PARKS & RECREATION COMMITTEE

OF THE

SUFFOLK COUNTY LEGISLATURE

MINUTES

A meeting of the Parks & Recreation Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislature Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York on April 17, 2013.

MEMBERS PRESENT:
Leg. Lynne C. Nowick, Chairwoman
Leg. Lou D'Amaro, Vice Chair
Leg. Kara Hahn
Leg. Wayne R. Horsley
Leg. Steven H. Stern

ALSO IN ATTENDANCE:
George M. Nolan, Counsel to the Legislature
Sarah Simpson, Assistant Counsel to the Legislature
Renee Ortiz, Chief Deputy Clerk of the Legislature
Robert Doering, Budget Review Office
Greg Dawson, Commissioner/Parks Department
Lance Reinheimer, Director/Vanderbilt Museum
Greg Moran, Aide to Leg. Nowick
Deborah Harris, Aide to Leg. Stern
Justin Littell, Aide to Leg. D'Amaro
Deborah Tinnirello, Aide to Leg. Hahn
Michael Pitcher, Aide to Presiding Officer
Thomas Vaughn, County Executive Assistant III
Marie Berkoski, Aide to County Executive
Paul Perillie, Aide to Leg. Gregory
Rick Brand, Newsday
Ali Nazir, Aide to Leg. Kennedy
And all other interested parties

MINUTES TAKEN BY:
Diana Flesher, Court Stenographer

THE MEETING WAS CALLED TO ORDER AT 1:11 PM

CHAIRPERSON NOWICK:
Good afternoon. We will start the Parks and Recreation Committee with a Salute to the Flag led by Legislator Hahn.

SALUTATION

I would like to remain standing and just have a moment of thought and silence for the victims of the massacre, I would call it, in Boston.

MOMENT OF SILENCE OBSERVED

Good afternoon. Before we start, I just wanted to mention that as of the beginning of May, the May Parks and Recreation Committee meetings will be at 12 o'clock rather than one o'clock.

PRESENTATION

Okay. So today we're going to start with a presentation by Steve Faber, the Managing Director of PFM Asset Management.

MR. FABER:
Good afternoon everyone. Can you hear me okay?

CHAIRPERSON NOWICK:
Yes.

MR. FABER:
Great. It's a pleasure to be here again to report on the performance for 2012 and just a quick update on where we are, where the fund is at this point in 2013. You should all have hard copies of the report, which summarizes in kind of a higher level the information presented in the annual report that was distributed to you some time ago.

Cutting to the chase before I get into the details, the trust fund performed very well in 2012 producing a gross return of 13 and a quarter percent and outperforming its targeted benchmark -- performance benchmark -- by some 300, 310 days at this point. So it was a, in all measures, a very, very good year performance-wise for the fund. And thus far in 2013, although we don't have quarterly performance calculated yet, you know, monthly, for January, February, March, we're very, very positive months as well. So I think you'll see through the course of the year that the fund continues to perform well so long as there are no shocks to the system.

Just to start, I'd like to just take a minute to kind of take a look back at the year on 2012 to give you a sense knowing what happened, but what PFM did to -- in managing the portfolio. Despite consumer confidence levels being low, despite investor sentiment being relatively poor for a good portion of the year, the equity markets both domestic and international rallied significantly in -- quite honestly, turned the performance from 2011 around on its head. You'll know for anybody that was invested in the market, you know -- bellwether of the S&P 500 -- was up something like 16 and a half percent for the year. And, you know, was representative of the equity markets overall.

The fixed income sector, while not quite as strong as it had been in prior years because of the fact that rates were essentially flat, you know, years start to year end, did perform quite well. We're going to talk a little bit about how that came about in a few minutes.
Some significant events during the year, in terms of the short end of the market, and particularly

the fixed income markets, the Federal Reserve continued to be active and announced -- or continued its additional quantitative easing with continued purchases of longer dated US Treasuries, basically in an attempt to continue to keep consumer borrowing rates at low levels to try to jump start the economy.

Interestingly, though, for the first time, they pegged two specific targets to their ultimate decision, whenever that might happen, to begin to tighten or raise rates. And that is that they pegged the fact that they wanted to see unemployment -- the unemployment rate drop to 6.5 or below. It's currently at about 7.8, 7.9%. And they also want to see long-term inflation at 2.5% -- I'm sorry -- yeah, at 2.5%. So those two -- those two economic targets were something new from the Fed, the FMOC particularly, and our design to try to help the market anticipate when rates may begin to rise.

We saw a bit of strengthening here in the domestic economy, you know, moderate growth, but no expectations either within PFM or from most that we read on the economic front of strong growth, nor do we see any type of recession in the next half year, certainly through most of 2013.

