and particularly I wasn't in the administration at the time.

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I think though the key point that I would like to highlight is that in that highlighted bar that in 2021 Nassau County ended with a surplus of \$479.5 million. So I want to say to you congratulations. Good job. Really good job.

25

I'd also like you to look back,

1  
2 because I think it's important, that you also  
3 ended 2020 with a surplus of \$15.9 million and  
4 in 2019 \$150.8 million. We're talking about  
5 three consecutive years, three interesting  
6 consecutive years when it comes to both  
7 national and global events and you ended with  
8 a surplus. So let me say once again  
9 congratulations.

10 Let's go on to the 2022 budget.  
11 For the next page -- oh, let me tell you, I  
12 apologize. You have a folder in front of  
13 you. On the left side is the presentation.  
14 On the right side is the midyear report. You  
15 probably are not going to need the midyear  
16 report for today but I wanted you to have it  
17 both in hard copy we sent it to you  
18 electronically, but you can follow through on  
19 the presentation on the left side.

20 Go to page three in the  
21 presentation, and please, I'm going to  
22 apologize, the numbers are small but let me  
23 assure you that we are going to go through the  
24 highlights, the drivers of what we believe  
25 that the actual budget will come in for in

1

2 2022 versus what the adopted budget. And the  
3 bottom line is, on the very bottom right, is  
4 we believe that Nassau County will continue a  
5 surplus and based on our analysis it will be  
6 \$38.2 million.

7

Let us talk a little bit about the  
8 difference the way we report versus other  
9 reports.

10

MS. TSIKOURAS: This schedule on  
11 this page that has all the risks and  
12 opportunities against the '22 adopted budget  
13 is -- it mimics the GAAP reporting. So, for  
14 our financial statements we report our general  
15 fund in accordance with governmental  
16 accounting standards board statement 54 which  
17 was issued in 2011. And in that we have to  
18 consolidate certain funds that from a  
19 budgetary perspective and from a reporting and  
20 management perspective are reported  
21 separately. The general fund that's reported  
22 in here consists of approximately ten separate  
23 funds.

24

We also look at obviously the  
25 police district fund, which is one of the five

1  
2 major funds that's also from a management  
3 perspective. And we also look at the sewer  
4 fund as well as an operating fund of the  
5 county. So, our basis here mimics what we  
6 report in our financial statements.

7 MS. PHILLIPS: Thank you Lisa.  
8 If there are any questions concerning that  
9 please either bring them up now or save them  
10 for later. But I think it's safe to say it's  
11 a more comprehensive way of looking at the  
12 county. And I am going to put a plug in right  
13 now because you gave me a mic. This is why it  
14 is so critical that Nassau County gets a new  
15 financial system. The one we have is not  
16 GAAP. Doesn't report on a GAAP basis. And  
17 the fact is is GAAP is the way to report.  
18 It's the way we can evaluate ourselves versus  
19 other counties throughout New York State. So,  
20 it is crucial that we make the step. And  
21 thanks to you, we have funding to go that  
22 going. So, we're going to ask for a little  
23 more funding eventually too.

24 I'm going to ask you to turn to  
25 page four. And we were joined by Legislator

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2 Denise Ford. Thank you for coming. We  
3 Denise, Legislator Ford, I'm sorry, open up  
4 your packet on the left side is the  
5 presentation and we were just starting with  
6 page four.

7 So, what page four does is really,  
8 because you can't read all those tiny numbers,  
9 so what page four does it really just  
10 highlights the positive opportunities that are  
11 driving our projections and also goes into  
12 what could be some of the drivers on the risk  
13 side. So, I am going to go through each and  
14 every one of them. So, I'm going to start out  
15 with sales tax.

16 Sales tax, we are forecasting that  
17 sales tax will come in \$85.8 million higher  
18 than what was budgeted. So, trust me for a  
19 second and let's turn the page to page five.  
20 How did we get there?

21 First we look at historicals,  
22 right? So what this chart gives you it gives  
23 you your adopted budget for sales tax revenues  
24 from 2012 to 2022. Those are the orange  
25 bars. On top of that we give you the blue

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2 line and it shows you what the actuals were.

3

4 So, one of the comments that I'm  
5 sure that you deal with and I know we deal  
6 with is the comment that we hear that sales  
7 tax revenue can be very unreliable. I think  
8 what this chart demonstrates or one of the  
9 things that this chart demonstrates is in fact  
10 Nassau County's sales tax revenue has been  
11 pretty reliable dating all the way back to  
12 2012. I'm going to let Betsy tell a little  
13 story about that in a second.

14

15 But I think what's important here  
16 is the reliability that we look at that in  
17 saying even back in 2012 we had sales tax  
18 revenue that was well over a billion dollars.  
19 We also know what happened in 2019 is the New  
20 York State legislature -- that Nassau County  
21 was able to start receiving sales tax from  
22 internet sales. How did that impact? It's  
23 hard to tell because of COVID. But you have a  
24 pretty consistent revenue source here, and I'm  
25 going to let Deputy Comptroller Hill just  
comment on 2012-13 because it's relevant.

26

MS. HILL: I was in the bond

1  
2 industry for 40 years, and I shouldn't admit  
3 that, but I remember being concerned about  
4 Nassau County when the sales tax dropped from  
5 2013 to 2014. And I lived here about that  
6 time. I was concerned about the drop in sales  
7 tax from 2013 to 2014 never looking back and  
8 realizing until now if you draw the line  
9 directly from 2012 to 2014 pretty straight.  
10 What really happened was there was an increase  
11 in sales tax only in 2013 and that was likely  
12 due to things that had to be purchased after  
13 Sandy. Housing, construction work, cars,  
14 major appliances, house goods. So that really  
15 explains why there was not really a drop so  
16 much as a temporary increase in sales tax.

17 MS. PHILLIPS: So we looked at  
18 historicals. What's happened with sales tax  
19 revenues? Then we looked at today's economy.  
20 If you turn to page six it's just a simple,  
21 brief snapshot of what's going on today. We  
22 know GDP has been negative for two quarters in  
23 2022. Is it a recession? Is it not? We also  
24 know unemployment is at historical lows.  
25 They're really countering each other. Really



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2     countering each other. Then we know, in going  
3     down to the last chart, inflation is still at  
4     historical high levels.

5                     But then I'm going to send you over  
6     to the personal income, retail sales and  
7     consumer spending. So what drives sales tax  
8     revenue? It's you and I. It's us. Are we  
9     spending money? All I can say is that, at  
10    least as of this data, the consumer continues  
11    to spend.

12                    I've read things in the Wall Street  
13    Journal that says Mastercard is forecasting  
14    back-to-school sales. Spending up seven and a  
15    half percent from July to September over the  
16    2021 numbers. I'm also hearing maybe we're  
17    not buying the high end Bic pens for our  
18    children. We might be buying the generic pens  
19    for our children. But we are still buying.

20                    So, despite the negative GDP  
21    numbers, positive unemployment numbers, we get  
22    an unemployment number again tomorrow, the  
23    fact is up to this point the consumer  
24    continues to spend. I'm going to give you  
25    some actual numbers on Nassau County here

1

2 also.

3

4 Let's go to the next page. We  
5 looked at historicals. We looked at the  
6 economy. Then we looked at actuals and said  
7 what has actually happened to date in 2022  
8 versus 2021? So, I'm going to take you up  
9 into the first chart. I'm going to take you  
10 into the box of 2022. Then we can go into the  
11 white lines.

12 You can see February through April,  
13 May through July, but let's just go to the  
14 total. Total in 2022 through April we have  
15 received \$673.4 million worth of tax revenue  
16 versus -- keep going over to the right -- in  
17 2021 at this same time we had received \$617.8  
18 million. That difference is a nine percent  
19 increase. By chance, good news is -- well,  
20 let's go down.

21 Then we said okay, how does it all  
22 trend also? We see actuals and I'm going to  
23 point you to the yellow line. That's 2022.  
24 Then I'm going to point you to 2021 which is  
25 the year where we have received the highest  
level of sales tax revenue. And the fact is

1

2 you see that nine percent difference. But we  
3 also see a pretty steep decline in month  
4 seven.

5 But if you look at all those other  
6 colors, the fact is it all goes down. So, it  
7 really is a cyclical decline that happens  
8 probably after Mother's Day. We believe the  
9 spike is Mother's Day. Then you get that lull  
10 in June, July. Then you start seeing a spike  
11 back up, maybe back to school, and then you  
12 see your holiday sales at the end.

13 So, I think there was a lot of talk  
14 about the sky is falling because those numbers  
15 were beginning to drop. They dropped in  
16 July. The answer is they drop every year, at  
17 least going back to 2018, in July also.

18 We also received a check today for  
19 predominantly June and July, get a little bit  
20 of June some of the tail end stuff, but all of  
21 July and that check is an increase of over  
22 2021 of 11 percent. So, we're still staying  
23 above 2021 numbers.

24 The reason I emphasize that is I'm  
25 going to take you to the next page, page 8, it

1

2 gets into what we're forecasting, that \$85.8  
3 million that I mentioned a few slides ago, and  
4 why we got there.

5                   So, 2021 actual total sales tax  
6 revenue was \$1.409 billion. You budgeted  
7 \$1.375 billion. To date as of June, we had  
8 \$670 million. We are forecasting \$1.46  
9 billion. The variance is \$85.8 million.  
10 That's 6.2 percent over budget and a 3.7  
11 percent over actuals in 2021.

12                   But I wouldn't be a good analyst if  
13 I didn't tell you what if. What if we're  
14 wrong? We don't have a crystal ball. We  
15 don't profess to have a crystal ball. That's  
16 why the next chart is so important for you,  
17 for OMB, for the county administration.  
18 Right? So let me walk you through this  
19 chart.

20                   This chart, as it's titled, is  
21 possible sales tax scenarios. So, the top  
22 line are the scenarios which would be actuals  
23 that we have with the exception of the check  
24 that we received today and minus ten percent  
25 over 2021 actuals. Down ten percent. Actuals

1  
2 minus five percent, actuals minus two  
3 percent. The middle one is our forecast,  
4 which is actuals to date and then flat 2021.  
5 Even though we know it's coming in around nine  
6 percent higher. Okay? But being a little  
7 conservative.

8 Then actuals up two and a half  
9 percent over 2021. Actuals up five percent  
10 over '21. Actuals over ten percent.

11 So let's go down the middle.  
12 Actuals flat. We know we budgeted \$1.375  
13 billion for 2022. Our forecast is it's  
14 actually going to come in closer to \$1.46  
15 billion. That difference is the \$85.8  
16 million. That difference is the 6.2 percent.

17 But let's say our crystal ball  
18 doesn't work. Let's go over to the right.  
19 Let's go over two to the right and say actuals  
20 plus five percent over 2021. Same budgeted  
21 number of \$1.375 billion. But now the  
22 projected, our projection goes up from \$1.46  
23 billion to \$1.497. That's 122 or \$123 million  
24 rounded over budgeted and that's a 8.9 percent  
25 increase versus budget. No good analyst is

1

2 not going to show you the downside also.

3

4 Let's go all the way over to the  
5 red, the dark red. Actual to date, because  
6 those are real numbers, they're down ten  
7 percent from 2021 starting in July through the  
8 end of the year. August. Thank you. August  
9 through the end of the year actually fall  
10 below the 2021 numbers by ten percent. I'm  
11 going to repeat myself. We know it's up nine  
12 percent but what if? The fact is, we have our  
13 same budgeted number. Our sales tax forecast  
14 will then only go to \$1.386 billion. That's  
15 still \$11.6 million over what we budgeted for  
16 a percentage difference of .8 percent.

16

17 So, the bottom line is Nassau  
18 County sales tax revenue can afford to drop  
19 below 2021 for the rest of the year by at  
20 least ten percent and we will still make  
21 budget. That's a really important piece of  
22 information. Let's move on.

22

23 We're going to go back to those  
24 positives and those risks and I'm going to ask  
25 Lisa and Betsy please jump in.

25

So, we've talked about sales tax.

1

2 Other positive opportunities that we see in  
3 our forecast is state aid. \$26 million in  
4 reimbursements. Some various reimbursements.  
5 Payroll and fringe savings of \$30 million.  
6 I'm going to take you to the next page on that  
7 one because it's important. It's what's  
8 really happening here.

9 So, if you go to Exhibit-A, which  
10 is on page ten, how did we come up with that  
11 \$30.2 million and there's a little variance  
12 here. It's not a big deal. We looked at  
13 salaries. The fact is the cost of salaries  
14 will be lower. Lisa, why don't I let you  
15 explain this.

16 MS. TSIKOURAS: Our projections,  
17 our methodology for projecting the salaries is  
18 we use the on-boards as of June 30th and then  
19 project out. So, we show savings primarily  
20 due to vacant positions, the budgeted  
21 collective bargaining agreement amount that  
22 OMB has in their 2022 budget. Then offsetting  
23 some of that are like higher costs that we  
24 have for overtime and obviously the longevity  
25 payment that just went out. Like the net

1

2 effect of all of those for just salaries alone  
3 is a positive 2.3 to the budget.

4

5 For fringes we are projecting a  
6 positive 24.9. It's a little off on there.  
7 Sorry, 27.9. What's driving that is we have a  
8 lower pension. We're projecting a lower  
9 pension expense. We've included the pension  
10 repayment that was done in 2022. So those  
11 somewhat offset each other.

12

13 We're showing higher or more  
14 opportunity in health insurance for active and  
15 retiree. And offsetting that as well is in  
16 the budget there's a positive related to the  
17 collective bargaining agreements that are open  
18 that we are not projecting. That whole total  
19 net comes out to 27.9.

20

21 MS. PHILLIPS: Social services.  
22 We see an opportunity there. That's one of  
23 our positive variances on our forecast. And  
24 it really comes down to \$6 million that we are  
25 going to receive probably above and beyond  
26 what the state and federal government gives us  
27 for early childhood preschool. It doesn't  
28 mean they're actually the expenses for early



1  
2 childhood preschool is actually going up.  
3 It's a negative to the budget. But we're  
4 showing the reimbursement walls will go up  
5 with that.

6 Medicaid, 21.6 million. Debt  
7 service. Basically savings due to the delay  
8 in the issuance of new bonds in 2022. Then  
9 the other which is the opioid litigation  
10 settlement.

11 On the risk factors, the negative  
12 88.6 million. Let me say, rest assured,  
13 because we look at the budget on a GAAP basis,  
14 on an actual basis, we know, you know that you  
15 are going to use the reserves that you so  
16 smartly put aside for property tax refunds.  
17 But we don't reflect that in the actual GAAP  
18 budgeting basis. So, it is, until you do it,  
19 until it's paid, once it's paid we'll reflect  
20 it but until that point. So, I don't want to  
21 minimize that negative 88.6 million but I am  
22 confident that that \$88.6 million, as long as  
23 you use the reserves to pay for that tax  
24 refund, we're in good shape.

25 Let's go to departmental revenues

1

2 and I'm going to take you to Exhibit-B.

3 Departmental revenues really have to do with

4 the GIS tax map verification. Your mortgage

5 and deed recordings. We actually just got a

6 report from the clerk's office. We have July

7 numbers now. They were once again down 22

8 percent for the total number of transactions.

9 That's not in dollar amounts.

10 Why is it? Because mortgage rates

11 are higher. I will say the Wall Street

12 Journal reported today that mortgage rates are

13 the lowest they've been since April and they

14 drop below five percent. So, that's a

15 positive news for us when it comes to mortgage

16 and deed recording fees.

17 The supply, housing supply is way

18 down here in Nassau County and needless to

19 say, the cost of homes have skyrocketed.

20 So, the good news is when you did

21 your 2022 budget if you look at actuals on

22 mortgage deeds and recording fees for 2021

23 they actually came in at \$60.6 million. You

24 dropped it. You were more conservative in

25 budget assumptions of 48.9, which is a 12

1

2 percent drop. It's a pretty significant  
3 drop. We still, based on what's happening,  
4 think there is some risk and we're risking it  
5 \$3.5 million.

6

Bus fares, the fare box fees, are  
7 down. People didn't take the bus as much.  
8 The revenue from income and expense line there  
9 was \$5 million for that in the budget. We  
10 just eliminated it because there's a lawsuit  
11 pending to see if you can charge those fees or  
12 not.

13

Examination fees. This is  
14 something near and dear to my heart. There  
15 are no civil service tests. Let me repeat  
16 that. We cannot hire employees because one,  
17 there are no tests for certain grades, certain  
18 positions.

19

Two, the tests that were the  
20 results aren't coming back even though we just  
21 got one this week. Thank you civil service.

22

And three, some of the grade  
23 levels, the starting salaries are way too  
24 low. So, examination fees and we're risking  
25 that at \$2.8 million.

1

2                   Ambulance fees are down. Other  
3 fees just scattered throughout the  
4 department -- correct Lisa? -- are down. So  
5 we are forecasting that we could see  
6 interdepartmental revenue a net negative to  
7 the budget, less revenues of \$32.8 million.

8                   Fines and forfeitures are the next  
9 risk. So, I'm just going to take you right to  
10 Exhibit-C. Boot and tow fees. I guess we  
11 need an executive order to lift that. Could  
12 start in September.

13                   School bus stop camera fees. That  
14 has not been implemented. That's something  
15 that I know I personally worked on when I was  
16 up in the New York State Senate.

17                   Public safety fees we think could  
18 be a little downward. Red light camera  
19 administrative fees down a little bit based on  
20 what we've seen in two thousand --

21                   Then other fines and forfeitures.  
22 I know there's an acronym, TPVA, Traffic and  
23 Parking Violations. Thank you. It's really  
24 based on trends there.

25                   So, those are really the drivers of

1  
2 where we get to our forecast. I'm going to  
3 repeat. We believe Nassau County will end  
4 2022 in a surplus based on GAAP reporting of  
5 \$38.2 million. Please, questions.