Housing was kind of a work in progress; saw some turnaround in the housing sector. Still we'd like to see overall -- see that improve a bit more as the housing -- so goes the housing market; or as the housing market goes, so goes the economy because it is a huge engine in the domestic economy.

Europe was a bit of a challenge. You've all read about those challenges. The Central Bank -- European Central Bank, the initiatives that they initiated in 2012 did help to calm markets but there still seems to be very real concerns about the intermediate to longer term prospects of the European Union. And that remains to be seen how markets will be impacted by that.

Interestingly, again, we're focused on 2012. When we talk about China and economic data emanating from China, during the year, it definitely pointed to stabilization. More recently we've seen a bit of a concern, you know, from the economic events in China and is leading us at PFM to think about whether or not we want to actually get out of, perhaps temporarily, of the emerging market sector, a sector that the trust fund is invested in a small -- to a small percent. And I'll get back to that a little bit more when we start looking at the actual portfolio.

And then lastly the end of the year, 2012, what I call fiscal jockeying, you know, with the fiscal cliff discussions and tax cuts discussions, definitely were cause for concern then and remain a cause for concern in terms of what may or may not occur and how it might impact market performance going forward.

The next slide, market index performance, is really again to give you -- designed to give you an indication for the end of 2012, as well as the full year 2012 and then a historical look back at various market indices in broad sectors: Domestic, international equity, real estate and commodities, domestic fixed income and then cash. And you can see, if you look at the second column entitled 2012, for all but the commodity sector, it was a positive year. And, quite frankly, the domestic and international equity sectors were extraordinarily positive years as was the REIT sector.

Fixed income performed well, albeit a little less well than the equity sector; but, you know, again, when we look at fund performance and specific manager performance, you'll see how the active managers managing dollars for the trust performed exceptionally well compared to their benchmarks.

Again, another look at the equity sector in 2012, really looking at, I guess, what is the orange line is -- represents international equity. That's the international sector excluding US. Had a return for 2012 of 17.3%. And again the S&P 500 index, the domestic equity index had a total return for the year of 16%. And you can see down the bottom -- I thought this was somewhat interesting, maybe it's just the geek in me, that looked at the performance over each quarter. I mean, clearly the markets weren't just -- it just wasn't a straight line straight up. There were clear wavers -- or wavering in the markets on the second quarter of last year being particularly challenging to the equity sectors in aggregate.

In terms of the domestic equity market as represented by the S&P 500, you can see here by sector within the S&P 500 itself, the financial sector was the clear winner for the year. But there were some strong performers including consumer discretionary and Telacom. The bottom performance being utilities, not unsurprising -- not surprising, I should say, as well as energy and consumer staples. But financial sector overall, again, consistent with what we saw to be, you know, moderate growth reemerging into the domestic economy, financials leading the way.

In the international sector it was really surprisingly at some level, the European Union -- European Monetary Union that lead the way with nearly a 23% return. But, again, if you look at emerging markets at 18.5%, non-developed at 18% and the overall international sectors as we talked about a minute ago at 17.5% -- nearly 17.5%, you know, internationals were very, very strong performers. The overall sector was held back somewhat by under performance in Japan and Canada, although if you look at, you know, their returns -- you know, country returns, you know, in a historical perspective, 8.5 and 10% returns are reasonably positive performances.

Turning to the fixed income sector for just a minute, again, higher yield, higher income, higher coupon securities really added value on 2012 in what was a flat trading market. You can see, you know, the Barclays Corporate, which is a core corporate bond index and the US high yield sector really outperformed by a significant amount the general -- or the -- yeah, the general fixed income sector represented by, you know, the treasuries and agency sectors shown to the left.

Fixed income -- and Lance and I were talking about this a little bit earlier -- fixed income will be a challenge moving forward given where rates are and given where rates are likely to head in the next couple of years. And it's something that PFM is continuing to be vigilant about.

In the alternative sector, which the trust does have some moderate exposure to, principally in the REIT area and during 2012 in the commodity area, not in hedge funds and not in private equity, which were not part of the trust investment allocation, REITS had an extraordinary year in 2012 returning somewhere in the, you know, high teens or in some cases on the global REITS returning almost 30%.

Commodities had a -- had a -- really struggled in 2012. And, you know, as you've seen from, you know, what's happened to gold and others over the course of the last couple of months continue to be a challenge. PFM actually, because of our concerns with the commodity sector, removed altogether the allocation in our client portfolio to the commodities sector. At the end of 2012, it's not represented in your -- in your material because this does cover 2012. But if -- in 2013 there is no continuing allocation to the commodity sector. Those dollars were reallocated into the international equity sector to rebalance them on an equal footing with the domestic equity allocation.