6 LEGISLATOR FERRETTI: That's  
7 great. Thank you so much all of you for that  
8 comprehensive presentation. I think it was  
9 very informative, and I'm sure my colleagues  
10 up here join me in thanking you for that.

11 I do have some questions, and I  
12 want to start with asking about the \$38.2  
13 million surplus in the context of the  
14 computation that is made to determine whether  
15 we are in a control period by NIFA.

16 So, does NIFA calculate --  
17 actually, let me ask it a different way. Does  
18 a possible surplus get calculated for the  
19 purposes of a control period the same way that  
20 you just calculated the surplus in 2022?

21 MS. PHILLIPS: The answer is no.

22 LEGISLATOR FERRETTI: What is the  
23 formula that's used to determine whether  
24 there's a deficit or a surplus for 2022 for  
25 control period purposes?

1

2 MS. HILL: We started off talking  
3 about the three primary funds and the fact  
4 that we have a general fund definition for  
5 GAAP that's based on the GASBY 54 statement  
6 that was executed -- which was required as of  
7 2011. At that time when NIFA formatted and  
8 agreed upon their calculation they were still  
9 using the old version of the general fund,  
10 which is less comprehensive than the one  
11 that's in the three primary funds that we  
12 use. That GAAP uses.

13 As a result, many more funds are  
14 involved in this calculation. Which you get a  
15 \$32.8 million surplus. But if you go to what  
16 they call the five major funds, our surplus  
17 would be \$160 million. Therefore -- this is  
18 on page 34 of the longer report -- therefore,  
19 when you do the calculation, adding in or  
20 subtracting adjustments, it comes down to \$178  
21 million surplus. Which is well over the one  
22 percent that would put you into a control  
23 period.

24 LEGISLATOR FERRETTI: Just so I  
25 make sure I understand what you're saying. If

1  
2 you use the formula to be used to determine  
3 whether Nassau should be in a control period  
4 we would actually have a surplus approximately  
5 five and a half times the size of the surplus  
6 that your more accurate projection states; is  
7 that correct?

8 MS. PHILLIPS: More  
9 comprehensive.

10 LEGISLATOR FERRETTI: More  
11 comprehensive calculation. Going backwards  
12 from 2022 to 2021 but using the formula that's  
13 used for NIFA control period purposes would  
14 there have been a surplus in 2021?

15 MS. HILL: Yes. I've looked at  
16 this over time. It's generally been that  
17 where there's a surplus under their  
18 calculation there was a surplus under the  
19 three primary funds. It's a matter of degree.

20 LEGISLATOR FERRETTI: What would  
21 the surplus have been under that computation  
22 in 2021?

23 MS. HILL: 27.2 million.

24 LEGISLATOR FERRETTI: How about  
25 2020?

1

2 MS. PHILLIPS: I have the numbers  
3 right here. 90.6 million. And in 2019 it was  
4 \$76.8 million.

5 LEGISLATOR FERRETTI: So under  
6 that control period computation it would be  
7 four straight years of a surplus?

8 MS. PHILLIPS: Correct. If our  
9 forecast is correct in 2022, yes.

10 LEGISLATOR FERRETTI: We're  
11 talking about the formula that's used I assume  
12 by NIFA to determine whether a control period  
13 is statutorily permitted, right?

14 MS. PHILLIPS: Right.

15 LEGISLATOR FERRETTI: I guess my  
16 question is, why does NIFA still have a  
17 control period on Nassau County?

18 MS. PHILLIPS: Let me make a  
19 comment here. And if you go to the act for  
20 which is that big, thick published report, we  
21 have a section -- if I hadn't scribbled over  
22 it I could tell you what page it was -- page  
23 eight. I can send it to you. Don't worry.  
24 You don't have it in front of you.

25 So, NIFA may declare a control



1  
2 period upon making one of five statutory  
3 findings. I'm not going to read all five of  
4 them but they're right there on the page.  
5 Probably the three, because two -- the three  
6 are ones you just asked us, Legislator  
7 Ferretti, for each of the fiscal years 2019,  
8 2020 and 2021 the county did not incur a  
9 deficit. Therefore, satisfied the  
10 requirements under event two.

11 Event one is if we don't pay our  
12 principal and interest payments. That  
13 obviously has not occurred.

14 The second bullet point says the  
15 county satisfied event number five. According  
16 to NIFA's resolution dated December 7, 2021,  
17 which approved the final multiyear plan for  
18 fiscal years 2022 through 2025, that included  
19 the 2022 budget. So NIFA approved the  
20 multiyear plan. Let me repeat that. NIFA  
21 approved the plan.

22 One can always guess what might  
23 happen because what might happen in our homes,  
24 in our own budgets, what might happen in  
25 Nassau County, what might happen in

1

2 Westchester County or what might happen in  
3 Albany County are unknowns. But they set the  
4 goalpost there. In my opinion they're now  
5 moving the goalpost. At some point it will be  
6 up to you, it will be up to the county  
7 administration to make sure that we continue  
8 to have fiscally sound budgets.

9

But you're elected. I'm elected.  
10 The county executive is elected. We represent  
11 the people of Nassau County. NIFA is not  
12 elected. So, to move those goalposts and to  
13 say what ifs in the future of Nassau County I  
14 can only ask that they are applying those same  
15 variables to every county in New York State  
16 not just Nassau County. There will be  
17 continued oversight by NIFA because we have  
18 debt outstanding until 2035. I am talking  
19 about the difference between not oversight but  
20 between control.

21

LEGISLATOR FERRETTI: Thank you.  
22 It sounds like NIFA, if I'm reading you right,  
23 is making the case that the control period  
24 must continue because of future years; is that  
25 correct?

1

2 MS. PHILLIPS: It's what I've  
3 read.

4 LEGISLATOR FERRETTI: Are they  
5 basing that on their projections?

6 MS. PHILLIPS: You'll have to ask  
7 them sir.

8 LEGISLATOR FERRETTI: I take your  
9 point, I agree with it, we're an elected body,  
10 you're an elected official. And I would just  
11 note that NIFA made some projections about the  
12 2022 and 2021 sales tax. So did we. And I  
13 would challenge NIFA as to who was more  
14 accurate on their projections, the elected  
15 officials or the appointed NIFA body when it  
16 came to sales tax. So, I agree with you.

17 It seems like if they're going with  
18 the idea that well, in the future we could  
19 have a problem. Maybe at that point, if that  
20 happens, okay, they might need a control  
21 period. But certainly today it doesn't seem  
22 that we do. Would you agree with that?

23 MS. PHILLIPS: Yes. I would  
24 absolutely agree with that.

25 LEGISLATOR FERRETTI: Speaking of

1

2 NIFA, maybe you have some information about  
3 this because we can't get it, they have denied  
4 us this, do you have any idea as to the work  
5 performed by their law firm Dellaverson?

6

MS. PHILLIPS: No.

7

LEGISLATOR FERRETTI: My  
8 understanding is that they get \$25,000 a month  
9 fee. They have not provided you any type of  
10 documentation supporting the work being done  
11 by that law firm?

12

MS. PHILLIPS: No.

13

LEGISLATOR FERRETTI: We were  
14 talking about sales tax and I think it's a  
15 very detailed report the projections of the  
16 remaining four or five months of the year in  
17 terms of sales tax. Obviously gas prices have  
18 increased dramatically and I'm sure that that  
19 has had an impact on people spending.

20

I want to talk about home heating  
21 oil because the vast majority of residents  
22 that own homes in Nassau County heat their  
23 homes with home heating oil. Most people  
24 probably, I would think, at least I was, under  
25 contract from last year through the winter

1

2 portion of 2022 and so you're still paying the  
3 2021 price through the middle of 2022.

4

I don't think there's a lot of  
5 Nassau residents that realize when that first  
6 fill up comes in October, number one, the home  
7 heating prices are not following the gas  
8 prices. Gas seems to have decreased  
9 approximately 80 cents to a dollar. Home  
10 heating fuel has not. So, if this doesn't  
11 decline drastically over the next month or two  
12 there's going to be a heck of a lot of Nassau  
13 residents that get a 275 gallon fill up at \$5  
14 a gallon not expecting that.

15

Was that considered at all in  
16 projections? And can you kind of just maybe  
17 tell us how you think that might impact sales  
18 tax at all?

19

MS. PHILLIPS: I don't know if we  
20 went into that specific. Is was more, I mean,  
21 gas tax, the relief that you passed to give  
22 the residents of Nassau County obviously was  
23 factored in. The home heating oil, just FYI,  
24 oil is down significantly again today. It's  
25 under \$90 a barrel. That's good news. Will

1

2 the companies that provide home heating oil  
3 reflect that? I don't know.

4

5 You know, the fact is energy is  
6 probably one of the largest geopolitical risks  
7 that the United States has right now. And we  
8 can only hope that our elected officials do  
9 the right thing when it comes to balance for  
10 energy needs.

11

12 I keep quoting the Wall Street  
13 Journal. Tells you what I read every day.  
14 But there was a wonderful, on the weekend, an  
15 article in the Wall Street Journal that talked  
16 about inflation and talked about gas prices  
17 and it went into like the taco truck and the  
18 impact of that and another -- various  
19 examples. Like real life examples. Farmers.  
20 They used a farm example. It was a great  
21 article because decisions that are made and,  
22 look, you know, could we have prevented Russia  
23 from invading the Ukraine? Probably not.  
24 Could we have prevented COVID? Who knows?

25

26 But the fact is the trickle down  
27 effect like you're referencing is tremendous  
28 because it's not just, if you own a taco

1  
2 truck, it's not just the cost of beef but it's  
3 taking those tractors out to drop off the  
4 bales of hay for the steer that you're going  
5 to slaughter to bop, bop, bop, bop, bop and it  
6 keeps going down.

7                   So, to answer your question,  
8 specifically did we take that into account the  
9 answer is no because we did more of a scenario  
10 analysis what if versus getting into that much  
11 detail. But the answer is you're correct.  
12 And the home heating oil companies may have  
13 bought futures a while ago which is why  
14 they're not lowering that.

15                   LEGISLATOR FERRETTI:       Good  
16 point. And it's just something I remind  
17 people when I speak to them because there's  
18 things you can do about the gas prices. You  
19 can get an electric car. You can get a  
20 hybrid. You can drive less. You got to heat  
21 your house.

22                   MS. PHILLIPS:       Got to heat your  
23 schools. Got to heat our buildings.

24                   LEGISLATOR FERRETTI:       Thank you  
25 for that answer. I have a question about I

1

2 saw in your report that there is a reduction  
3 in federal aid for the State Criminal Alien  
4 Assistance program. So question one is, maybe  
5 this isn't a question for you but if you do  
6 know, can you describe what that program is?

7 MS. TSIKOURAS: So, the SCAAP  
8 program is something that the county has been  
9 participating in for many years. There's a  
10 formula, there is an amount that is  
11 appropriated at the federal level every year  
12 that is shared among multiple, like  
13 nationwide, like the municipalities who house  
14 illegal aliens in their jails. And the  
15 formula is based on, I don't know the exact  
16 details at this point, but they take actual  
17 costs for like correctional center officer  
18 salaries and there's like a prorated amount  
19 and then we get a piece.

20 We don't know how much we're going  
21 to get because there's a pie and everybody has  
22 to share in that pie but it's allocated.

23 So over the last few years we've  
24 noticed that they've only been reporting about  
25 half a million dollars and it's budgeted at a



1  
2 million and a half. So we took it down as a  
3 potential risk.

4                   LEGISLATOR FERRETTI:       Do we know  
5 why we're getting less money? Do we know for  
6 sure.

7                   MS. TSIKOURAS:       We don't know for  
8 sure.

9                   LEGISLATOR FERRETTI:       Is it  
10 possible it's due to the reduction in  
11 population in our correctional facility?

12                   MS. TSIKOURAS:       It could be. It  
13 could also very well be that's there's not as  
14 much money appropriated at the federal level  
15 to share. So, again, we get only an  
16 allocation of that. We're not guaranteed  
17 anything out of that.

18                   LEGISLATOR FERRETTI:       I think  
19 it's something for budgeting purposes going  
20 forward we should probably kind of look into  
21 because something tells me it's not a  
22 coincident that since we've a decrease in  
23 population in our correctional facility due to  
24 some of the laws coming from Albany that we're  
25 getting less funding. It seems to line up

1  
2 with when that went into effect. So it's  
3 possible that it was maybe a reduction in  
4 overall federal funding like you had said or  
5 maybe it's based on population at the  
6 correctional facility. Just something to look  
7 into.

8 MS. TSIKOURAS: There's typically  
9 a lag in when we submit the reimbursement  
10 request and then when we get the funding. I  
11 know that we haven't received anything in at  
12 least a year or two. I thought I had that  
13 information with me but I don't think I do.

14 LEGISLATOR FERRETTI: My last  
15 line of questioning before I hand it off.  
16 Maybe this is something you might ask Andy  
17 when he comes up. That's okay.

18 MS. PHILLIPS: Andy is the  
19 expert. Andy the expert.

20 LEGISLATOR FERRETTI: I want to  
21 understand the diversion for AIM funding. Is  
22 that something that I can ask you ladies  
23 about?

24 MS. PHILLIPS: Diversion for AIM  
25 funding.

1

2

LEGISLATOR FERRETTI: Yes? So,

3

my understanding is that two years ago the

4

state reduced the funding they provide to

5

local municipalities and began diverting a

6

portion of the county sales tax to a state

7

fund which they would then turn to the local

8

municipalities to make up the gap in the

9

reduction that they were funding to the local

10

municipalities. Is that fair? Is that what

11

happened?

12

MS. TSIKOURAS: Yes. AIM, for

13

the last two years, had been taken out of,

14

withheld from our sales tax collections.

15

Since the county does not pay that AIM

16

directly it was never a gross revenue to the

17

county. We did not report it as revenue

18

correctly because we didn't have an

19

expenditure to offset that. So if we received

20

\$100 from the state and AIM was \$2 we reported

21

\$8 in revenue.

22

LEGISLATOR FERRETTI: So we never

23

even put that into our formula here?

24

MS. TSIKOURAS: Correct.

25

LEGISLATOR FERRETTI: So this

1  
2 began two years ago, right?

3 MS. TSIKOURAS: Yes.

4 LEGISLATOR FERRETTI: Before that  
5 they didn't do this?

6 MS. TSIKOURAS: Correct.

7 LEGISLATOR FERRETTI: For the two  
8 years that this has occur how much money was  
9 diverted from the county sales tax that we  
10 could have computed in this calculation to the  
11 state?

12 MS. TSIKOURAS: It's  
13 approximately \$11 million a year.

14 LEGISLATOR FERRETTI: So \$22  
15 million over those two years?

16 MS. TSIKOURAS: Correct.

17 LEGISLATOR FERRETTI: That would  
18 have been an additional \$22 million in surplus  
19 had that not been diverted assuming we didn't  
20 spend it, right?

21 MS. TSIKOURAS: Yes.

22 LEGISLATOR FERRETTI: Similarly,  
23 distressed hospital fund, that's another one,  
24 right? Same concept? They divert money from  
25 our sales tax?

1

2 MS. TSIKOURAS: For a fund for  
3 distressed hospitals and nursing homes  
4 throughout the state.

5 LEGISLATOR FERRETTI: Public  
6 hospitals or any hospital?

7 MS. TSIKOURAS: Public I  
8 believe. Yes.

9 LEGISLATOR FERRETTI: When did  
10 that begin?

11 MS. TSIKOURAS: That was a  
12 two-year program that ended last year.

13 LEGISLATOR FERRETTI: What about  
14 2022?

15 MS. TSIKOURAS: No.

16 LEGISLATOR FERRETTI: So 2020,  
17 2021?

18 MS. TSIKOURAS: Correct.

19 LEGISLATOR FERRETTI: How much  
20 money was diverted in '20 and '21?

21 LEGISLATOR FERRETTI: There was  
22 about seven and a half million dollars.

23 LEGISLATOR FERRETTI: Per year or  
24 total?

25 MS. TSIKOURAS: Per year.

1

2

LEGISLATOR FERRETTI: So 15

3

million?

4

MS. TSIKOURAS: Yeah. The timing

5

is a little off because of how they take the

6

money out. So it wasn't exactly seven and a

7

half each year. For example, we had a

8

residual -- no, we had the residual AIM this

9

year. 2020 had less because the program

10

started later. So 2020 had a little bit

11

more. But, in effect, it was an average of

12

seven and a million dollars a year.

13

LEGISLATOR FERRETTI: Taken from

14

the sales tax for Nassau County and diverted

15

into a fund for public hospitals in distress?

16

MS. TSIKOURAS: Correct.

17

LEGISLATOR FERRETTI: Where is

18

that money, do we know?

19

MS. TSIKOURAS: It's in a state

20

fund.

21

LEGISLATOR FERRETTI: Do you know

22

if any was released to NUMC?

23

MS. TSIKOURAS: I don't know. I

24

have no idea.

25

LEGISLATOR FERRETTI: Maybe I'll

1

2 ask Mr. Persich in a little while. But we  
3 have no idea how that money has been accounted  
4 for we just know it's in a state fund  
5 somewhere?

6

MS. PHILLIPS: That's correct.

7

Can I do a public service announcement here  
8 for a second, please? Sorry. In Politico  
9 Today there's an article that Governor Hochul  
10 is using money for up to \$3,000 -- have you  
11 all seen it? -- for health care workers. And  
12 good for her.

13

Let me highlight too at the very  
14 bottom of the article that I read there is  
15 also an additional \$2.4 billion, assuming this  
16 reporter is correct, to upgrade antiquated  
17 health care infrastructure and lab capacity  
18 and an additional \$4 billion in aid to  
19 hospitals struggling as a result of the  
20 pandemic. Many hospitals took a huge  
21 financial hit during the pandemic when they  
22 cancelled elective surgeries and other  
23 services.