We are, given the significant run up in the real estate market and the REIT market specifically, our Investment Committee is currently contemplating removing the asset -- sector as an asset class. Given the fact that the run up and performance has been so significant, we think there are likely other -- there may be other asset classes that will outperform REITS. It's not a decision that we've made, but it's something that the Investment Committee is considering.

So let's turn to the portfolio itself for a -- for a minute or two. Again, just at a high level, we were overweight domestic equity for most of 2012, slightly overweight, you know, to the tune of, you know 2 or 3%. And that clearly, as you can see -- as you saw from the index returns a minute ago were additive to portfolio returns. We remain slightly overweight thus far in domestic equity thus far in 2013.

As I mentioned a minute ago, we were underweight in the international equity sector for most of 2012. But with the exit from the REITS sector and the return of those assets into the international equity class itself, we are now back at full weight from a target policy perspective to the international equity sector.

I commented on REITS and what may occur there. I won't -- I won't go over that again. Commodities I talked about. The fixed income sector I mentioned a bit ago. You will see as we turn to the next couple of pages that while the fixed income sector generally is represented by the Barclays aggregate, which is a core bond index, performed well, the manager specifically in our line-up performed very, very well, outperforming -- excuse me -- the benchmark by a substantial amount.

So here we turn to -- on pages 12 and 13 the actual asset allocation and performance of the endowment fund itself. And you can see kind of buried in toward the middle of this -- well, let me just say the market value at 12/31/12 was $9,986,517, which was up -- I should know what this was up year over year, but it was up a fairly healthy percent. The overall return, as mentioned at the outset of 13.25% return, which compares quite favorably to the total fund blended benchmark of 10.1%, you can see by sector starting with domestic equity how each of the respective fund or manager allocations performed. Again, to remind the Committee, PFM is a big believer in both active and passive strategies. Passive strategy's typically represented by index funds like Vanguard and other large index fund players, but we do, you know, readily utilize active managers in both equity and fixed. We have been largely biased towards passive strategies in the equity markets for the past year or so. Most managers have had a very difficult time outperforming a rising market. And it doesn't make sense to pay the significantly higher costs associated with active managers when all markets are rising. So we have -- we have had a bias towards passive managers in the equity sector and we'll continue that and have continued that thus far 2013.

You know, as an example if you look at both -- look at the Vanguard stock market -- total stock market index, you know, returned as you might imagine, it returned 16.4% return right in line with its benchmark. That is a passive strategy. You know, on the other hand, look at Neuberger Berman, which performed not nearly as well for 2012 returning just over 10%, but underperforming its benchmark by nearly 8%. Neuberger, Janus Trinton and FMI remain what we would call concerns. Janus has done better, as you can see for 2012, they did better than -- slightly outperforming their benchmark. But both Neuberger Berman and FMI continue to underperform. They are defensive managers. And the reason they remain in our manager line-up is because at some point this market's going to correct. I can't tell you when it's going to be, but at some point it will. And we believe that a defensive position, even in these small allocations of roughly 7 or 8% between those two managers is prudent. And so we continue to keep an eye on them. They're not on our watch list -- our formal watch list at the moment. They know they're under, you know, kind of under the gun with us so we will continue to keep an eye on them. Relative performance has not been great. Absolute performance has been okay, though, if you kind of look at it in that perspective.

In the international equity sector, you can see we have kind of a two to one weight in passive to active. The Oppenheimer Emerging Markets Fund performed very well in 2012 returning nearly 21%, outperforming its benchmark by a couple hundred basis points. I mentioned early our concerns about the emerging market sector given, you know, what's emanating from China and the impact that the Chinese economy has on the emerging market sector overall. So we may, as I mentioned, exit that asset class at some point soon and potentially, you know, reenter it later in 2013 or perhaps in 2014. That's a developing situation with us.

The REIT sector is shown toward the bottom there. That's a passive re-strategy performed basically in line with its -- with its benchmark, as mentioned earlier. The possibility that we're going to step out of that asset class because we're not quite convinced that -- that that sector will continue to outperform other alternative sectors, whether it be domestic or international equity.

The inflation hedge, there's a commodity return -- is shown here because as of 12/31 there were still assets in that class -- in that asset class. But as mentioned previously we have subsequently exited that asset class entirely and reallocated those proceeds into the international equity sector.

Turning to the next page, and it shows the fixed income component of the fund, again, reminding the Committee this is a 50/50 target allocation, 50% equities, 50% bonds or fixed income, the fixed income sector shown here, again, a heavy dose, if you will, of active managers, Pimco total return, Met West total return, Alliance Bernstein and PCW. With the exception of Alliance Bernstein, each outperformed its benchmark. In the case of both Pimco and Met West, they outperformed Barclays aggregate benchmark by six, 700 basis points. So significant out performance from very strong, very well, you know, well established, seasoned managers.