24

So if I could ask you as really our  
25 voice to the public, residents of Nassau

1

2 County, and if there are any Nassau County  
3 residents listening out there, if you could  
4 all reach out to your state elected officials  
5 and implore upon them to get some of this  
6 money for Nassau Health Care Corporation. We  
7 deserve care in Nassau County.

8 And as you pointed out Legislator  
9 Ferretti, all this other money that we've been  
10 shipping up there if it hasn't been given to  
11 the Nassau Health Care Corporation let's get  
12 it back here. Sorry, I had to do a public  
13 service announcement.

14 LEGISLATOR FERRETTI: Thank you.  
15 I agree. If NUMC is not in need I don't know  
16 who is.

17 Presiding Officer, you have some  
18 questions? And thank you.

19 LEGISLATOR NICOLELLO: I wanted  
20 to first thank you for the presentation. I  
21 found it very enlightening. In particular, I  
22 wanted to thank you and congratulate you on  
23 providing us with this chart on sales tax  
24 actuals.

25 Obviously we all look at what is



1  
2 coming in and what the checks are and when we  
3 saw the dip we're all concerned about what  
4 that means for the future of the county. So,  
5 I thank you for putting that in perspective.  
6 It's good to know that that dip could be just  
7 something that occurs each year as you said  
8 cyclical around Mother's Day.

9 MS. PHILLIPS: Right after  
10 Mother's Day.

11 LEGISLATOR NICOLELLO: I see that  
12 right after Father's Day it reaches it's  
13 bottom. I'm a little concerned about that.

14 So, we consistently over the years  
15 have been advocating for NIFA to step back.  
16 We did it with Republicans and Democratic  
17 administrations and much of the things that we  
18 approved with the past administration was with  
19 an eye towards getting to that point. I,  
20 along with all of us, are having difficulty  
21 understanding NIFA's refusal to leave the  
22 control period with this history of surpluses  
23 in last three years and with the projections  
24 that you are making and the projections that  
25 our budget office has made of anticipated

1

2 surplus this year.

3

4 Could you help me understand a  
5 little bit more about the deficit of one  
6 percent as a trigger for ending or going into  
7 a control period? What time period are we  
8 talking about? Is that determined in the  
9 current year? Is it determined based on past  
10 years or prospectively?

11

12 MS. HILL: I was going to read it  
13 exactly. That calculation is done every year  
14 with the ACFR. So it's done based on the  
15 fiscal year and based on the accounting  
16 according to GAAP and GASBY.

17

18 LEGISLATOR NICOLELLO: That's the  
19 prior year?

20

21 MS. HILL: So it's the prior  
22 year.

23

24 LEGISLATOR NICOLELLO: 2021 in  
25 which the county had a \$479 million surplus?

26

27 MS. PHILLIPS: Right.

28

29 LEGISLATOR NICOLELLO: In NIFA's  
30 report they cite a number of concerns that  
31 they have. County's long-term liabilities for  
32 tax cert refunds. Which actually we're in the

1  
2 best shape we've been in for years. Noncert  
3 litigation, worker's comp claims and continued  
4 risk stemming from deteriorating finances of  
5 the hospital. I would assume that would be  
6 debt related. But here's my point -- go  
7 ahead.

8 MS. PHILLIPS: Can I make a  
9 comment on the hospital? We do have it in the  
10 midyear report. We can find out what page.

11 So, the county's liability to the  
12 hospital is over the next five years through  
13 2029. And in no case is it more than a \$23  
14 million debt payment. So, if you want to, in  
15 the midyear report on page 7 we clarify that  
16 because we've heard that comment made by  
17 NIFA. So we highlighted it to make sure that  
18 the residents of Nassau County really  
19 understand the facts. And the fact is, is  
20 that NHCC is a New York State Public Benefit  
21 Corporation, it's continuing financial  
22 problems, which we all know present an ongoing  
23 concern for the rating agencies, they do.  
24 However, the county guaranteed debt of the  
25 hospital is limited, manageable and the

1  
2 financial liability of \$132 million -- so my  
3 number was correct -- as of December 31, 2021  
4 has scheduled payment of no more than \$23  
5 million in any year through 2029. I say this  
6 respectfully of \$23 million. That's a lot of  
7 money. But on a \$3.6 billion budget if that  
8 is the reason we're staying in control I don't  
9 understand.

10 LEGISLATOR NICOLELLO: Thank you  
11 for that. Thank you for clarifying that. I  
12 think that makes the point I was going to make  
13 which is that they are remaining in control  
14 because of concerns in the out years. Those  
15 concerns have existed with every budget we've  
16 ever adopted. They will always exist. If  
17 that is the standard the control period will  
18 never end. So, if we've gotten to the period  
19 where NIFA is perpetuating itself permanently  
20 then they have in fact usurped the roles of  
21 elected officials and I think that is  
22 improper. That's all I have. Thank you.

23 LEGISLATOR FERRETTI: Deputy  
24 Presiding Officer Kopel.

25 LEGISLATOR KOPEL: Thank you

1

2 Chairman. First, I'd like to, comptroller,  
3 congratulate you and your team on an  
4 extraordinary presentation. It's one of the  
5 best I've heard in a long time.

6 MS. PHILLIPS: Thank you very  
7 much. Lot of hard work.

8 LEGISLATOR KOPEL: We appreciate  
9 that because you've shown a lot of in-depth  
10 knowledge of subjects that are being  
11 questioned which are not even necessarily  
12 expected to come up at this kind of hearing.  
13 So I thank you for that.

14 MS. PHILLIPS: It's the acronyms  
15 that we're still trying to get a handle on.

16 LEGISLATOR KOPEL: Just a couple  
17 of things. Not to rain on the parade, the  
18 good news parade, but just talking about the  
19 sales tax. You're showing a nine percent give  
20 or take increase year to date, right?

21 MS. PHILLIPS: Right.

22 LEGISLATOR KOPEL: Which is kind  
23 of equivalent to where the inflation rate is.  
24 Wouldn't that indicate essentially a flat  
25 degree of spending?

1

2

MS. PHILLIPS: I'm smiling

3

because a lot of reports I've been reading

4

recently they talk about how wages have been

5

going up pretty significantly but because of

6

the cost of inflation the fact is we're all

7

being paid less. But the bottom line is the

8

actual sales tax revenue are the sales tax

9

revenue. The numbers are the numbers are the

10

numbers that are coming in. After inflation,

11

net out inflation, it's still whatever, \$678

12

million.

13

LEGISLATOR KOPEL: The numbers

14

are numbers versus the budgeted numbers.

15

There's no questions that there's an increase

16

but I'm afraid that it might simply indicate a

17

flat degree of spending versus in terms of the

18

goods and services that are being purchased.

19

MS. PHILLIPS: If we have flat

20

we'll be okay.

21

LEGISLATOR KOPEL: I understand

22

that. And you're projecting even if we go

23

down a bit we'll still be okay. Which does

24

worry me a little bit as well about the

25

future, about a bit of a risk and that would

1

2 be because of perhaps timing. And here's what  
3 I mean by that.

4

We all hope I'm sure that inflation  
5 does abate. Comes down a bit. Now, our  
6 expenses here in the county, I would think you  
7 would agree, tend to lag the inflation rate.

8

In other words, our contracts -- we have  
9 forward contracts. We'll sit here once a  
10 month and approve contracts. We'll do a lot  
11 of that. Actually more than once a month.

12

So, those contracts tend to be for  
13 a year, for several years and so forth. Those  
14 contracts are going to be going up as  
15 hopefully inflation is coming down. That does  
16 to my mind indicate a red flag or at least a  
17 yellow flag indicating caution for the  
18 future. Would you agree with that?

19

MS. PHILLIPS: Yes.

20

LEGISLATOR KOPEL: Just one more  
21 item which is, I'd love to hear your opinion  
22 on it as well, and that would be with respect  
23 to the federal aid. The extraordinary amount  
24 of federal aid that we have due to the COVID  
25 situation. So, we're talking about, give or

1

2 take, over a two-year period about \$400  
3 million. Just short of that.

4 MS. PHILLIPS: Correct.

5 LEGISLATOR KOPEL: Not that long  
6 ago we, this body, approved something of a  
7 giveaway, which actually didn't give away  
8 quite as much as anticipated, right? It was  
9 relatively smaller amount?

10 MS. PHILLIPS: Correct. The HAP  
11 program you are referencing.

12 LEGISLATOR KOPEL: Would you  
13 agree that the remaining revenue from the  
14 first year as well as the entirety of the  
15 second year's installment represents a very  
16 significant one-time opportunity? If we use  
17 that money for permitted purposes instead of  
18 borrowed money or budgeted money for those  
19 same permitted purposes wouldn't that be very  
20 prudent to do it that way so that we ensure  
21 ourselves for the future when the federal aid  
22 stops and for various reasons?

23 MS. PHILLIPS: If you're asking  
24 my opinion sir the answer is yes. You have a  
25 tremendous, each and every one of you, have a



1  
2 tremendous opportunity to do good for the  
3 residents of Nassau County. I don't know if  
4 you read or saw that New York State depleted  
5 it's unemployment fund, which was \$9.1  
6 billion, is now going to start charging  
7 businesses across New York State \$27.66 per  
8 employee to recoup those costs at a time when  
9 our small businesses lost employees.

10 So, I guess I'm doing a PSA for  
11 small businesses right now, but there's  
12 tremendous opportunity that you have to put  
13 this money to work.

14 LEGISLATOR KOPEL: Right. Put  
15 this money to good long-term use and perhaps  
16 save expenses in the future rather than  
17 dissipate it on short term.

18 MS. PHILLIPS: As long as it's  
19 not expended on expenditures that get  
20 embedded.

21 LEGISLATOR KOPEL: Right. Thank  
22 you. That's all I got Mr. Chairman.

23 LEGISLATOR FERRETTI: Thank you  
24 deputy Presiding Officer. Legislator  
25 DeRiggi-Whitton.

1

2

LEGISLATOR DERIGGI-WHITTON:

3

Thank you Mr. Chairman. You know, continuing

4

with what Howard was speaking of, there is a

5

tremendous amount of money there. I've been

6

trying to figure out how this money gets

7

allocated. Believe it or not, the legislature

8

doesn't have a lot of power with this. We do

9

vote to accept the funding but the prior

10

administration agreed to do a survey, which

11

Hofstra did, and the results were that the

12

Nassau County residents wanted help for our

13

small businesses as well as help for low

14

income families. And that was the results of

15

the survey and that's how we went about

16

deciding how to do that.

17

The truth of the matter is most of

18

the decision making would rely upon the

19

administration without the legislature's

20

approval. The prior administration agreed to

21

have the legislature vote for it but there's

22

not much we can do after the funding is

23

accepted. It could just be arbitrarily

24

decided just as though the HAP program was

25

stopped without anything in its place to

1

2 start.

3

4 And the reason that I still would  
5 like to see HAP -- and Howard and I may not  
6 agree on this -- it took a long time for us to  
7 figure out how to give money to low income  
8 families during that time. So by the time it  
9 really was in place we had this election. We  
10 didn't really get a chance to promote it as  
11 well.

12

13 But we we're going to submit -- I  
14 was hoping it was going to be bipartisan and I  
15 welcome it to be bipartisan -- but a piece of  
16 legislation that would say that money that  
17 will be allocated should come to the  
18 legislature so we can vote on it.

19

20 I think all of us, with all of our  
21 constituents, we worked very well together  
22 last time. Legislator McKeivitt and I were on  
23 the committee. It was really interesting and  
24 we put a lot of time into it. I think what  
25 Howard is saying is true. I do know there are  
a lot of restrictions. I know we can't use it  
for salaries. CARES Act money. Salaries.

26

Okay. If there's an opportunity

1  
2 for us to use it for salaries these are the  
3 things I would like to see. I know that the  
4 only capital improvements that we're allowed  
5 were for water because somehow the federal  
6 government said that that was okay because  
7 probably has to do with disease. We were able  
8 to do that with a few projects. I would love  
9 to see something like that.

10 I'm going to be submitting that  
11 piece of legislation. I would love to have  
12 you and anyone else who wants to be part of  
13 it. It would basically just say we want to  
14 work together to make sure the funding is used  
15 appropriately and in the best way. We also  
16 only have until 2026 to spend it all and it  
17 not so easy. Like, as we saw, HAP we thought  
18 we'd spend \$100 million. We didn't.

19 There's also Boost Nassau, which  
20 helped our restaurants, is depleted. I don't  
21 know how much but I hear there's not much  
22 left. That's what some people have been told  
23 in my office even. Maybe we need to have  
24 money switched to there immediately to help  
25 the restaurants that are still struggling.

1

2 Plus they have all these other expenses now.

3 It's such a whirlwind.

4

5 But anyway, I do have a piece of  
6 legislation. I believe I have some cosponsors  
7 on my side. I would like to get as many as we  
8 can. This is not partisan whatsoever. It's  
9 just we want to represent all of our  
10 constituents and this is a one-time  
11 opportunity.

12

13 So, I also am concerned about the  
14 money that's sitting in the opioid  
15 settlement. I haven't heard any plans for  
16 that. But I think that would also be  
17 something that we should possibly have a  
18 hearing for up here. Again, how much power we  
19 have is probably not really there but for the  
20 best interests of our residents the more we're  
21 involved I think the better.

22

23 That money, to me, every day it  
24 sits in the bank accounts it's not going out  
25 to help people that really need our help at  
this time. Opioid deaths are up. This  
Fentanyl problem is just a disaster. The  
money has to be spent correctly but has to go

1  
2 out quickly.

3                   We have groups that are -- I was at  
4 the national night out and approached by two  
5 different groups that really need the money  
6 and it's sitting in our bank account. I feel  
7 like it's almost, you know, we're going to  
8 have responsibility on our hands if we don't  
9 extend it as quickly as possible.

10                   MS. PHILLIPS:     I apologize for  
11 interrupting. A lot of that money is at the  
12 village level also. That they have funds that  
13 they have not appropriated yet. So.

14                   LEGISLATOR DERIGGI-WHITTON:     But  
15 we do have \$50 million plus. Which I would  
16 really -- again, even a million dollars goes  
17 so far for some of these programs. \$50  
18 million for us -- well, right.

19                   MS. PHILLIPS:     I'm just asking to  
20 make sure that I can say this publicly. But  
21 just so you know, it's the one piece of  
22 information that we know at the comptroller's  
23 department is the ARPA awards for the  
24 not-for-profits. These were not-for-profits  
25 that already -- I'm looking at Beaumont back

1

2     there -- already had contracts with Nassau  
3     County. Those award letters are about to go  
4     out.

5                     And the reason we know that, and I  
6     don't know want to steal Anissa Moore's  
7     thunder here by any means -- is because we're  
8     putting procedures in place to make sure that  
9     there are checks and balances on how that  
10    money either has already been used. Because  
11    in many not-for-profits the money has already  
12    been spent and it will just be a reimbursement  
13    but we make sure we get receipts for lack of a  
14    better word. Or that if it hasn't all been  
15    spent there's a procedure for them to ask for  
16    the money from us. I think that's a little  
17    over 16.7 million.

18                    LEGISLATOR DERIGGI-WHITTON:     \$16  
19    million out of the 54, 59, has been  
20    allocated. That's a start. Again --

21                    MS. PHILLIPS:     And a great cost  
22    to our not-for-profit organizations that  
23    really do serve our communities in need.

24                    LEGISLATOR DERIGGI-WHITTON:     I  
25    agree with you 100 percent. But again,

1

2     there's lot more there that we need to do.

3     We're in a crisis mode in my opinion with the

4     opioid situation.

5                     I also read and I don't remember

6     where, I can't quote it right now, but that

7     New York City it's found a way to reimburse

8     students in graduate programs for opioid, you

9     know, social work or clinical psychology type  
10    thing through this funding. So I don't know

11    if there's a way to look into that. See if

12    there's some kind of a tuition reimbursement

13    because we need more social workers. There's

14    such a need for them right now more than

15    ever.

16                     So, again, I am going to submit

17    this piece of legislation with whoever wants

18    to join in would be more than welcome. I

19    would also like to include something with the

20    villages as well or any other municipalities

21    just so that, again, this funding is once

22    in -- I said it was a once in a lifetime when

23    we had FEMA funding after Sandy but this is

24    similar. It's something that we have to use

25    correctly.



1  
2                   Again, I've been reading lately  
3   about the Jeffersonian type of attitude and  
4   it's not trusting government in the sense that  
5   we want checks and balances as many times as  
6   possible. As many eyes as possible. I really  
7   truly can tell you I believe in that. I  
8   believe the more people that look at things  
9   and the more ideas the better we serve our  
10   constituents. So, that was my statement on  
11   that.

12                   I also agree with my colleagues  
13   that we would love to see NIFA go, and I do  
14   see the projections that NIFA gives us for the  
15   next three years are pretty grim.

16                   MS. PHILLIPS: I haven't seen the  
17   report yet. If it came out this morning I was  
18   a little busy prepping for this.

19                   LEGISLATOR DERIGGI-WHITTON: This  
20   morning. Did it? So, for '23 they have a  
21   deficit of \$42.3 million. For '24 we have a  
22   deficit of \$93.4 million. For '25 we have a  
23   deficit of \$118 million projected obviously.  
24   Everything is projected.

25                   That's the problem with sales tax.

1

2 We lived through the Sandy years. It's very  
3 hard to project. So those are pretty grim.

4

So you haven't had -- I'm not going  
5 to ask you because you haven't had a chance to  
6 review them, but at some point I would love to  
7 hear what you think of those projections and  
8 if you think it's, you know --

9

MS. PHILLIPS: It's really going  
10 to be up to you to come up with multiyear  
11 plan, correct? You do that on an annual  
12 basis. So you'll just move it out what you  
13 produced and NIFA approved was for '22, '23,  
14 and '24 I believe. I don't know have it in  
15 front of me. So, I'm speculating, but my  
16 guess is you will do one for '23, '24 and '25  
17 and you are the elected representatives of  
18 Nassau County.

19

LEGISLATOR DERIGGI-WHITTON: We  
20 were very conservative and actually the Laura  
21 Curran administration was very conservative in  
22 a lot of ways. There were people that was  
23 saying don't worry, sales tax will be great.  
24 You have nothing to worry about. But I  
25 watched Gary Kantor quite often and he was

1

2 very concerned. That was like a good  
3 education for me. We really were careful and  
4 I want to continue to be careful.

5 I would like to know where they got  
6 these numbers. I'm going to do my own  
7 research. Unless like what you just mentioned  
8 with the sales tax, it sort of surprises me  
9 that their numbers are as grim. I can tell  
10 you something about sales taxes, if the  
11 Whitton family is any example my youngest is  
12 going to college and we just boosted sales  
13 tax. Where are you going? Like a desert?  
14 She has enough hair product for like the next  
15 five years.

16 So, I just had a couple of other  
17 quick questions. As far as inflation, and  
18 obviously no one knows what's going to happen,  
19 are you concerned about like the county itself  
20 with their expenses? Like I saw you had a  
21 couple of questions. But like we said, even  
22 for our fuel costs this winter is there any  
23 debt that we have to worry about as far as  
24 that's not locked in? Like do we have any  
25 variable or is that all locked in?

1

2 MS. HILL: It was all locked in  
3 after 2021. The county as an organization is  
4 not allowed to have variable debt but NIFA and  
5 NUMC or NHCC was allowed and they unwound  
6 those variable rates.

7 LEGISLATOR DERIGGI-WHITTON: So  
8 our debt service shouldn't change that much  
9 with the interest rates going up. That was a  
10 good move.

11 I guess also I hear that a lot of  
12 our savings are coming from not hiring and  
13 whether or not that's because we can't get the  
14 test. Which I totally have heard before.  
15 That's a real problem. But there are some  
16 vacancies I understand that can be filled now,  
17 and I hope that we do that as soon as possible  
18 because I know certain DSS and other, DPW, a  
19 lot of our departments are suffering right  
20 now. There's always that circular thing. It  
21 ends up costing us more money in the long run  
22 I believe. If there's any way we can check  
23 with that.

24 One other quick question. When we  
25 do the American Rescue Plan I know we're now

1

2 including the veterans, much more veteran  
3 groups, even the ones that aren't brick and  
4 mortar and I know that we put like \$2 million  
5 in. But I would love to see even more of that  
6 and more public advertising for that as well.

7 That was pretty much it. But I  
8 want to just make one more statement Elaine  
9 and that is that I really, number one,  
10 appreciate your presentation today. More than  
11 that, how responsive you personally have been  
12 and your office. It's such a refreshing thing  
13 to see. In my opinion, it's a common sense  
14 attitude to have because you represent all of  
15 Nassau County not just certain districts. As  
16 a legislator who happens to be in the minority  
17 right now, I can't thank you enough for your  
18 professionalism and for your, you know, just  
19 your consideration for all of your residents  
20 not just those that are in certain districts.  
21 Thank you.

22 MS. PHILLIPS: Thank you for  
23 saying that.

24 LEGISLATOR FERRETTI: Thank you  
25 Delia. I'm going to just pass it off to Arnie

1

2 but before I do I just want to say a few  
3 words.

4 In terms of the federal money that  
5 we receive due to COVID, my understanding is  
6 that we do vote on any money allocated for a  
7 specific purpose. For example, HAP. We voted  
8 for HAP. We voted for the money to the VFWs.  
9 It's not that the administration just has  
10 carte blanche to do whatever they want with  
11 it. We put our stamp of approval on that. I  
12 do think that there is a little bit of  
13 confusion there.

14 LEGISLATOR DERIGGI-WHITTON: Can  
15 I just mention like just with HAP. We voted  
16 to put that money in there and it was just  
17 stopped without our consideration. Look,  
18 maybe we would have voted to do that anyway.  
19 But we don't, from what I understand, we have  
20 the right to accept the funding but not so  
21 much as to where it's spent. You can do the  
22 research yourself. Don't take my word for it.

23 LEGISLATOR FERRETTI: But we did  
24 vote for HAP. If it was not all spent perhaps  
25 you would have to vote to reallocate that

1  
2 money somewhere else but it cannot be spent  
3 without our approval.

4                   LEGISLATOR DERIGGI-WHITTON:     I  
5 don't believe that that -- I think it was the  
6 Laura Curran administration that agreed to  
7 that. Unless you can find it somewhere I  
8 don't know where that says that. But you can  
9 look at it.

10                   LEGISLATOR FERRETTI:     As far as I  
11 know, there hasn't been a dollar spent under  
12 either the previous administration or this  
13 current administration without our approval.  
14 Including the money for the VFWs.

15                   LEGISLATOR DERIGGI-WHITTON:  
16 Nothing has been -- nothing. However, going  
17 forward, unless you can find something that I  
18 can't find, there's nothing that says that we  
19 have to vote on -- actually there was -- it's  
20 just common practice and if it continues  
21 without us having to have this piece of  
22 legislation great. But the fact that that  
23 program was stopped without, number one, us  
24 even knowing where the money is going at this  
25 point. That money can be reallocated without

1  
2 our control.

3                   LEGISLATOR FERRETTI:       My  
4 understanding is that program was modified by  
5 federal guidelines. You indicated before it  
6 was for low income. It originally was not.  
7 What we voted on was for that payment to be  
8 made to any household that can get STAR, which  
9 is under \$500,000. I wouldn't classify that  
10 as low income.

11                   LEGISLATOR DERIGGI-WHITTON:       But  
12 there was an income settlement.

13                   LEGISLATOR FERRETTI:       It was  
14 changed. My understanding is it was changed  
15 to households I want to say under \$75,000.  
16 Quite frankly, if that was the rule from the  
17 beginning the vote might not have gone the way  
18 it did. So, I don't necessarily -- maybe that  
19 was part of the -- I don't want to speak for  
20 the administration -- but the bottom line is  
21 what we voted on did change. It was suspended  
22 after it changed.

23                   LEGISLATOR DERIGGI-WHITTON:       The  
24 only thing I'm saying, I mean, you can look at  
25 it yourself, I'm not claiming to be an expert



1  
2 on this. But from what I'm understanding, we  
3 vote to accept the funding and the HAP money,  
4 we appropriated the money but we don't --

5 LEGISLATOR FERRETTI: Well,  
6 there's a difference there. Accepting it and  
7 appropriating.

8 LEGISLATOR DERIGGI-WHITTON:  
9 Accepting and then appropriating to the line  
10 but not necessarily to these programs. So, I  
11 want to be as careful as we can be with this  
12 money. If you want to look at my legislation,  
13 if you have any adjustments I welcome it. I  
14 would love to have the peace of mind knowing  
15 that the 19 of us have a say as to how this is  
16 being spent. Right now, from what I can see,  
17 there's nothing solid in any piece of  
18 legislation that reassures us of that. I  
19 think it would benefit everyone.

20 Again, it goes back to checks and  
21 balances. I don't care who would be county  
22 executive. We want it to be checks and  
23 balances. Again, just take a look at it. Do  
24 some research. I'm open. I would give it to  
25 you if you want it. I just want the piece to

1  
2 go through.

3                   LEGISLATOR FERRETTI:       Second  
4 point. My last point then you're up Arnie I  
5 promise. Because I think it's important in  
6 the context of this hearing today. I don't  
7 want to seem like I'm being critical of the  
8 prior administration in this because there is  
9 a point that relates to today.

10                   The idea that there was a, quote  
11 unquote, conservative projection from the  
12 prior administration as to sales tax I don't  
13 agree with that. I don't believe it's a  
14 conservative projection when the projection  
15 causes an increase in borrowing, deferment of  
16 repayment of that borrowing two years because  
17 of that lower than realistic projection. So I  
18 would not characterize it as a conservative  
19 projection.

20                   And why that's important for today  
21 is because I think it highlights the necessity  
22 for the projections from the comptroller's  
23 office and from the budget office to be  
24 accurate. That's how we base our decisions up  
25 here on what we're voting on. And what we saw

1  
2 under the last year of the last administration  
3 was not a conservative treatment it was a --  
4 conservative projection it was a negligent  
5 projection. And we had to base our votes on  
6 that.

7                   So, I think it highlights the point  
8 and why we're so appreciative of the work you  
9 put into this because we need these  
10 projections to be accurate and I think and I  
11 hope that they are. Thank you.

12                   Legislator Drucker.

13                   LEGISLATOR DRUCKER:     Thank you  
14 Chairman Ferretti. I was waiting for the  
15 introduction.

16                   I'd like to echo my colleagues  
17 sentiments. Comptroller Phillips, I think you  
18 did a fantastic job. Kudos to you and your  
19 team. I'm a lawyer and I always have the  
20 utmost respect and admiration for people who  
21 can crunch numbers and take out their crystal  
22 balls and project what the future is going to  
23 be. My eyes glaze over when it comes to  
24 that. So I appreciate your presentation that  
25 you did.

1

2 I think all of us would agree that  
3 really we're living in unprecedented times  
4 from a financial standpoint. We've never  
5 seen -- I don't know if we'll ever see again  
6 with regard to the federal aid and the state  
7 aid that we have received as a result of COVID  
8 and the tremendous uptick in sales tax as a  
9 result of being shutdown for a period of time.

10 So, I have concerns because now  
11 we're seeing the federal reserve bank having  
12 raised interest rates twice now totaling 150  
13 basis points in an effort to slow our economy  
14 down, reduce spending. Which is going to have  
15 an increase in unemployment. And they project  
16 that there will be less spending and therefore  
17 less sales tax.

18 I appreciate in your presentation  
19 that you did factor in or take into account  
20 the possibility of having a lower sales tax  
21 revenue. But what are your projections -- I  
22 didn't see them -- what are your projections  
23 for the major funds? Because I know that  
24 there was a divergence between what OMB  
25 projected, what OLBR projected, what NIFA's

1  
2 projected. I would like to hear what your  
3 projections are for the major funds.

4 MS. PHILLIPS: If you're  
5 referencing the major funds the way NIFA looks  
6 at the world, which is the major funds, our  
7 forecast would say that we will end the year  
8 with \$160 million surplus on a budgetary  
9 basis. On a GAAP basis it works out to \$178.3  
10 million surplus.

11 LEGISLATOR DRUCKER: Can you  
12 explain why that's such a difference?

13 MS. TSIKOURAS: So, in the three  
14 primary operating funds the way we have the  
15 report towards the front, we're looking at a  
16 lot of these reserve funds as well. They're  
17 included as part of the general fund. So the  
18 \$362 million that was allocated to the  
19 litigation fund, for tax certiorari, for other  
20 litigation, for longevity, all of those  
21 expenditures and those projected expenditures  
22 are also included.

23 So, some of the big swings would be  
24 we're projecting that out of the litigation  
25 fund, out of that tax certiorari reserve,

1

2 we're likely to spend about \$100 million.

3 That's included in the three primary.

4 Whereas, it won't be included in the

5 budgetary. In the five majors as we say.

6

7 There are some other small swings  
8 between like sewer. If sewer gets a transfer  
9 in from the Sewer Finance Authority that's  
10 another \$144 million. So, we do look at both  
11 because we have to look at the five major  
12 funds for the NIFA calculation as well.

12

13 MS. PHILLIPS: Once again,  
14 Legislator Drucker, the three operating funds  
15 is a more comprehensive look at the county  
16 versus the five major operating funds. I have  
17 an amazing cheat sheet that I'm going to share  
18 with you because it is confusing, right? You  
19 put this together for us. Betsy put it  
20 together. It will help you visually see what  
21 is in the three operating funds. What is in  
22 the five major funds. But NIFA has an another  
23 quirkiness to it. What is in what they call  
24 the primary governmental activities and then  
25 total government funds. When you see it  
visually you'll see this three operating funds

1  
2 is more comprehensive.

3                   LEGISLATOR DRUCKER:     I've  
4 benefitted from cheat sheets my whole life.

5                   MS. PHILLIPS:     I got one for you.

6                   LEGISLATOR DRUCKER:     In Exhibit-B  
7 and C in your presentation I have a question.  
8 I do a lot of real estate. The tax map  
9 verification fees and the mortgage and  
10 recording fees, which are ridiculous fees to  
11 be honest with you, I've been railing against  
12 them for years, but you project a variance of  
13 \$8.7 million and \$3.5 million. I was under  
14 the impression that the real estate market has  
15 been rather robust until a couple of months  
16 ago. At least in my experience. So, I don't  
17 really know why the first half of 2022 was  
18 such a decline. I would think that it was  
19 still rather robust until I would say April,  
20 May.

21                   MS. PHILLIPS:     Give us one second  
22 here. The assumption in Exhibit-B are in the  
23 larger report, the midyear report, on page  
24 15. So allow us to get there.

25                   MS. TSIKOURAS:     What we did

1  
2 primarily for the mortgage and deed recording  
3 fees is we got some input from the department  
4 about where they --

5                   LEGISLATOR DRUCKER:     Speak a  
6 little louder please.

7                   MS. TSIKOURAS:     So, for the  
8 mortgage and deed recording fees what we did  
9 was we got input from the department about  
10 some of their projections and then we looked  
11 at the actual trend that's been happening.  
12 And the amount of the volume itself has been  
13 dropping and it's been dropping  
14 significantly. So we applied a percentage to  
15 that against last year's. We took whatever  
16 the percentage was and the drops from last  
17 year and applied it to the remainder of the  
18 year.

19                   LEGISLATOR DRUCKER:     I don't  
20 fault you. I think you're correct in  
21 forecasting a downward trend because I do  
22 anticipate the real estate market contracting  
23 even further for the next few months anyway  
24 until things stabilize. I do agree that you  
25 need to forecast downward. I was just curious



1

2 first five, six months of this year were at.

3

4 Also, all the fines and forfeitures  
5 same thing. Why are you forecasting downward  
6 on that? The school bus stop camera for one,  
7 that's a program I initiated and with the help  
8 of my colleagues here we approved and got that  
9 going. It's going nowhere. We budgeted \$2  
10 million for it and we still have \$2 million in  
there. Any comment on that?

11

MS. PHILLIPS: Speak to the  
12 county administration sir. We know that no  
13 money to date has been. So we're  
14 conservatively forecasting that if the program  
15 doesn't get going soon that the \$2 million --

16

LEGISLATOR DRUCKER: I read that  
17 Suffolk County is doing great in their bus  
18 camera situation. They are.

19

LEGISLATOR FERRETTI: I read  
20 somewhere that the towns were taking over that  
21 program.

22

LEGISLATOR DRUCKER: They have  
23 the option to it. Certain school districts  
24 are like laying back and waiting. That's the  
25 problem. They're not taking advantage of it

1

2 and that's a loss for the county.

3

MS. PHILLIPS: But that is  
4 correct, Legislator Ferretti. The towns can  
5 opt in and take it. I believe the Town of  
6 Hempstead did.

7

LEGISLATOR FERRETTI: The program  
8 we have isn't it an opt in program by the  
9 school districts?

10

LEGISLATOR DRUCKER: Yes, it is.

11

LEGISLATOR FERRETTI: Is that the  
12 same in the town program?

13

MS. PHILLIPS: I believe so.

14

LEGISLATOR FERRETTI: They're  
15 opting in with the town not the --

16

MS. PHILLIPS: That's correct.

17

LEGISLATOR DRUCKER: I guess  
18 Suffolk County doesn't have that.

19

I see large variance in overtime.

20

Is that something -- how are you forecasting

21

that in terms -- that's Exhibit-A I guess.

22

You're forecasting a variance of 22 and a half

23

million dollars in overtime. Can you explain

24

that to me and should we be concerned about

25

that?

1  
2 MS. PHILLIPS: Give Lisa a second  
3 to get to the right page. But I know as an  
4 example in our claims division, because there  
5 have been no tests or any tests that have come  
6 out, there's no results. We have claims --  
7 the HAP program is an example -- to process.  
8 I know in our department alone that we have  
9 authorized overtime in order to do the  
10 business of the people. But I'll let Lisa  
11 speak.

12 LEGISLATOR DRUCKER: I think you  
13 also mentioned in your report about law  
14 enforcement, police and sheriffs and the like  
15 of overtime in those departments.

16 MS. TSIKOURAS: Yes. The main  
17 driver of the overtime, well, it's split  
18 probably half and half between the two police  
19 funds, police district and police headquarters  
20 and correctional center. In the main, in the  
21 large report on page 26 we have a table that  
22 breaks that out. I'm just looking for my --  
23 bear with me. Looking for my --

24 MS. PHILLIPS: I will say we did  
25 factor, although we factored also in the two

1

2 classes, the police classes and the correction  
3 officers classes that are coming in still in  
4 2022 also.

5 MS. TSIKOURAS: We're saying that  
6 we believe at this point, based on the trends,  
7 that the correctional center is going to be  
8 underfunded by about \$11.7 million and the  
9 same amount for the two police funds. That's  
10 basically based on trends. We do pick up the  
11 projected --

12 MS. PHILLIPS: That's overtime?

13 MS. TSIKOURAS: The overtime.  
14 That is just the overtime. That's just  
15 overtime for those two. And that's mainly  
16 just because I think they budgeted for I  
17 believe they even budgeted like for an  
18 examination for police officers and that  
19 didn't happen. We also have like we're  
20 factoring in like the new classes as well.  
21 But that's the trend at this moment.