In aggregate 13.25% return for the fund, we're very pleased with that performance. You now, we're cautiously optimistic open going into -- you know, as we're third or so through 2013. As I mentioned, we remain cautious on the fixed income sector. At some point we may want to discuss the possibility of changing target allocations and sharing, you know, significant analysis with this committee or its designated representatives just to see whether there's something else to consider.

That concludes my prepared presentation. I'm happy to answer any questions.

CHAIRPERSON NOWICK:
Okay, thank you for that presentation. You're not looking at today's stock market, right? Or yesterday's or the day before's? Oh, yesterday was okay.

MR. FABER:
Long-term investor.

CHAIRPERSON NOWICK:
Yeah, I don't even want to look.

MR. FABER:
Today's down a little bit. Not to ruin your day, it's down a little bit.

CHAIRPERSON NOWICK:
A little? It's a lot. I don't know, 160 but -- no, it's down what, 158 and just keeps moving.

MR. FABER:
Right.

CHAIRPERSON NOWICK:
But be that as it may, what is the -- I was just trying to understand this total fund blended benchmark. Is the total fund as of January 31st 2012, the total 12 is valued at the nine million?

MR. FABER:
That's December --

CHAIRPERSON NOWICK:
Excuse me. Not January. December 31st.

MR. FABER:
December 31st, 2012.

CHAIRPERSON NOWICK:
Nine million nine hundred eighty six.

MR. FABER:
Correct.

CHAIRPERSON NOWICK:
What was it last year December 31st?

MR. FABER:
It was 9,310,000. And I can share with you, if I can find it quickly, the market value as of March 31st is -- I'm going to give you round numbers -- is about ten million three fifty.

CHAIRPERSON NOWICK:
This year --

MR. FABER:
As of March 31st. At the end of the first quarter.

CHAIRPERSON NOWICK:
Yeah.

MR. FABER:
Again, consistent with the run up in the market so far.

CHAIRPERSON NOWICK:
You're thinking of getting out of the Emerging Markets.

MR. FABER:
We are considering removing that as an allocation at the moment, yeah. We haven't made that decision but we're considering it.

CHAIRPERSON NOWICK:
I know Legislator Stern had some questions.

LEG. STERN:
Thank you, Madam Chair and welcome. Thanks for being with us. I did have a couple of questions. The -- first of all, for starters, the benchmark, the industry standard of 10% and change, that's a benchmark that is provided by who?

MR. FABER:
Linden benchmark you're referring to?

LEG. STERN:
Yes.

MR. FABER:
That is -- it is the benchmark that -- for funds like this, 50/50 funds we use as a target to represent the entire fund. It's a combination of the S&P 500 and the Barclays Ag. So 50/50. And those benchmarks themselves, those indices are provided by Standard and Poor's and/or Barclays.

LEG. STERN:
And in looking through, you had said that the domestics slightly underperformed but the internationals had, perhaps, slightly overperformed. Then the comment was that perhaps we're

going to dial back on the -- on international. How do you see that -- them playing out over -- over the next year if -- if at least a good part of the success over the past year was due to internationals, but the plan is to dial back on that. How do you see that having an overall impact on the fund over the next year?

MR. FABER:
To be clear, we are -- we were overweight domestic equities -- domestic equity sector in 2012. We were slightly underweight in the international equity sector. We are now relatively speaking on an equal footing with the re-allocation of funds that were in the re-asset class into the international equity sector. So they're basically balancing each other out -- on equal allocations.

If I -- if I said we were dialing back the internal equity sector, I did mean to say that. What I thought I said was we were contemplating getting out of the Emerging Markets asset class within the international equity sector for the reasons that we discussed. You know, we continue to think that the international equities sector as an entirety will -- should perform well.

LEG. STERN:
Okay. So we should make a distinction then between international and emerging.

MR. FABER:
Emerging is a component of international equity, absolutely.

LEG. STERN:
You also said that there is perhaps a concern about fixed income going forward. And because the Vanderbilt is so dependent on the income being derived from the endowment, how do you see that having an impact going forward?

MR. FABER:
Well, it's hard to say with any specificity at the moment, Legislator, but given where interest rates are, you know, in terms of, you know, relative or historical lows, and the likelihood that -- two things: The likelihood that rates are -- will be higher sooner --it can't go any lower. At least I hope they can't go any lower. It's likely that at some point in the next year to two years, we're going to see rates higher, if not sharply higher than they are currently. And that obviously has a significant impact on fixed income securities. As rates rise, prices fall and valuations drop.