22 LEGISLATOR DRUCKER: Thank you.  
23 I got a bunch of questions I guess I'll  
24 reserve for Andy. He looks likes he's falling  
25 asleep there. We'll get him up here in a

1

2 little while. Thank you very much Comptroller  
3 Phillips.

4

LEGISLATOR FERRETTI: Thank you  
5 Legislator Drucker. Again, thank you.

6

MS. PHILLIPS: Thank you.

7

LEGISLATOR FERRETTI: Thank you  
8 for your time and your extensive work on  
9 this. We'll do it again in a year.

10

MS. PHILLIPS: Actually, we'll do  
11 it this fall when you guys work on your  
12 budget, and I wish you the best on that  
13 because it's not easy right now.

14

You know, Legislator Drucker, you  
15 mentioned it and Legislator Ferretti you  
16 definitely mentioned it that we are in  
17 unprecedented times right now. So, the most  
18 we can do to protect the people of Nassau  
19 County is not to over tax, not to take more  
20 money when we don't believe we need it but to  
21 keep Nassau County in the fiscal position, the  
22 solid fiscal condition that we're in.

23

LEGISLATOR DRUCKER: We are  
24 stewards of that money.

25

MS. PHILLIPS: We are all

1

2 stewards of that money and it's our money. So  
3 thank you for the great work and thank you for  
4 having us.

5

LEGISLATOR FERRETTI: Thank you.

6

And we're going to have Mr. Persich and the  
7 budget team come up. We're just going to take  
8 a two-minute break for technological  
9 adjustments and then we'll get started.

10

(Committee recessed at 3:55 p.m.)

11

(Committee reconvened at 4:05 p.m.)

12

LEGISLATOR FERRETTI:

13

Mr. Persich, let's rock and roll.

14

MR. PERSICH: Good afternoon

15

everybody. Thank you for having me. I'd be  
16 remiss not to thank my staff who's sitting  
17 next to me. Chris Nolan, Irfan Qureshi and  
18 Irina Sedighi. They're the main core of my, I  
19 will say, the story we're about to tell the  
20 legislature which I think is a little  
21 different since I've taken this role. I have  
22 to thank the county executive for continuing  
23 my service here and continuing the plan that  
24 we have in place. I look forward to working  
25 with him and we've been working very hard on

1

2 strategically getting rid of some of what I  
3 will say are what we've now termed as a  
4 different world in which we're living in.

5 Reliability management side of the  
6 county. Which is something that we were  
7 always chasing revenue. Now we're figuring  
8 out how to pay down some of our outstanding  
9 obligations. Which is a little different for  
10 everybody whose been here. We're in a  
11 completely different story line than we were  
12 two years ago. So I'm going to go through the  
13 presentation.

14 I always say it's going to be brief  
15 but we know sometimes that it will -- there  
16 may be some other questions that may come out  
17 of this.

18 Here's the major accomplishment  
19 that I will say which is, you know, would be  
20 with the help of I will say the county  
21 executive did a road show with me when we went  
22 to see the rating agencies. But I would be  
23 remiss not to thank this body because how we  
24 got here is partnerships and coordinated  
25 efforts on how we did the financing. We got

1  
2 two bond upgrades from Moody's and S and P  
3 which were monumental. I think it's been over  
4 ten years. Finch was a little remiss but they  
5 gave us a stable outlook.

6 We're heading in the right  
7 trajectory and our behavior has to continue in  
8 the path in which we were on. We need to  
9 control spending. We need to watch our  
10 revenues and budget conservatively as we have  
11 been.

12 So, I will say the comptroller  
13 covered I think this pretty well, but we did  
14 finish, and I think it's historical if I may  
15 say, with the largest surplus in county  
16 history. We then took that money and put it  
17 into the right places where I think it's going  
18 to best benefit us in the future for what may  
19 occur down the road. If we hit the recession,  
20 other things. We've taken care of some of the  
21 cert obligations. We've taken care of some of  
22 our litigation obligations. We've put some  
23 money into debt service reserves. We've put  
24 some money in retirement reserve  
25 contributions. And anything we finish with



1  
2 this year I will say that pattern will  
3 continue so that if we do have some type of an  
4 event, COVID two God forbid, a Sandy two God  
5 forbid or something like that, and we see a  
6 downturn in sales tax we will be well  
7 positioned not to have to borrow for  
8 anything. To have our obligations met with  
9 our current resources that we have at our  
10 disposal.

11 Painfully got there as we all know  
12 but we're here now and now I think we have to  
13 be careful how we proceed. I caution that  
14 because, you know, when you see numbers like  
15 this you're all like, and I would be too, you  
16 know, but I think we still need to be, you  
17 know, one thing I do and this is what I will  
18 say is, we do micromanage expenses down to  
19 make sure that we get the best value for every  
20 dollar we're sending out the door. Part of  
21 what we do is protect the taxpayers' interest  
22 on what we're spending money on.

23 That's what we do in OMB. You can  
24 hear my name. Probably has a lot of different  
25 adjectives before it. I'll be kind about that

1

2 and some of the department heads but that's  
3 okay because that means we're doing our job  
4 and I will scrutinize anything that I think  
5 doesn't fit what the needs are of the county  
6 the county evolves like a business and  
7 everything else into different directions.  
8 So, that's on the surplus.

9 As you can see, I just went over  
10 this. This is our fourth straight year and I  
11 will go back. Let me just tell you. In 2018  
12 we got hit with RECIVO if you remember  
13 correctly. Even though we show a deficit in  
14 there, we did move money into the litigation  
15 reserve which kind of skews that number. But  
16 it will be '18, '19, '20, '21 and '22, if  
17 things continue down the path, of years of  
18 surplus.

19 We did pay down the pension  
20 amortization which we don't owe the state.  
21 Have to keep paying that. It doesn't have a  
22 real big fiscal impact but there is savings.  
23 It's like amortizing a mortgage. You're  
24 stretching the payments over. But it is  
25 fiscally prudent that we're not paying the

1

2 state additional resources of five percent for  
3 the money because theoretically we're  
4 borrowing the money from them.

5

6 The other thing we did we took out  
7 the NIFA swaps and the NHCC swaps which kind  
8 of fixed out our debt which is a better way  
9 for us to operate.

10

11 Moving forward I think we covered  
12 this. So, the big drivers as you're aware was  
13 in 2021 I will say sales tax clearly. We've  
14 had many debates about it. We can still  
15 debate where that number lies. But that was  
16 the driving force. Plus on top of the \$362  
17 million we got in we had organic savings I  
18 will say from better than anticipated revenues  
19 in certain areas. Although not so much on the  
20 revenue side but I think on the expense side  
21 some of the drivers were some debt service  
22 savings, some fringe benefits savings, some  
23 salary savings.

24

25 So, I think we benefitted from just  
regular organic operations to the tune of \$120  
million. Again, I said, what we did with the  
money we put it into all these different

1

2 litigation funds and bond indebtedness funds.

3

4 This chart on page 6 where we're at  
5 if you don't mind, this is how we spent the  
6 money from the resources in 2021. \$30 million  
7 to retirement reserve. \$20 million to  
8 litigation. \$20 million to bond

9 indebtedness. We put \$208 million for certs.

10 I will get to that story later on. We were  
11 able to solve the longevity problem which was  
12 a huge liability to this county if we lost it  
13 in arbitration. And other litigation for

14 other matters that may come up that we may  
15 have to be involved in old. There's some old  
16 Article 18 cases that are still existing out  
17 there which is similar to the Keyspan. We  
18 have Verizon and a couple sister ones out  
19 there that do have significant dollars

20 associated with it. We will continue to  
21 manage and come up with structured settlements  
22 that are fair and equitable to both parties.

23 But that's kind of a game plan of where we're  
24 at.

25 And that's one of the edicts that  
the county executive has given me is keeping

1  
2 the liability side, controlling the glide  
3 slope as opposed to surprises or judgements.  
4 So I'm going to get to 2022 which is where  
5 we're at now.

6 The comptroller covered this pretty  
7 well. I think we're all pretty close. I read  
8 OLBR, Maurice's report. I read the  
9 comptroller's report. Some differences in  
10 what we think. We're thinking collective  
11 bargaining. Hopefully we can settle with all  
12 the unions. Whether that happens or not  
13 that's going to be a moving target.

14 Fringe benefits savings. We should  
15 have some additional savings there. We do  
16 have some savings in Medicaid and other  
17 resources in DSS just as a result of the state  
18 funding.

19 Our biggest revenue driver, which  
20 is the source of a lot of I would say  
21 contention is is that sales tax right now is  
22 on a glide slope that I think even despite all  
23 the stuff that's going on out there it's going  
24 to be hard pressed for us to go negative at  
25 this point.

1  
2 I think Comptroller Phillips did a  
3 great job and I have to thank her for the  
4 kinds words and working with her has been a  
5 pleasure for the few months that we've done  
6 it. But I do think that some of these  
7 question marks about where the economy is and  
8 to Legislator Kopel about commodity prices and  
9 CPI almost you know, mirroring itself and  
10 sales tax going up, I do believe that there  
11 will be a slow down. But I think there's  
12 other things that just people do naturally.  
13 They have to buy food. They have to buy books  
14 for the kids. I think that's part of the  
15 thing.

16 The luxury items is where we have  
17 to be concerned about and the housing market.  
18 Which I think Legislator Drucker you were  
19 asking about the housing market. I was  
20 sitting back there. It's transactional driven  
21 and it's not so much -- the inventory's not  
22 there to sell. I think that's why we're  
23 starting to see the dip. That's what it is.  
24 There's not enough inventory out there. Which  
25 is creating the anomaly of pricing going up

1  
2 along with interest rates. So the  
3 transactional volume, some of the people who  
4 could afford two years ago now just can't  
5 afford it. And if you talk to the real estate  
6 people they're going to tell you the same  
7 thing. The market went from here now it's  
8 going all the over the place to like a  
9 normalized market.

10 LEGISLATOR DRUCKER: I agree with  
11 you.

12 MR. PERSICH: But why the revenue  
13 streams are down? It's driven by  
14 transactions. I just wanted to cover that.

15 We're projecting in this forecast a  
16 five percent growth in sales tax. We've  
17 accounted for the disproportionate hospital  
18 and AIM payments. We've taken that out.  
19 We're getting that back thank you. Because to  
20 Legislator Ferretti's point, they were  
21 stealing from my money and I hated it but  
22 that's just me.

23 As far as where the money, the AIM  
24 money, and there was a question about where  
25 the AIM money went, the AIM money goes -- went

1  
2 from -- they took it from us and gave it to  
3 the towns and the villages. They did a  
4 gratuitous act that they made believe they  
5 gave our money to them.

6           The disproportionate hospital I do  
7 believe that NUMC got a portion of it. What  
8 number that is specifically I don't know if  
9 they got one dollar for dollar from our money  
10 but that's one of the main drivers, that DSRIP  
11 money or DSH money that they get.

12           The projections also include for  
13 sales tax include the reduction of the  
14 gasoline holiday we're giving out. We've  
15 taken it's approximately eight to \$10 million  
16 we're calculating it at. Although, as the  
17 comptroller spoke, oil prices are coming  
18 down. I can tell you personally when you saw  
19 3.97 you're driving like a lunatic to try to  
20 get in there and fill up, you know what I  
21 mean, because it's under four. It's the old  
22 days, because I'm dating myself, the '70s  
23 where you waited on line and you had to get  
24 gas on odd even days.

25           And as far as contract



1  
2 negotiations, we are moving forward. The  
3 county exec wants to get everything settled so  
4 that we can move forward with all the labor  
5 unions. We're working diligently to resolve  
6 the outstanding issues with some of the  
7 bargaining units. I don't want to say more  
8 than that because we're in negotiations. So,  
9 I will say that it is ongoing and it's an  
10 active work stream.

11               Again, I think I covered this  
12 already. I think the comptroller covered  
13 this. I don't want to be redundant. Some of  
14 the things we've offset is parks revenue,  
15 ambulance fees. Red light cameras are  
16 diminishing I will say that. But activity is  
17 starting to go back up because if anybody has  
18 driven in lately you can see the volume of  
19 traffic even in the summertime on the highways  
20 is still -- it's getting -- which is the worst  
21 scenario with gas prices being so high and  
22 you're sitting in traffic. It's like, you  
23 know, you're watching the needle.

24               Those are the things we're starting  
25 to see declines. But I think you're going to

1  
2 start seeing the normalization once we get  
3 back to September when school reopens in the  
4 old fashion manner. Like normalcy if we ever  
5 can term it that way. If it comes back to  
6 being that. If that happens I think you'll  
7 start seeing some of this transactional volume  
8 tick back up and we'll get back to it.

9 Our expense assumptions are pretty  
10 right before you. Mass transportation. We've  
11 added a little bit more money for commodity  
12 prices. We've taken some hits on the risk  
13 side of what's going to happen.

14 Like I said, we had Medicaid  
15 savings which we're using to fund some of  
16 these other issues that we have. The state  
17 comes up with a formula, I don't want to get  
18 into it, but it's a weekly share thing and  
19 there's things for indigent care and  
20 everything else that they net out. But our  
21 weekly share dropped this year which provided  
22 us with a \$22 million surplus in Medicaid.

23 We've offset that with some early  
24 intervention cost that we think are going to  
25 rise. And some mass transportation.

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I know the Long Island station maintenance agreement went up because the CPI went up. So that was a pretty big hit because CPI was so high. It's contractually obligated.

Now to the liability management which, again, I said this is the whole -- I have to say that this is the position that we're in now. How we're going to manage the future going forward.

One of the steps we did take in this budget is we paid back \$123 million of approximately \$160 million. We're working on paying down the police district. It's a little sticky because it's a separate taxing district. I'm formulating an idea which I have to run by the county executive on how to pay down that additional liability. Possible use of fund balance in the district. But I have to make sure because I'll get to the NIFA gap if you want me to. That's not a positive to that but it would make fiscally good sense if we did something like that. I will say stay tuned on that. If we can get that

1  
2 liability off we'll be moving forward.

3           The county executive got rid of the  
4 LIPA hangover or whatever you want to call  
5 that. That cert liability of \$300 million.  
6 We were able to broker and get rid of that  
7 liability. That's a big thing off the books  
8 in the NIFA report I will say that we have to  
9 account for.

10           Additionally, the longevity  
11 settlement. One thing I guess I was remiss  
12 about when I got involved in this was that  
13 time wasn't our friend on this thing. The  
14 longer we let it sit the greater the liability  
15 grew because the retroactivity portion from it  
16 would have grown. So we saved -- I mean, if  
17 we would have lost in arbitration it would  
18 have cost us \$188 million. We got it down to  
19 \$100 million. Which we funded with reserves.  
20 Which gave us a funding stream to get through  
21 to the next four years. And any residuals  
22 going forward if we see a need to fund that  
23 reserve a little bit more for the future maybe  
24 we'll have the resources to do that. But it's  
25 subject to collective bargaining for future

1

2 agreements and we'll move on from there.

3

4 Tax certs. After we net out I  
5 would say the LIPA liability, which is about  
6 447, we have approximately 430 in resources to  
7 do that from all these different buckets.

8 Which is we don't have to borrow for this.

9 And that's the key component of the story here

10 is that I believe we have the resources to pay  
11 down the debt or the obligations to the  
12 taxpayer without using borrowed funds.

13 While I say 447 is the number it's  
14 a calculated number when you negotiate these  
15 settlements. I don't know if it's going to be  
16 447, 407. It could vary a little bit just  
17 based on what the property valuations are.

18 But I do believe we have the  
19 resources at our disposal right now between  
20 the DAFTs that we had created and the  
21 obligations in the special revenue fund which  
22 we created here with this body, which was, you  
23 know, I think we cured that. Along with the  
24 other stuff from the reserves that we put  
25 money into kind of a cured some of the  
liability issues that were -- I briefly read

1  
2 the NIFA report. I didn't get into it. But  
3 to satisfy some of their concerns. We've put  
4 reserves away in places that I think will  
5 mitigate risk for the future. And clearly  
6 litigation liability is one of the biggest  
7 things the county is subjected to that's  
8 anomalies.

9                   Some counties still borrow for it.  
10 Which is kind of I would say if it were a  
11 different spot it's not a bad thing to do.  
12 Because if you have to tax the tax base to pay  
13 the, you know. I could use the Shoreham as  
14 one of those classic examples of what happened  
15 there. The Town of Brookhaven had to issue  
16 debt to pay that back.

17                   But I would say that we have ample  
18 resources to cover what the cert liability is  
19 right now. And let's face it, the cert  
20 liability is not going to go away annually.  
21 We're going to have certs. The question is,  
22 as we estimate it, it could be anywhere  
23 between I would say between 75 and 100  
24 depending upon the years. Once the roll  
25 becomes more defensible it will probably make

1  
2 the pathway to the future a little bit easier  
3 and lower than the 75, which is where I think  
4 we got to get to.

5 That in itself will produce -- we  
6 do have resources now. We have 40 in DAFT and  
7 we have 30 in operating. So we do have money  
8 to pay future obligations for the years going  
9 forward. It's built into the plan. It's  
10 going to be built into whatever we do in the  
11 future. And hopefully, the glide slope for  
12 tax cert is something that this body will not  
13 have to listen to which has brought us to  
14 where the control period has been driven at  
15 us. So I can sit here and say that this is  
16 the best fiscal shape this county could  
17 possibly be in. And I'm just going to  
18 summarize what I said. And I am very brief  
19 today. Frank's going to kill me. I just want  
20 to summarize.

21 Bond upgrades, key component for  
22 this entire organization. I give credit to  
23 the county executive for going with me. We  
24 did a good road show. And I think the  
25 analysts were impressed with what some of the

1  
2 things that were said.

3                   We have two things. We're  
4 financially set for the future and I think our  
5 economic base is very strong to sustain any  
6 downturns because we are a very wealthy and  
7 affluent county. So even on the economic  
8 downturns we still seem to survive a little  
9 bit better than most. But there are needy  
10 taxpayers out there and we have to be  
11 cognizant of that too.

12                   I've covered the reserves. The  
13 continuity of my team is still here. We're  
14 still doing the same thing that we did in the  
15 past. I've been ordered, not ordered, I  
16 shouldn't say that. I've been mandated to  
17 keep the budget structural balanced. That is  
18 an order that was given to me day one that  
19 this and going forward that I have to keep the  
20 budget balanced. The county executive has  
21 given me that edict. I will follow it as I've  
22 always followed it because it's my job. I  
23 hate to say this and nobody wants to hear this  
24 but we should finish with surpluses not  
25 deficits. So we have to be very careful.



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What that number is right now it's in the high numbers. But we should probably finish somewhere in the neighborhood of \$5 million annually just to be cushioned so we know. Similar to what New York City has because they've been through this already. Not that I want to compare us to them by no stretch of the imagination. But part of the thing they do is they have to finish with a surplus every year. And I think that's something to eliminate some of our friends in another organization NIFA that's probably one of the things we just have to manage to and we can be free and clear of that.

And our cash position, for lack of a better thing, is we have lots of cash on hand right now from all these different funding sources. I caution that we don't use cash in the budgeting world so I don't want to mix the two up because it's going to create a fund balance in the whole accounting thing. But one thing I will say is we're not doing any short-term borrowings. Which is a good thing. We don't need to borrow for BANS and

1

2 TANS any more because our cash position is so  
3 strong.

4

I will open it up to questions. I  
5 will answer anything that you may have for me.

6

LEGISLATOR FERRETTI: Thanks.

7

Thanks to you and your team Andy for the  
8 presentation. Appreciate it.

9

As you know, the federal reserve  
10 has raised interest rates four times in five  
11 months. They went from near zero to two and a  
12 quarter to 2.5. How do you see this impacting  
13 us, the county?

14

MR. PERSICH: It's going to  
15 impact my borrowing because we're going to  
16 have to rethink how we do things. This is a  
17 different spot that I would say from years  
18 past. When rates were so low you didn't want  
19 to spend your cash because you were almost  
20 giving, you know what I mean? You didn't want  
21 to do that. We're in a different spot now.  
22 We have to evaluate what the things.

23

Look, the bond traders and  
24 everybody else will tell you don't use  
25 short-term money for long-term things. That's

1  
2 one thing we have to be cognizant of that I  
3 would say. Because I don't know if there's a  
4 liquidity crunch coming or anything else but  
5 right now I think some of the things I would  
6 like to do is keep some of this money on the  
7 sidelines for the future. You know what I  
8 mean? Some of the ARPA funds. Because  
9 everybody forgets, we did lose \$270 million of  
10 revenues during the COVID crisis. The CARES  
11 funding was there. We used it. I can tell  
12 you that. But I think some of the ARPA funds  
13 we need to be strategically placed on how we  
14 use those monies.

15 I will tell you, Legislator  
16 DeRiggi-Whitton, when what I was sitting here,  
17 we will come to this body, we have in the  
18 past, with any changes. I can't move money  
19 unfortunately. In a grant I can't move a  
20 dollar from point A to point B without the  
21 legislature. We will come with any new  
22 programs because we have to appropriate the  
23 funds through that. And if I want to move  
24 money around the way we structured that ARPA  
25 fund is is that we have to go to you guys in

1  
2 order to shift it around a little bit.

3               LEGISLATOR FERRETTI:       When you  
4 say that are you referring to, for example,  
5 the HAP and the money for the veterans and all  
6 those things we approved?

7               MR. PERSICH:       You've approved  
8 those but the HAP program, the guidance was  
9 changed by us. Not by us but it was changed  
10 by the treasury. They were the ones who told  
11 us we couldn't do it. So we had to stop the  
12 program. Otherwise we would be in violation  
13 of what the federal statute was. So we had to  
14 stop it. That's why we did it. But if I  
15 wanted to re-spend whatever's left out there,  
16 I'm coming to you to say this is the program  
17 the county executive has --

18              LEGISLATOR FERRETTI:       When you  
19 say you're coming to us is that at the  
20 direction of the county executive or is that  
21 statutory or some rule from the fed that you  
22 have to come to the legislature?

23              MR. PERSICH:       No, it's not a  
24 federal rule. I don't think. I'm operating  
25 under the charter rules. I know that if I

1  
2 have a supplemental appropriation I have to  
3 come to you.

4                   LEGISLATOR FERRETTI:     Just for  
5 any supplemental?

6                   MR. PERSICH:     Any supplemental.  
7 And if I want to move money because the way  
8 the ARPA fund is set up it's specific by  
9 program. Which is what the previous  
10 comptroller made us do to say that this  
11 program -- because they have to do filings and  
12 what the filings say is it's dedicated by a  
13 CFDA number. So if we want to change it we've  
14 made, I would say, an agreement that we would  
15 go back and forth with appropriations. If I  
16 change it from this program which has a CFDA  
17 number of one to CFDA number two I have to  
18 move that money and it will require  
19 legislative action.

20                   LEGISLATOR FERRETTI:     So that  
21 federal money would fall under the same rules  
22 as any other appropriation?

23                   MR. PERSICH:     I would look at it  
24 as if we got grant money for our water  
25 quality. We do a lot of stuff with the health

1  
2 department. We get a lot of money in from the  
3 state every year annually. We have to come to  
4 this body to move the money around. I'm just  
5 used to it.

6 LEGISLATOR FERRETTI: I got it.  
7 The excess sales tax fund what's the balance  
8 in that special revenue fund right now?

9 MR. PERSICH: I don't know off  
10 the top of my head because we're paying a lot  
11 of -- the cert problem is a lot more complex  
12 to operate it to get the money out the door.  
13 So, we processed approximately \$75 million of  
14 cert money for this year.

15 LEGISLATOR FERRETTI: When you  
16 say you processed it what do you mean?

17 MR. PERSICH: Means we made  
18 payments or adjustments to the roll depending  
19 upon what the actual balance was. But I think  
20 we've actually processed \$75 million of cash  
21 out the door.

22 LEGISLATOR FERRETTI: So \$75  
23 million in tax cert refunds?

24 MR. PERSICH: Yes.

25 LEGISLATOR FERRETTI: In 2022?

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2 MR. PERSICH: That's in 2022,  
3 yes. And the reason being, legislator, as we  
4 all know, the interest component of these  
5 certs is one of the components that grows  
6 itself.

7 LEGISLATOR FERRETTI: How much  
8 did we pay back in 2021?

9 MR. PERSICH: My recollection was  
10 it was a small number off the top of my head.  
11 I want to say it was probably 30, \$40 million.

12 LEGISLATOR FERRETTI: For the  
13 entire year?

14 MR. PERSICH: I have to go back  
15 and look.

16 LEGISLATOR FERRETTI: How much  
17 does the administration plan on paying the  
18 rest of 2022 in tax cert refunds?

19 MR. PERSICH: We're going to try  
20 and get as much out the door. Let me put it  
21 to you this way. I'm going give you a range  
22 because I can't pick a target. But between  
23 125 and 175. Somewhere in that range.

24 LEGISLATOR FERRETTI: What is the  
25 current liability?

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MR. PERSICH: 447. That's the one that's on the paper. The number I have is what's in the actual report that we're working off of. But, in reality, that liability could be lower because I think we're very conservative in our estimates for some of the liabilities based on when we did the modeling for the cert liability. And we have \$400 million of resources between the special revenue fund, DAFT and some operating money out there to cover that 447.

LEGISLATOR FERRETTI: Thank you very much. Presiding Officer.

LEGISLATOR NICOLELLO: You just covered the tax cert liability. Liability for tax cert refunds. I just want to touch on the other two things specifically cited by NIFA in their report as it concerns going forward noncert litigation. What do we have? We have reserves. We have operating we have budgeted for.

MR. PERSICH: This one's a little different because we do evaluation. The county attorney's office comes up with what we



1  
2 call noncert liabilities. They're probably on  
3 the high side. But we have \$30 million in  
4 operating and we have approximately 100 and  
5 some odd million in this other reserve that we  
6 created. Because when we amended the  
7 legislation for the special revenue fund one  
8 of the components that I worked with you guys  
9 on was just opening up a little bit more of a  
10 wide window for us to pay things out. So we  
11 have ample coverage.

12 But that liability, a lot of it is  
13 tort claims. It could be on the high side. I  
14 don't like talking about it because some  
15 people will hear that we have all this money  
16 and they will come in and say the judgement --  
17 I'm worried about judgements and everything  
18 else. So I get a little skittish about it for  
19 many reasons. But I do think we have ample  
20 coverage.

21 And at the end of this year if we  
22 finish with a surplus, I mean, if it's \$100  
23 million I will figure out when I'm going to  
24 address it and where -- because I don't know  
25 what the future holds. If I had that crystal

1  
2 ball I would tell you. But I will put it  
3 strategically where I think and this body we  
4 agree to with the county executive where that  
5 money belongs.

6                   LEGISLATOR NICOLELLO:     In terms  
7 of the tort liability, do you as a budget man  
8 believe that perhaps the attorneys in the  
9 county attorney are doing what every attorney  
10 always does when they have a case which is  
11 inflate the possible amount of exposure so  
12 when it comes in --

13                   MR. PERSICH:     I would say no  
14 because I meet with them -- I was meeting with  
15 them pretty regularly beating them down like  
16 what's this case worth. You know what I  
17 mean? It's not, you know, -- because there's  
18 a proponent of which -- I'm the nonlawyer of  
19 this -- which I go how could that be? You  
20 guys are crazy. You can't pay that much money  
21 out. And then somebody bangs a gavel and it's  
22 like that money appears.

23                   I don't think there's an inflated  
24 number. I think it's a realistic number. But  
25 also think you entice parties to settle when

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2     you give money upfront. You can lower the  
3     liability by paying forward some money.

4

                  LEGISLATOR NICOLELLO:     We have  
5     resources I think which is your main point?

6

                  MR. PERSICH:     We do have the  
7     resources and I work very closely with them on  
8     managing like what we can afford and not  
9     afford. And we did this. One of the things  
10    we did do when we didn't have money was do  
11    structured settlements. Prevented us from  
12    borrowing. We went to the plaintiffs and said  
13    would you mind taking a million dollar over  
14    five. Or, you know, I'm just using it out  
15    there. We did that and I think we're going to  
16    continue that pattern because it just makes  
17    life a little easier for us in budget land and  
18    leave a little bit of money for the unforeseen  
19    things because now we have resources.

20

                  LEGISLATOR NICOLELLO:     The other  
21    thing they mentioned was worker's comp  
22    claims. I mean, obviously it's an ongoing  
23    issue. Will always be an ongoing issue.  
24    Anything in particular that --

25

                  MR. PERSICH:     No.

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2                   LEGISLATOR NICOLELLO:     -- is  
3     spiking those claims?

4                   MR. PERSICH:     No. One of the  
5     things we did do which we've been a little  
6     remiss is we used to do those whammos. You  
7     know what I mean? Remember that Section 18?  
8     That's when we buy out certain claims. A few  
9     years ago we came here. Remember we had a \$15  
10    million cash influx that somebody wanted to  
11    give to us. It's been sitting around. COVID  
12    hit. We kind of got sidetracked. But I think  
13    we buy down some of those claims.

14                  I think, me personally, it's an  
15    actuarial evaluation. But if they didn't  
16    count the fact that in the multiyear year plan  
17    I have \$35 million in operating funds to cover  
18    those go-forward liabilities.

19                  And it's a little bit different.  
20    It's an insurance reserve, which is a little  
21    different than most other reserves. So I  
22    think we have coverage in there. You know  
23    what I mean? There's a lot of factors with  
24    comp. The state, in its wisdom, has raised  
25    the indemnity rates over the years so it's

1  
2 created that liability up. But I think we  
3 have coverage there.

4 And I would say this, as well  
5 funded as the state pension plan is the OPEB  
6 liability of the state is, I don't know, \$100  
7 billion. I don't even know the number. We're  
8 at eight. You know what I mean? So, we don't  
9 have funding for the OPEB liability. So to  
10 that point I would argue that we still have --  
11 we have pay-go ways of paying those  
12 obligations.

13 LEGISLATOR NICOLELLO: Just one  
14 open-ended question to conclude. Was anything  
15 in the comptroller's presentation that you  
16 felt the administration has a different  
17 viewpoint on? Not necessarily an out and out  
18 disagreement but maybe a matter of a nuances.

19 MR. PERSICH: Not material  
20 enough. We all have different ways of  
21 calculating and forecasting numbers. We have  
22 a different methodology than they do. But not  
23 a lot of things. I think when it comes to  
24 heads and fringe benefits we kind of know  
25 where we're going to land. Debt service is a

1  
2 pretty factual thing. And I kind of don't  
3 like showing a lot of debt service savings  
4 right now because I don't know. I wait until  
5 the end of the year before I will show that  
6 because just in case I do have to do an  
7 immediate borrowing of something I have that  
8 money at my disposal.

9 But, I mean, I work coordinated  
10 efforts unfortunately. I have to work with  
11 OLBR, I have the comptroller and I also have  
12 to still answer to NIFA. I'm the one who's  
13 got to be on the phone with them.

14 But we all I wouldn't say, you  
15 know, NIFA and we come to a conclusion but I  
16 think with all the other agencies we talk and  
17 try to figure out where we have some  
18 differences. We can argue over, you know, I  
19 don't think we're all far off. I read  
20 Maurice's report. I read the comptroller's  
21 report. I think we're all in the ballpark.

22 We don't do GAAP. We do budget.  
23 And that's the one difference that we manage  
24 to. She's got to worry about GAAP. I don't.  
25 At some point, and I agree with her, with

1

2 Comptroller Phillips, the county should get on  
3 to a GAAP basis for results because then we  
4 don't have this question mark.

5

And to the question, I know there  
6 was a question about the NIFA gap, if I could  
7 just clarify that the way I understand it.

8

The NIFA gap, without the  
9 subjective part of it, which is the one  
10 percent rule, which is they assume risk, what  
11 goes against us is, which is kind of one of  
12 the things because I have a past life in a  
13 township where I had fund balance and I used  
14 it sometimes in an appropriation, that gets  
15 used against us as a funding source. As does  
16 borrowing. Which the borrowing piece I get  
17 borrowing for operating.

18

But the fund balance piece just  
19 is -- if you have it it's there to be used  
20 because it's resources. But it goes against  
21 what the stature says.

22

LEGISLATOR NICOLELLO: I lied. I  
23 actually have one more question. You may have  
24 mentioned this but we know what the projection  
25 is in terms of the surplus from the

1  
2 comptroller. She spoke about it. And in the  
3 OLBR and their report projects a surplus. Are  
4 you projecting a year-end surplus for the  
5 county? And if so, can you give us an  
6 estimate?

7 MR. PERSICH: Right now, if you  
8 look at my report it's a little convoluted how  
9 we're reporting it. It's almost \$80 million  
10 is what I would say. Of which I have said I'm  
11 not going to keep it all. I left \$20 million  
12 at the bottom line just in case there's  
13 adjustments to GAAP and everything else.  
14 That's the way I'm looking at it. But then I  
15 took 50 and said we're going to figure out  
16 what we're going to do with it and if it grows  
17 exponentially any additional resources we have  
18 at the end of the year, in April of next year,  
19 we'll come and say we're going to put X number  
20 of dollars into this reserve, into that  
21 reserve to mitigate risk that's looking  
22 forward.

23 LEGISLATOR NICOLELLO: Thank you  
24 Andy.

25 LEGISLATOR FERRETTI: Legislator



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2 Kopel.

3

LEGISLATOR KOPEL: Thank you

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Chairman. Andy, just a couple of things.

5

Just following on what you just told the

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presiding officer. I need to understand.

7

Your understanding of the NIFA issue is that

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if we've got substantial reserves and we use

9

any of it --

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MR. PERSICH: Let's not mix

11

things. Fund balance. There's two buckets.

12

LEGISLATOR KOPEL: If the fund

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balance is there to cover shortfalls, but if

14

you use it for that shortfall they --

15

MR. PERSICH: -- penalize me,

16

yes. To my point, and I understand the

17

statute and everything else, but my point is

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though, if you look at most townships what

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they'll do in their budget they'll take out

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when they think -- fund balance theoretically

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is taxpayer money. That's really what it is.

22

So for you not to use it as budget plug

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instead of raising taxes for argument's sake

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it makes no sense. It's a resource used

25

against us.

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2                   In fairness, I understand the  
3     concept what they were trying to do. But now  
4     we're structurally balanced where our revenue  
5     and expenses kind of meet up. And if we're  
6     short a little bit, let's say five or \$10  
7     million and I need to dip into fund balance on  
8     \$3.5 billion budget I don't think it should be  
9     a penalty against me. But I'm in a different  
10    position. I was broke four years ago and now  
11    I got money.

12                   LEGISLATOR KOPEL:     Let me ask you  
13    something. I think everyone seems to be  
14    singing from the same book here. We all think  
15    that perhaps NIFA is abusing its authority by  
16    continuing a control period. Would that be a  
17    fair thing to say?

18                   MR. PERSICH:     I want to be  
19    careful because I have to work with them. I  
20    work with the staff. But I would say from  
21    sitting here my answer would be yes. Based on  
22    the behavior or where the fiscal position of  
23    the county now and what the ratings agencies  
24    have told us I believe that we should be in an  
25    oversight period.

1

2                   LEGISLATOR KOPEL:     I'd like to  
3     ask if the administration has ever -- and  
4     you'd know about the prior administration as  
5     well -- is there any legal recourse? Looking  
6     at the statute, looking at the facts on the  
7     ground here, if NIFA actually continues to  
8     refuse to end the control period does the  
9     county have any legal recourse to step in and  
10    say hey, this has to stop at some point?