Secondly is, as I mentioned in one of the slides -- let me see if I can get there -- one of the key drivers in fixed income returns in 2012 were the higher coupon, higher incomes for securities, you know, available through high yield and corporate sector. With rates remaining at relative lows, it's going to be harder to find those securities because they're not being issued at high rates. They're being issued at lower rates. So in taking in total, we're -- we collectively, not just PFM and the fund, but the markets, will be challenged to see significant advantages or significant return benefits from the fixed income sector moving forward.

So the question becomes are there Alternative Asset classes or alternatives within the Fixed Asset class, you know, bank loans, distress debt-type instruments, which we are contemplating adding for these reasons? Or do -- does an investor, like the fund, look to change its target asset allocation from a 50% equity, 50% bond to 55/45 to 60/40, something like that with, you know, to try to address -- or mitigate those concerns that you voiced.

LEG. STERN:
I don't know if it was in the materials that you had distributed, but I did see in our Budget Review Office's analysis that -- coming up on 2013, we're looking at slightly less of an expected income on the fund over the course of the coming year. Do you agree with that estimate? And if so, is that due to this issue on fixed income?

MR. FABER:
I didn't prepare the income estimates. So I really don't have an opinion on it. I think it would be imprudent for me to sit here and say that you're definitely going to generate a return of over 13% again in 2013. There's been a significant run up in the markets -- or there was a significant run ups in the markets 2012. And every day you pick up -- you see the market, see the news, read the reports about, you know, a potential or an impending correction on the markets. So I think in terms of you, you know, budgeting and budgeting practice, I think it's prudent to anticipate a lower number.

LEG. STERN:
I guess last question, can you tell us over the course of the last year have you had the opportunity, you or a member of your team, to have conversations with our Director over at the museum or members of the Board? Has there been any ongoing dialogue? Are they receiving briefings? Have you had any face-to-face sit down communication with them?

MR. FABER:
We have not. Our communications have been through staff principally. I was disappointed and -- Lance and I were talking about it before, I was disappointed that I was not able to make it to the opening a month or so ago but I was traveling and away. But, no, there have been not. We would welcome those opportunities to do so if that was the interest of individuals or of the Committee as a whole.

LEG. STERN:
Thank you.

CHAIRPERSON NOWICK:
Are there any other questions? Legislator Horsley.

D.P.O. HORSLEY:
Yeah, to follow up on Legislator Stern's comments and your report, which I think was a good report, the impending correction, everyone's calling for it, everyone's looking -- it may be in the works right now, as Legislator Nowick mentioned, when does one -- when do you take that action to pull the plug on some of the equities and start moving it over? You know, how do you make that judgement? You say, "this is it"? You know, I guess that's the nature of your business. How do you do that and should we be aware of it when you're doing it? Is it something -- or you just have faith that, you know, you're (inaudible) group is in a depression and you're just going to pull out right the day before or whatever? You know, how do you do that?

MR. FABER:
Well, there's no crystal ball certainly. It is a great question. It's a troubling question. And it's the kind of keep-you-up-at-night response or question that, you know, we all worry about.

To answer your question as quickly as possible, our investment committee meets regularly and reviews both, you know, the market as a whole, sectors, individual sectors and then individual managers within sectors. And, again, our research team it's a top down/bottoms up approach. So the research team is looking at managers, evaluating managers, interviewing managers and recommending them up to the investment committee, you know, which looks at the overall markets both current and forecast and makes decisions with regard to strategy.
So the investment committee, which is a group of very seasoned, very senior investment professionals, makes the decisions with regard to how funds are managed and what managers are included on our fund.

The contemplative actions that I referenced today have been under review for some time now. The decision to get out of the commodity sector, as an example, at the end of 2012 was not a decision that was made overnight. It was after significant analysis, significant review and significant discussion and debate. Will we be 100% correct in predicting when the impending correction might be?

D.P.O. HORSLEY:
Well, you should say, "yes, of course we will."

MR. FABER:
Well, not so long as this is being recorded, I won't. (Laughter) You know, we do our best. And, again, part of -- part of, I think, what is emblematic of this particular portfolio is the fact that it's very well diversified. So that -- you know, unless all boats sink at once, you know, there is some protection. You know, I reference the two managers that have -- equity managers that have underperformed, you know, of late. Those are defensive managers. And they will perform quite well, we think, based on historical results and their practice itself. We think they'll perform well and help to, you know, protect some of the downside, you know, if that were to occur. So, I don't know if that directly answers your question.

D.P.O. HORSLEY:
I don't think there was an answer. I just wanted to see how you'd answer that.

MR. FABER:
Right.

D.P.O. HORSLEY:
Okay. Thank you.

CHAIRPERSON NOWICK:
Okay. And I thank you very much.

MR. FABER:
Thank you.

PUBLIC PORTION

CHAIRPERSON NOWICK:
Lance? We have a card from Lance Reinheimer.