11                  MR. PERSICH:     I'm going to play  
12    my I'm not a lawyer here legislator. I would  
13    think that --

14                  LEGISLATOR KOPEL:     I know.  
15    You're not a lawyer but what I'm asking is,  
16    has anyone looked into this question?

17                  MR. PERSICH:     I believe we're  
18    exploring what the actual statute says and  
19    what our options are.

20                  LEGISLATOR KOPEL:     Right. That's  
21    all. I want to make the point that if we're  
22    not looking into it perhaps we ought to.

23                  MR. PERSICH:     I would say we are  
24    look into it.

25                  LEGISLATOR KOPEL:     Now, on the

1  
2 certs. So, again, if I understood you  
3 correctly, liquidated and unliquidated. You  
4 feel like we've got enough cover over there  
5 that we should no longer have to borrow?

6 MR. PERSICH: I firmly believe  
7 that considering what we've done and what  
8 we've put away.

9 LEGISLATOR KOPEL: The point that  
10 I made earlier about the sales tax and you  
11 alluded to that at the outset of your remarks  
12 as well. That is, as I say, that's something  
13 that you're going to watch because of the  
14 timing issue. In other words, our expenses  
15 will go up later, it lags the inflation, and  
16 the sales tax receipts come in higher because  
17 of inflation to some extent so there's an  
18 imbalance over there.

19 MR. PERSICH: Yes, I would say  
20 that's correct. And I will say this, while  
21 I'm popular at some points in the previous  
22 years, the conservative approach to sales tax  
23 over the previous few years has now reaped  
24 benefits I think. Because now we have the  
25 ability and the flexibility of upside to where

1  
2 the number was so low, which was a painful  
3 process. But I think if you look forward, I  
4 don't see, you know, you'll hear that the Wall  
5 Street people talk about the W and the V. You  
6 know what I mean? We've never seen the W in  
7 sales tax that I can remember. We had a  
8 downturn. We had that thing. In 2020 we lost  
9 eight percent sales tax revenue, which is  
10 significant. It was 7.2.

11 Are we going to go up and then down  
12 again? It's possible. I can't tell you  
13 that. But I don't think even if we do head to  
14 the recession world and where the stock market  
15 goes I'm too old to be playing in those  
16 arenas, but I will say that I do believe that  
17 even if this is a recession I think the fed  
18 reloads it's gun in a different manner where  
19 they'll start lowering rates again at some  
20 point which will -- you know what I mean?

21 Because I think once inflation is  
22 stemmed you're going to have a problem with  
23 too high of interest rates which is the cost  
24 of borrowing which is going to create the  
25 unemployment factor which is going to create a

1  
2 whole list of other issues that you're going  
3 to have.

4               So they're going to go through the  
5 period of bringing it almost to a snail's pace  
6 because that's just an economic, you know,  
7 cycle. And then what you're going to have is  
8 that they're going to start loosening up and  
9 then you're going to start seeing a recovery.  
10 Because with every recession there's a  
11 recovery. There's a down and an up.

12              This county, where I think it is  
13 right now positioned, with the reserves that  
14 we have, we can absorb I think a duration of a  
15 recession I think for a short period of time.  
16 I wouldn't say long term but for a short  
17 period we're in good fiscal footing.

18              LEGISLATOR KOPEL:     Let's just  
19 hope that the economy cooperates in there.

20              Last thing, and again this is  
21 something that you alluded to at the outset of  
22 your remarks, and that is the ARPA. The prior  
23 federal program that was put to good use and a  
24 lot of that money you used that to,  
25 permissibly, to pay certain salaries because

1  
2 of the shortfall.

3 MR. PERSICH: That was CARES  
4 funding.

5 LEGISLATOR KOPEL: The initial  
6 slug of federal money, right. And you used  
7 that to do salaries and you thereby avoided  
8 shortfalls and borrowing and so forth and that  
9 was great.

10 Now we've got the ARPA money. This  
11 is close to \$400 million. It goes away after  
12 that. It goes away. So, this is an enormous  
13 county resource right now. There are  
14 permissible uses and impermissible uses. But  
15 isn't it true that the county every year  
16 spends a lot of money, whether out of current  
17 funds or borrowed funds, for uses that are  
18 permitted under ARPA?

19 MR. PERSICH: Yes.

20 LEGISLATOR KOPEL: Therefore, it  
21 follows that if we would use ARPA money for  
22 these particular purposes that would free up  
23 A, current county money and B, avoid future  
24 borrowing. That's true, right?

25 MR. PERSICH: We should

1  
2 strategically place some of this money in --  
3 though I would say we have to give some money  
4 back to what programs that this body and the  
5 county exec has to do. But there is a  
6 component I would say that wherever the  
7 economy lands or anything else, I personally,  
8 because I am the money guy, we have to keep a  
9 little something in the back pocket of some of  
10 those funds just as additional resources.

11                   LEGISLATOR KOPEL:       And how would  
12 you go about doing that?

13                   MR. PERSICH:       Well, I wouldn't  
14 appropriate it is what I wouldn't do. The one  
15 component, and Chris, you can correct me if  
16 I'm wrong here, the one component that we do  
17 have to act on is revenue loss. We lost \$270  
18 million in revenue during the COVID crisis.  
19 That's a fact. We do have the ability to  
20 take -- one of the available uses is to take  
21 revenue loss of \$270 million. I'm not  
22 suggesting that. And nor does this budget or  
23 future budgets included. But I am cautious  
24 that we keep some money back in our pocket  
25 just in case we need it.



1

2                   LEGISLATOR KOPEL:     And the way we  
3 would do that is to, as I say, offset some  
4 current expenses as well as future  
5 borrowings?

6                   MR. PERSICH:     It would be a  
7 complicated -- I don't want to get into the  
8 transaction but there's a way of doing it  
9 where we would have to put it into the  
10 operating funds or something like that.

11                  LEGISLATOR KOPEL:     I hope that we  
12 will all be watching to make sure that, as I  
13 say, that's used wisely and not dissipated in  
14 short-term expenditures that don't provide a  
15 long-term benefit.

16                  MR. PERSICH:     I will say this,  
17 the administration does have some plans for  
18 future ARPA funds. They will be coming to  
19 this body with additional programs. Some of  
20 the programs were successful. Excluding the  
21 HAP. I don't want to get into.

22                  The small business grant program  
23 was very good. We're looking at that. We're  
24 looking to do a couple of other things with  
25 some of our not-for-profit agencies and stuff

1  
2 like that. I think we will be coming with a  
3 plan in September with some of the additional  
4 resources.

5                   With regards to I'll get into  
6 opioids right now. Look, that was found money  
7 and we're looking carefully on how to spend  
8 that. I do believe that we will come up with  
9 a -- to throw money out the door right away I  
10 get a little hesitant. The problem is when  
11 you throw it out there the people who you give  
12 it to kind of want it again and that's the  
13 problem we have. So, we have to be very  
14 strategic on how we do that.

15                   There's a lot of components of  
16 opioids that I am not a drug and alcohol  
17 counselor, nor am I the person who can tell  
18 you how to mitigate it. But I think  
19 education, curtailing these illegal drugs  
20 coming in here. Getting here that's one of  
21 the other things. But the county exec does  
22 have a plan I think that he'll be unveiling at  
23 some point in the near future.

24                   LEGISLATOR KOPEL:       We'll look  
25 forward to seeing that. I have no more

1  
2 questions.

3                   LEGISLATOR FERRETTI:     Let me ask  
4 you. The federal money that can or cannot be  
5 used for salaries?

6                   MR. PERSICH:     Theoretically  
7 cannot be used directly for salaries is what I  
8 will say. But there is a revenue loss  
9 component that we can claim that we can use to  
10 offset any obligations we have as a result of  
11 that revenue loss.

12                  LEGISLATOR FERRETTI:     The revenue  
13 loss does the revenue loss have to be directly  
14 a result of COVID?

15                  MR. PERSICH:     It was directly  
16 resulted. It's the fact that -- it is a  
17 direct result of COVID.

18                  LEGISLATOR FERRETTI:     Let me tell  
19 you where I'm going with this. I believe some  
20 of the risk that NIFA identified was the  
21 pending challenge of the tax map verification  
22 fee and the red light camera fee because both  
23 are being litigated right now as to whether  
24 they're constitutional I believe.

25                         If they were to be found illegal,

1

2 NIFA identified that as a risk. If that then  
3 becomes a drain, we can't make salary, can we  
4 use the money, because that would be lost  
5 revenue, can we use the money from the federal  
6 government to plug that hole?

7 MR. PERSICH: I would say yes but  
8 it wouldn't be as direct as that. You know  
9 what I mean? We'd say that in 2020 we lost  
10 277 some odd million dollars.

11 LEGISLATOR FERRETTI:  
12 Cumulatively?

13 MR. PERSICH: Cumulatively.  
14 We're going to take X number of dollars for  
15 resources. Because that was part of the  
16 funding.

17 LEGISLATOR FERRETTI: But  
18 wouldn't you agree that that risk is kind of  
19 off the table because we have that money right  
20 now that is not appropriated that could be  
21 used in the event that that lawsuit gets --

22 MR. PERSICH: The answer is yes,  
23 but --

24 LEGISLATOR FERRETTI: Good  
25 enough. Thank you. I'm sorry. Go ahead. I

1  
2 do that in depositions.

3 MR. PERSICH: Understood. I'm  
4 trying to wear my legal hat sometimes. But  
5 the problem is is that I don't want to answer  
6 it like it's a direct result because we can't  
7 directly correlate the loss in a litigation.

8 And my opinion on some of these fee  
9 cases, which is just mine, is like the tax map  
10 verification fee is worth something. Now,  
11 people will say it's only \$50, \$20. I  
12 quantify it this way. There's some filings  
13 that you make in supreme court that's \$225.  
14 That's the way I look it at. Some of these  
15 things are transactional in nature where  
16 somebody actually -- while you may see a  
17 button being pushed and a piece of paper being  
18 popped out for a tax map verification fee  
19 there's a whole bunch of stuff behind there.

20 LEGISLATOR FERRETTI: Well,  
21 Mr. Persich, you're talking to the wrong guy  
22 on this one. I don't want to get into it  
23 because I know it's late in the day but I  
24 disagree with that. I don't think it's worth  
25 20 bucks. I don't think it's worth anything.

1

2 But I'll pass it off to Legislator Drucker.

3

4 LEGISLATOR DRUCKER: I defer to  
my colleague first. She has seniority on me.

5

6 LEGISLATOR DERIGGI-WHITTON:

7

8 Andy, I know it sounds like a  
9 nuance but can you explain the difference when  
10 this ARPA money is going to come through  
between appropriation and spending? The  
legislature votes on appropriations, correct?

11

12 MR. PERSICH: You vote on any  
13 dollar that I want to spend. You have a vote  
14 on it. That's the way I view it. Because I  
15 pass a budget by control center, by object  
16 code and I have to do it that way. Any  
17 supplemental appropriations, any money coming  
18 in in order for me -- the comptroller will not  
19 let me spend the money unless I have an  
appropriation to charge against.

20

21 LEGISLATOR DERIGGI-WHITTON: We  
have to vote on appropriations?

22

23 MR. PERSICH: You do. That is  
correct.

24

25 LEGISLATOR DERIGGI-WHITTON: But  
it can be pretty broad, correct? Like it's

1

2 not as specific as like a spending item?

3

MR. PERSICH: No. I would say  
yes and no and I'm mixing my answer here. If  
you give me a second here. If I have an  
appropriation, I have money or certain places  
where I can spend that money. Could be on  
salaries. It could be on equipment. It could  
be on contracts. It could be on widgets. I  
don't know. But I have to give you the  
legislation that says I'm spending \$10 on  
salaries, \$10 on widgets, \$20 on equipment,  
\$100 on contracts. I have to itemize each  
one.

15

What I was saying before was, one  
of the things the previous comptroller made us  
do was put the obligations for these ARPA  
funds into specific programs that were CFDA.  
That's how they report on it. So I can't  
change that without doing it. You know what I  
mean? So I need to do that.

22

LEGISLATOR DERIGGI-WHITTON: So,  
back when was it, '21, when we had the funds  
where did that go into? What line?

25

MR. PERSICH: Right now any money

1  
2 we've decided to programatically do anything  
3 with or spend we've come to the legislature  
4 and said this is the programs. The additional  
5 resources are sitting in a bank account  
6 somewhere in the treasurer's office. The cash  
7 is sitting somewhere.

8                   LEGISLATOR DERIGGI-WHITTON:     What  
9 line is that?

10                  MR. PERSICH:     It's not in a  
11 budget line.

12                  LEGISLATOR DERIGGI-WHITTON:     We  
13 do know where that is?

14                  MR. PERSICH:     We know where it  
15 is. It hasn't been appropriated into a line  
16 item. So that's where it is. We get money in  
17 all the time from the state and other agencies  
18 that sit in a bank. And then when we want to  
19 spend it we come to you and say we're going to  
20 take money out of the bank and put it in  
21 there.

22                  LEGISLATOR DERIGGI-WHITTON:     So,  
23 again, right now the legislature votes on any  
24 type of appropriation. I get that. There  
25 seems to be, and maybe I'm wrong, but there



1  
2 seems to be seems to be a gray area as to  
3 whether or not the county has to come to the  
4 legislature for the spending of the funds  
5 after we voted to appropriate the funds; is  
6 that correct?

7 MR. PERSICH: We can only spend  
8 it within the guidelines that the feds have  
9 given us and that's what the programs we've  
10 appropriated follow.

11 LEGISLATOR DERIGGI-WHITTON: But  
12 does the county legislature have to vote on  
13 what you spend the money that we already voted  
14 to appropriate?

15 MR. PERSICH: No.

16 LEGISLATOR DERIGGI-WHITTON:  
17 That's why we need this piece -- I'm using a  
18 Ferretti. That's all I needed to hear.

19 MR. PERSICH: Let me circle  
20 back. I'll interpret it from my world which  
21 is not -- so, if you want me to spend -- if I  
22 give you the general fund budget with salaries  
23 in it you don't say how I can spend that  
24 money.

25 LEGISLATOR DERIGGI-WHITTON:

1

2 That's different. We're talking about --

3

MR. PERSICH: No, no. But I'm  
4 just saying though but that's what you're  
5 saying to me is I have to come to you to spend  
6 it.

7

LEGISLATOR DERIGGI-WHITTON: No.  
8 I'm talking about the ARPA money. That's why  
9 I'm submitting legislation today. That not  
10 only does it have to come to us for the  
11 appropriation but also for the spending.

12

Look, if it's already done,  
13 terrific. If it's not, maybe another future  
14 county executive or anyone else I think this  
15 will cover us with the complete peace of mind  
16 that it's going to be coming to us.

17

Again, it's checks and balances  
18 with a ton of money that just came in the  
19 door. And it's no offense to anybody. It's  
20 just that this is how I feel it should be  
21 done.

22

I'm going to stop harping on that  
23 and I'm going to ask about HAP. So, this was  
24 decided back on May 15th and there's over \$70  
25 million left on that line. Where is that

1

2 money?

3

MR. PERSICH: We spent 26, 27.

4

LEGISLATOR DERIGGI-WHITTON:

5

About \$70 million. We had \$100 million

6

allocated, right?

7

MR. PERSICH: \$70 million. 100.

8

I'm sorry. I apologize.

9

LEGISLATOR DERIGGI-WHITTON: It's

10

a lot to think about. This is all I think

11

about. Where is that money?

12

MR. PERSICH: That money is

13

sitting in an appropriation right now that

14

cannot be spent. The balance is sitting there

15

in a program that is not spendable at this

16

point. The HAP program has been discontinued

17

because the guidance has come out and we

18

decided to do that.

19

LEGISLATOR DERIGGI-WHITTON: But

20

\$70 million is sitting --

21

MR. PERSICH: -- somewhere.

22

LEGISLATOR DERIGGI-WHITTON: Do

23

you have any idea how long that's going to be

24

sitting there for?

25

MR. PERSICH: We have to obligate

1  
2 it by 2024.

3 LEGISLATOR DERIGGI-WHITTON: Do  
4 you have any ideas for where --

5 MR. PERSICH: Well, I will say  
6 stay tuned because some of the new programs  
7 that we may do we will come to you and say of  
8 the \$70 million that we have out there in HAP  
9 maybe we want to give X number of dollars to a  
10 different program out there. That's the way I  
11 would view it.

12 LEGISLATOR DERIGGI-WHITTON: I  
13 hope that's the case because, again, that was  
14 already allocated. That was already  
15 appropriated. That was already everything.  
16 And now it's still sitting there. All right.  
17 Do you anticipate us being briefed on what --

18 MR. PERSICH: I would say within  
19 the near future. I would say the September  
20 arena is probably when we will be coming with  
21 the new plan for some of the spending. We may  
22 not do it in big chunks. We may do it  
23 strategically. But I think we will be coming  
24 to you with some additional things that we  
25 want to do in the future.

1

2

LEGISLATOR DERIGGI-WHITTON:

3

4

5

6

7

Again, I know what you were saying about the opioid funding and you don't like to rush into spending it but, again, these are desperately needed programs I believe. Especially with the opioid crisis.

8

9

10

MR. PERSICH: I don't disagree. I can tell you probably everybody in this room has been impacted.

11

12

13

14

LEGISLATOR DERIGGI-WHITTON: I have one last subject I want to hit real quick. Bonding. Have you gone out for bonds very often lately?

15

16

17

18

19

20

21

22

23

24

25

MR. PERSICH: We just did a deal in I think it was June. Rates, they were all over the place. The history of it was we were going to do it on X day but that was the day of a fed meeting. We ended up pulling the deal off the table. Saved probably a few million -- well, by pulling the deal we ended up saving. But the rates out there our coupon I think there was no premium on this deal which is -- I can't get into the complexity of this -- but the coupon is around five

1

2 percent. Wherein, in the old days it was  
3 probably around two, two and a half. So there  
4 is an uptick in rates.

5

LEGISLATOR DERIGGI-WHITTON: I  
6 got a list from the treasurer's office as to  
7 various bond authorizations that just, again,  
8 are already done, sitting there. And like for  
9 public safety there's \$174 million bond  
10 authorization that's there. They want us to  
11 give them another \$15 million. Like, do you  
12 see them using the 174 that's there?

13

MR. PERSICH: One of the problems  
14 that we encounter when you do -- sometimes you  
15 don't spend the full appropriation. These  
16 outstanding appropriations do -- it's a lot  
17 but they're dedicated to specific resources.  
18 Which when you go to the market has different  
19 BPU lights. So, some of the things that we  
20 have out there.

21

I don't know the answer to the  
22 specific question about the 174. But we do  
23 have dedicated reasons as to why. Now, this  
24 174 may be for I'm going to use to build the  
25 police academy or to build something else

1  
2 that's outstanding. I don't know the answer.  
3 There are a lot of outstanding projects that  
4 are going on that I will say we have the  
5 authorization. We just haven't spent it.  
6 It's part of the capital budget.

7                   LEGISLATOR DERIGGI-WHITTON:     Can  
8 you look into this? Because I'm telling you,  
9 they're saying we need ambulances or the same  
10 that the correction officers need cars or  
11 whatever it is \$174 million is sitting there  
12 in authorization. This has not gone out to  
13 bond. So it's not for an ongoing project. We  
14 don't really start a project without having a  
15 bond a lot of times. Like you mentioned for  
16 the police academy and things like that.  
17 That's not going to happen. We have not gone  
18 out to bond for \$174 million just specifically  
19 for public safety. That's money that we  
20 authorized.

21                   MR. PERSICH:     I have to look into  
22 that because I don't know that number.

23                   LEGISLATOR DERIGGI-WHITTON:  
24 There's something called infrastructure and  
25 it's \$479 million. Is that DPW? Is there

1

2 already \$479 million that this body  
3 authorized?

4 MR. PERSICH: Let me go back and  
5 look at that. It might be environmental bond.

6 LEGISLATOR DERIGGI-WHITTON: The  
7 date of this is April 30, 2022. There's also  
8 a tax authorization, bond authorization and  
9 judgement settlement of \$31 million.

10 MR. PERSICH: Say that again.

11 LEGISLATOR DERIGGI-WHITTON:  
12 There's a line for property tax refund and  
13 judgement for 31 million, and again, that's  
14 bond authorization.

15 MR. PERSICH: That's certs.

16 LEGISLATOR DERIGGI-WHITTON:  
17 They're coming to us for more bonding. Like  
18 maybe Monday.

19 MR. PERSICH: Let me go back to  
20 the \$479 million which is where I think one of  
21 the big things is part of that is the Bay Park  
22 conveyance that we to authorize. That's where  
23 a majority of that's from.

24 LEGISLATOR DERIGGI-WHITTON: I  
25 would like you to look at these bond



1  
2 authorizations already. Because I don't know  
3 how this affects our NIFA rating. I have no  
4 idea. But if we give you the okay to bond I  
5 can't imagine that helping.

6 MR. PERSICH: It helps in  
7 different ways because there's a process in  
8 place. We need the bond ordinance.

9 LEGISLATOR DERIGGI-WHITTON: Our  
10 debt could increase by this much money and not  
11 even have to come to us.

12 MR. PERSICH: No.

13 LEGISLATOR DERIGGI-WHITTON: I  
14 would like to just see what a summary is of  
15 all of these. And if you need a copy of this  
16 I can give it to you.

17 MR. PERSICH: I will contact  
18 Michelle and get it. Let me just explain what  
19 we do with bond authorizations. We can  
20 advance money within the calendar year.  
21 That's why we need the appropriations because  
22 we're very project specific when we do our  
23 bond authorizations. Meaning that if we  
24 wanted to buy the computer we say that. So,  
25 that's why there's probably a lot of

1

2 outstanding unspent money out there that we've  
3 gotten too restrictive.

4

5 But one of the reasons that we  
6 advance money is, I have to be the one to tell  
7 what we can borrow because I have to pay the  
8 debt service out of the operating budget. If  
9 they obligate \$500 million I can't afford  
10 that. And we can't go above -- look, one  
11 thing we're very sensitive of, especially my  
12 office and the debt managers, we make sure we  
13 have enough money in debt service no matter  
14 what we do because if we don't that will be a  
15 knock against us.

16

17 So, the authorizations, even though  
18 they seem high, when you do do a borrowing  
19 it's typically you do the borrowing for the  
20 entire project and you borrow in tranches.

21

22 LEGISLATOR DERIGGI-WHITTON: I  
23 know that. I've been around a long time. But  
24 the thing is, look, do we really need more?  
25 Like, if we have this much outstanding bond  
authorization and we have ten years to spend  
it, I don't know how old some of this is, I  
mean we could use a lot of this old -- rather

1  
2 than coming to us to bond again and again and  
3 again why don't we use some -- I mean, I would  
4 just like have an -- before I would want --  
5 and obviously I do support a lot of these  
6 things -- but why do we have to authorize  
7 another 115 if there's \$174 million there?

8 If you could just let us know. And  
9 honestly I hate to do this but I think we're  
10 going to be asked to give the authorization to  
11 bond on Monday.

12 MR. PERSICH: It's a more complex  
13 answer when it comes to debt and everything  
14 else.

15 LEGISLATOR DERIGGI-WHITTON: I  
16 get it. I know.

17 MR. PERSICH: A number of 174 of  
18 what you're telling me may have a lot of  
19 strings attached to it.

20 LEGISLATOR DERIGGI-WHITTON: But  
21 that's what I'd like to know before we want to  
22 give another \$15 million.

23 MR. PERSICH: We'll get you the  
24 answer prior to Monday.

25 LEGISLATOR DERIGGI-WHITTON: Or

1

2 another whatever the number. 160 million.

3

MR. PERSICH: We'll give you an  
4 answer as to what is outstanding and the  
5 reason that it's outstanding.

6

LEGISLATOR DERIGGI-WHITTON:  
7 Again, the only thing I'm going to leave with  
8 is I'd like to file that piece of  
9 legislation. If anyone wants to join I'd  
10 appreciate it. Because, Andy, you did a great  
11 job getting us through COVID. I remember you  
12 getting beaten up a few times. You were  
13 stellar in your responses and I feel like I  
14 want to be as careful as we can be right now.  
15 We're in a good position. This administration  
16 inherited a very sound, financially sound  
17 budget and you were a big part of it. I give  
18 Laura Curran a big kudo also and that was a  
19 major goal of that administration. I'm proud  
20 of the fact that we're in the position we're  
21 in now but I want to keep it there.

22

MR. PERSICH: Thank you for the  
23 kind words. And I will say from the top  
24 upstairs who I work for the same edict is stay  
25 on the path of keeping this place fiscally

1  
2 sound. That's my job and that's what I've  
3 been told to do.

4                   LEGISLATOR DERIGGI-WHITTON:     You  
5 have the goal but you also need the tools and  
6 I think that this piece of legislation would  
7 be a good tool and I think a lot of the things  
8 that we've done in the past, you know, you can  
9 wish it but we need to really do it the right  
10 way.

11                  MR. PERSICH:     As I was told once,  
12 hope is not a strategy.

13                  LEGISLATOR FERRETTI:     Mr.  
14 Persich, do you recall the federal money that  
15 was used for the Restaurant Assistance  
16 Program?

17                  MR. PERSICH:     There was ARPA  
18 money and there was CDBG money that came out  
19 of that.

20                  LEGISLATOR FERRETTI:     You recall  
21 that?

22                  MR. PERSICH:     Yes.

23                  LEGISLATOR FERRETTI:     Did this  
24 body approve the appropriation for that?

25                  MR. PERSICH:     Yes.

1

2                   LEGISLATOR FERRETTI:     Did this  
3     body approve every time money was released to  
4     a specific restaurant?

5                   MR. PERSICH:       No.

6                   LEGISLATOR FERRETTI:     So, when  
7     you said before that we, the legislature, does  
8     not approve the spending, was that a good  
9     example of us not approving the spending? The  
10    fact that every time you released money to a  
11    different restaurant, Applebee's, Fridays, you  
12    didn't come to us and say, legislature, can we  
13    release this money to Fridays?

14                  MR. PERSICH:       I would say yes.

15                  LEGISLATOR FERRETTI:     So, really  
16    what we're talking about is a request to  
17    micromanage after money is appropriated who  
18    the assistance goes to. Theoretically, if  
19    money was appropriated for assistance, for  
20    instance, the HAP program, and I haven't seen  
21    her legislation yet so I won't comment on the  
22    legislation, but it sounds like we would have  
23    to approve every single \$375 check that was  
24    spent, right?

25                  MR. PERSICH:       I'll be honest with

1  
2 you, I'd rather have the county attorney's  
3 office look at the legislation. But to your  
4 point, I would be a little bit more scared  
5 that I would have to come to you with what I  
6 would call -- you don't understand. There's a  
7 lot of operations here to get money out the  
8 door. There's a warrant of AP checks that go  
9 out. If I'm going to have to then get  
10 approval for that.

11                   LEGISLATOR FERRETTI:     I do  
12 understand. I guess my point is, every dollar  
13 that's appropriated to a specific cause with  
14 this ARPA is signed off on by this body,  
15 correct?

16                   MR. PERSICH:     Yes.

17                   LEGISLATOR DERIGGI-WHITTON:  
18 That's only because an advisory counsel was  
19 put into place by the Curran administration.  
20 There is no more advisory council.

21                   Look, I totally agree with you. We  
22 did it right. I want to just keep doing it  
23 right. But there's nothing that says that  
24 that's the way it has to be done. Remember we  
25 had that whole discussion about how we're

1  
2 going to vote on --

3                   LEGISLATOR FERRETTI:       Which we  
4 have.

5                   LEGISLATOR DERIGGI-WHITTON:  
6 Right. And I really think it's worked well.  
7 But there's nothing that says that it has to  
8 continue that way. All right.

9                   LEGISLATOR FERRETTI:       I  
10 disagree. But let me get my points out. My  
11 second point is, my question is with regard to  
12 the bonding. Is bonding project specific?

13                   MR. PERSICH:       Not always but most  
14 times here we do do some borrowing specific.

15                   LEGISLATOR FERRETTI:       How about  
16 the money that we were just talking about?

17                   MR. PERSICH:       I don't have the  
18 list in front of me but I do know that when  
19 you authorize a project for a bond ordinance  
20 you usually do it in its totality. Just so  
21 you know, local finance law kind of describes  
22 how we have to do that. They say what the  
23 total project cost is you have to authorize.  
24 If it's going to cost you \$100 million to do a  
25 project the borrower wants to know what



1  
2 they're borrowing for.

3                   LEGISLATOR FERRETTI:     Can we use  
4 the money, that 179, for the money that may be  
5 requested to be borrowed for Monday, yes or  
6 no?

7                   MR. PERSICH:     I can't reallocate  
8 it. I have to look at it. But before I see  
9 the information I can't reappropriate  
10 authorized bond. I have to do additional  
11 ordinances. I have to rescind --  
12 traditionally what happens is when you have  
13 left over bond ordinances when your project is  
14 completed you rescind any outstanding  
15 authorizations because it kind of goes  
16 against -- the markets look at what your  
17 outstanding borrowing ordinances are.

18                   The short answer is I don't think  
19 you can reallocate it. I have to look at the  
20 list. I don't know off the top of my head.

21                   LEGISLATOR FERRETTI:     You don't  
22 think so?

23                   MR. PERSICH:     No.

24                   LEGISLATOR FERRETTI:     Legislator  
25 Drucker.

1

2                   LEGISLATOR DRUCKER:       I thought  
3   you forgot about me. I'm kind of worn down  
4   here. I don't have a lot.

5                   With regard to what my colleague  
6   Legislator DeRiggi-Whitton, I think, John,  
7   some of her concern, I remember reading a  
8   couple of months ago in the papers that the  
9   county executive when he was asked about the  
10  surplus money from HAP said that the  
11  administration wasn't going to fund that  
12  program anymore for whatever reason. Not  
13  enough participation or whatever the reasons  
14  were. And that the administration was looking  
15  into other appropriate areas to direct the  
16  money to.

17                  I think maybe the concern was he's  
18  going to take it on himself or the  
19  administration is going to take in on  
20  themselves to use that money for what they  
21  think is fit without coming to us. But maybe  
22  that's what the concern was. I remember  
23  reading that the administration was  
24  considering various other ways to spend the  
25  money. Anyway, that's not my question Andy.

1

2 Thank you though.

3

I need a little quick education.

4

Hopefully you won't take long. My eyes glaze

5

over as I said with some of this stuff.

6

With regard to the gap and fund

7

balances, I need to know what the differences

8

is or there's nonspendable and there's

9

spendable, right? What is in the spendable is

10

restricted versus committed versus assigned?

11

Can you tell me about that?

12

MR. PERSICH: I would prefer if

13

the comptroller could.

14

LEGISLATOR DRUCKER: I probably

15

should have asked her but I forgot.

16

MR. PERSICH: So, all those

17

categories, I will do it, if I may use the

18

term I'm going to dumb it down for you.

19

Restricted, spendable, this the other.

20

They're all restricted for purposes that are

21

already defined. Meaning that we've said

22

we're going to restrict spending for this. We

23

have restricted money, restricted fund

24

balances. If you look in the police district

25

fund it's restricted fund balance because it

1  
2 can only be used in that thing.

3           The only thing that has  
4 discretionary portion of it is what we call  
5 unassigned fund balances of the four  
6 categories. Because it's spendable,  
7 unspendable, restricted and unassigned. The  
8 way I remember it when I wore my comptroller's  
9 hat in Huntington.

10           All the other three categories --  
11 and I would defer to the comptroller on this  
12 one -- is I can't really spend them unless  
13 they're dedicated for a specific resource.  
14 The unassigned it sits in a bank. If I wanted  
15 to spend it for this body I would have to come  
16 to you and say please appropriate X number of  
17 dollars out of unassigned fund balance to pay  
18 for X. I hope that helped.

19           LEGISLATOR DRUCKER:     A little  
20 bit. It's enough for me. With regard to  
21 talking about the HAP program and the money  
22 that's left over in that. According to what  
23 you said earlier that \$70 million, whatever it  
24 is, it's sitting in the comptroller's office  
25 right now?

1  
2 MR. PERSICH: The \$70 million,  
3 the cash itself is sitting in the treasurer's  
4 office. Remember, I guess maybe I didn't  
5 convey this. How this place works, the county  
6 works, is we do a budget which gives you the  
7 appropriation to spend it. Then it has to go  
8 through the comptroller's office for approval  
9 back to the treasurer's office to release the  
10 check. The comptroller theoretically is the  
11 oversight of the money. I don't know if that  
12 was conveyed or not but that's one of the  
13 processes. The treasurer has to wait for the  
14 comptroller to approve the payment and then he  
15 issues the payment.

16 LEGISLATOR DRUCKER: But I guess  
17 my question then is, the \$70 million is not in  
18 any particular fund right now?

19 MR. PERSICH: No. It's sitting  
20 in a cash account. It's dedicated to the ARPA  
21 fund. At the end of the year we have to do a  
22 lot of cleanups and everything else. There's  
23 a lot of accounting stuff that we have to do.  
24 But we have to replace the funds at the end of  
25 the year.

1

2                   LEGISLATOR DRUCKER:       I just have  
3     one more question.   The tax cert liabilities,  
4     the litigation fund, how much do you know, if  
5     you know, how much has been spent from the  
6     litigation fund to pay for tax cert refunds of  
7     the \$208 million that was set aside for this  
8     purpose, do you know?

9                   MR. PERSICH:       There's a little  
10    disconnect here because I will say there's  
11    some budgeting things.   But we anticipate  
12    approximately \$75 million as of the end of  
13    this month will be paid.   And we're hoping to  
14    get out the door by the end of the year  
15    approximately 125 to 175 million.

16                  LEGISLATOR DRUCKER:       On top of  
17    the 75?

18                  MR. PERSICH:       No.   Inclusive of  
19    the 75.   So, we're going to get out in total  
20    this year max approximately 175.   It's a  
21    processing issue too.   You know what I mean?  
22    We had money to roll forward in future years  
23    to pay down the additional debt.

24                  LEGISLATOR DRUCKER:       By the end  
25    of '22 that will be rolled out?

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MR. PERSICH: We'll have rolled over carry forward money from the residual money left in the special revenue fund for certs that we will use for next year. Along with DAFT and the operating funds. But we're going to try and get as much out the door that's accruing interest so that the liability is lowered.

LEGISLATOR DRUCKER: I'm done with this witness.

LEGISLATOR FERRETTI: Thank you. Does any other legislator have any questions? I'm going to open it up to any public comment if there's any at this time just to wrap up. It doesn't appear to be any. So, we're going to close it out. I want to thank Mr. Persich.

I think just in closing this hearing, I think we can all agree on, I think what budget agrees on, the comptroller agrees on, even NIFA based on their report agrees on is that we certainly should not be under a control period any longer. I think we're unanimous in that I hope. So hopefully something comes of that very soon.

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Again, thank you all and God bless.

(Committee adjourned at 5:08 p.m.)



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CERTIFICATION

I, FRANK GRAY, a Notary  
Public in and for the State of New  
York, do hereby certify:

THAT the foregoing is a true and  
accurate transcript of my stenographic  
notes.

IN WITNESS WHEREOF, I have  
hereunto set my hand this 18th day of  
August 2022.

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FRANK GRAY