MR. REINHEIMER:
Thank you very much. I'm here again -- this is the second committee meeting -- to ask you to support IR 1178, which is $100,000 in the Capital Program for waterproofing. Specifically this money will be used to mitigate any immediate concerns. There are immediate concerns on water damage in the mansion.

In addition to addressing water damage, or preventing additional water damage with roofing and gutters and leaders, to assess the condition of the roof so that we can go forward and do some major repairs in the coming years.

It's important -- these buildings -- part of these buildings are approaching 90 to 100-years-old. And water intrusion is our biggest enemy. We're here to preserve history, to preserve the estate. And I ask you to support 1198, which is $100,000. It's scheduled in the Capital Program for construction.

CHAIRPERSON NOWICK:
Thank you, Lance.

MR. REINHEIMER:
And just one more thing while I still have the microphone, just to bring you up-to-date, during the past month, since we opened the Planetarium, we've had 9400 visitors. We've generated over $100,000 in revenue. So we're doing quite well. The Planetarium is doing what we envisioned it to do. Obviously as time goes on, that will come to an equilibrium but the schools are visiting. Schools are calling and making appointments for this Spring and -- coming. And we've had students there almost every day since the Planetarium opened. So it's been very successful.

In addition to that, we just received last week a $13,000 grant from National Grid Foundation. This is for our traveling classroom. If you remember -- I'm embarrassed to say well over a year-and-a-half ago we acquired the traveling classroom from the Museum of Natural History. We haven't gotten it on the road. And that was a decision on my part during the Planetarium renovations. It was just too much to do everything well. I concentrated on the Planetarium. Now I'm going to concentrate on the traveling classroom.

I spoke to National Grid. This would start up next fall. We had discussions about doing it during the Spring; but being that the grant just came last week, it's unrealistic to get the program on the road, hire the staff and do this grant justice. And this is for high needs school. And this provides us a financial foundation to get the van on the road and to go out and visit schools. So things are going well with the Museum.

One of the points that wasn't brought up was that distributions to the Museum this past year in 2012 from the endowment totaled $485,000. That's a significant lower number than we've had since I've been working with the Museum and since working with Budget Review. I realize the importance of having the -- the endowment grow for the future. And in this rising market, I'm managing with the cash that we have coming in through Hotel/Motel and through the revenue from the Planetarium. And knowing that the Hotel/Motel tax ends at the end of 2014, you know, I'm supporting that we can do the best we can to grow this endowment so that we have it for future years.

CHAIRPERSON NOWICK:
Thank you, Lance.

MR. REINHEIMER:
Thank you.

TABLED RESOLUTIONS

CHAIRPERSON NOWICK:
Okay. Shall we go to Tabled Resolutions? **2228, Authorizing the Montauk Chapter of the Boy Scouts to enter into a Leasing (sic) Agreement. (Schneiderman)** George, everything is good with that?

MR. NOLAN:
I'll defer to the Parks Commissioner.

CHAIRPERSON NOWICK:
Okay. Commissioner?

COMMISSIONER DAWSON:
Good afternoon, Madam Chair. Yeah, we're going to request that that gets tabled again. We had our meeting with Legislator Schneiderman and the Boy Scouts about two weeks ago. And I believe he might be looking to pull that resolution.

CHAIRPERSON NOWICK:
Oh, okay.

COMMISSIONER DAWSON:
Yeah, we're going to be -- I think we're looking more towards a permit than an actual license agreement with the Boy Scouts.

CHAIRPERSON NOWICK:
Okay. So with due respect to you --

LEG. HAHN:
Motion to table.

CHAIRPERSON NOWICK:
Motion to table by Legislator Hahn, second by myself. All in favor? Opposed? **2228 is tabled. (VOTE: 5-0-0-0)**

1172, Adopting Local Law No. -2013, A Charter Law to ensure a fully functional Board of Park Trustees. (Pres. Off.)

LEG. D'AMARO:
Could I ask for an explanation of the bill, please, for the record?

MR. NOLAN:
Yeah, the bill does two things: Right now in our Charter, there's a -- Trustees cannot be appointed if they are a -- an appointed employee of the State of New York or any of its political subdivisions. This law would get rid of that provision. So that, for example, a Town, when they make a recommendation for a Trustee, they could -- they could recommend a name of a person who works for the Town in appointed position.

Secondly, as everybody knows, we make the appointments upon recommendations of Town Supervisors. This law states that if we do not receive a recommendation from the Town within 120 days of a vacancy, this Legislature may -- may act on its own to appoint a Trustee from that particular Town.

CHAIRPERSON NOWICK:
Did you get your answer? Okay.

D.P.O. HORSLEY:
Legislator -- may I? On the question of George's comment there, how would those people be chosen from the Legislature? Would it be just like a regular -- it would be an appointment --

MR. NOLAN:
It could --

D.P.O. HORSLEY:
-- by a board or --

MR. NOLAN:
It would be -- it would be a resolution. A Legislator could come forth with a name of an individual put in a resolution to fill that vacancy.

D.P.O. HORSLEY:
Would that person be the from the Town or --

MR. NOLAN:
Yes, they still would have to come from within that Town. But, again --

D.P.O. HORSLEY:
In other words, the Legislature would be taking over the responsibility of the Supervisor's choice.

MR. NOLAN:
Well, if the Supervisor didn't act within 120 days.

D.P.O. HORSLEY:
Right, right.

MR. NOLAN:
They'd have four months.

CHAIRPERSON NOWICK:
Yeah, but what -- Legislator Horsley, what the major change seems to be is that this law would lift the ban on the appointment of State and municipal employees. So now when and if the Town chooses -- what did you say? Okay. But now -- and correct me if I'm wrong, George -- now when the Town appoints a representative from their particular Town, I believe it's a -- it is not a municipal employee. Can't be, right? It's -- in other words, it's one of the citizens of the Town. No? Is that what --

MR. NOLAN:
Again, I think that was -- when this law was originally passed, I think that was one of the rationales that it should be a citizen as opposed to an employee of the Town or another political subdivision. But I think from the Presiding Officer's standpoint, sometimes Towns have trouble finding those citizens who will volunteer particularly from the faraway East End Towns. It may be hard to get somebody to come here on their own time to the Park Trustee meetings.

D.P.O. HORSLEY:
George.

CHAIRPERSON NOWICK:
So it was a citizen as opposed to the change -- that is now you can appoint someone -- a municipal employee.

MR. NOLAN:
If this law passed, then a Town could nominate somebody who is an appointed employee of the State or of that particular Town. It would still have to come here to be ratified, but they can recommend that person to us and we could appoint a person who was an employee.

CHAIRPERSON NOWICK:
And if the Town did not fill the vacancy in 120 days, then the Legislature just takes over and fills the position? Is that the way --

MR. NOLAN:
It's not mandatory, but it gives us the authority to do that if we see fit. We're not required to come forth with a name after 120 days, but we have that option.

D.P.O. HORSLEY:
What do we do then also if you were a Supervisor, you can say "I can't find anybody. Let me just appoint one of my Commissioners."

LEG. D'AMARO:
Could I ask a question?

CHAIRPERSON NOWICK:
Legislator D'Amaro has a question.

LEG. D'AMARO:
My question is this to Counsel, also. George, the present law prohibits the appointment of appointees, not -- not employees of a municipality; is that correct?

MR. NOLAN:
Right. People who are like in exempt positions.

LEG. D'AMARO:
So if they are career employees working for a municipality under-- Civil Service employees, those employees could be appointed to the Board?

MR. NOLAN:
They could.

LEG. D'AMARO:
Whereas an appointee working for the municipality could not.

MR. NOLAN:
Correct.

LEG. D'AMARO:
So -- and has that always been the case since inception, do you know?

MR. NOLAN:
No. I think it -- it was 1990 that this rule was put in place to bar the appointment of a -- employees who happened to be appointed who were non-Civil Service.

LEG. D'AMARO:
Right.

MR. NOLAN:
So, no, it hasn't always been in effect.

LEG. D'AMARO:
Well, I see that there is probably a -- so there was a change made after the Board of Trustee was created. And so there had to be some kind of underlying policy reason to make that change. And I suspect what it was, was that you do not want to politicize the Board Of Trustees with appointees -- with exempt employees. You want to -- if you want to maintain the independence, like Legislator Nowick spoke about, maintaining independence from the Board, citizens, not necessarily government employees, I think that that was probably the policy consideration at the time, that it's okay to have career municipal workers put on the Board because they usually have an awful lot of experience and knowledge in these areas. But they're much less susceptible to the sways of day-to-day political considerations whereas an appointed individual on this Board would be.

So, I mean, I don't think that's any secret. That would be the underlying policy for making a change like that to a board like this. So the question is now, you know, do we feel that that policy consideration is no longer applicable or that perhaps it's something we should not consider? And to me that's the question in my mind in whether or not to support this bill.

MR. NOLAN:
Just one -- I mean one other point, I think, maybe should be made is that in the last couple years, the Legislature passed a law that made the Parks Trustees more an advisory board, that we can override certain of their decisions if we see fit. So they are truly more of an advisory board now and maybe that rationale for not having political appointees is just not as strong.

LEG. D'AMARO:
Okay. Well, I wanted to ask you about that. And I do recall that that's been done. However, when the Board of Trustees is making an advisory opinion or when this body is looking to that Board for guidance, I think, even in that specific case it's important that we be getting appropriate advice. So it's up to, I guess, individual Legislators to determine whether or not you would more welcome advice from a board that has appointees that are providing that advice as opposed to either Civil Service appointees or just members of the public who are put on that Board who have some expertise or knowledge and were put on the Board for that reason. And I'm not sure. I have to say I'm not sure.

I understand that policy consideration. And even though it's advisory only, this Board's advisory only, it's still -- the question is not what type of advice, the question is not whether or not they can make binding decisions. The issue is whether or not you want to affect the type of input that you're getting, the type of -- or the independence of the Board, if you will, I think is what's at stake here.

So, I don't know that it's that much of a difference. You know, then again, in deference to the Commissioners or who may be appointed, you know, what comes to my mind are Commissioners or Deputy Commissioners within Towns, they bring an awful lot of experience and expertise themselves.

D.P.O. HORSLEY:
Yes.

LEG. D'AMARO:
You know, but they are, of course, more apt to reflect the policies of the administration they work for as opposed to perhaps more -- independent type of advice.

D.P.O. HORSLEY:
To follow-up on your argument, though, Legislator, would the fact that the Supervisor is picking that particular Board member, whether he's a citizen or a Deputy Commissioner, wouldn't they follow the wishes of the Town and the Supervisor?

LEG. D'AMARO:
Well, Legislator Horsley, just to --

D.P.O. HORSLEY:
It's one made more than the other.

LEG. D'AMARO:
Of course. Because to play out the scenario that if a -- let's just say that an appointee to the Board of Trustees is not necessarily providing advice or voting the way that someone wants them to vote, they're not subject to being fired. So that's the independence component. I mean it's pretty basic.

D.P.O. HORSLEY:
So it boils down to whether you're on the payroll or not.

LEG. D'AMARO:
Well, it's comes down to the age old policy, you know, debate over Civil Service protection; you

know, what purposes does it serve? And right now you have a Board that can only be staffed with members of the public or a civil -- or employees from a municipality that have Civil Service protection. And I think the policy consideration there is that it adds a level of independence to those boards. Although the Supervisors of the Towns may be making the appointments, okay, we're asking those Supervisors to provide someone who has the experience and knowledge necessary to bring something to that Board, but that's where it ends. See, with an appointed appointee to the Board, you may have more influence coming from that Administration.

Now, whether that's a good thing or a bad thing, I'm not really -- I'm not really sure because -- in fact, I would like to hear the Commissioner's argument on that as well, or position on that, because you know, like I said, these employees may actually bring an awful lot to the table.

D.P.O. HORSLEY:
Yeah. And you could also argue that -- the fact that the Town Supervisor was interested in a particular position that the Town would take as an individual board member of an advisory board, that that is -- because of that person being an elected official, he has a wider perspective of interest for the full Town that he governs over.

LEG. D'AMARO:
Well, I'm not -- that is true, but I'm not sure I agree. Because I think the purpose of this --

D.P.O. HORSLEY:
We can go on forever, Lou.

LEG. D'AMARO:
Well, no. But I think the purpose of this Board is to provide independent advice, independent of the influence of this Legislature, municipality or anyone else. I think it's really based upon a -- you know, a fresh look at policies and issues that come before that Board. And the freshest look you may be getting is those who are the least susceptible to any outside influence.

D.P.O. HORSLEY:
I can see it.

CHAIRPERSON NOWICK:
And I wonder, if you really wanted it to be a little more independent, rather than just the Town Supervisor selecting, maybe the Town Supervisor and the Town Board, between seven of them or eight of them, maybe they could come up with enough board members. You're saying that there's a shortage, right?

MR. NOLAN:
Just somebody had mentioned it to me as a -- one of the rationales for this particular bill, and that particular change was getting -- a Town being able to find somebody to attend these Park Trustee meetings who was not an employee of the Town necessarily. So that was the rationale.

CHAIRPERSON NOWICK:
Okay.

MR. NOLAN:
Somebody -- somebody had said to me the reason they wanted the bill was so many Towns on the East End were having trouble finding just citizens to come to Hauppauge or Oakdale to attend the meetings on their own time.

CHAIRPERSON NOWICK:
Wouldn't have to be just citizens because they could put somebody in that was from the Town but

not an appointee.

MR. NOLAN:
Right; could be a Civil Service employee.

CHAIRPERSON NOWICK:
I have a feeling they're just not looking far enough. Anybody else have anything on this? We don't even have a motion, I don't think. Oh, yes?

COMMISSIONER DAWSON:
I was just going to say that the Parks and Recreation is fully supportive of this. You were asking before, we do have four vacancies currently on the Board right now, three from Townships.

MR. NOLAN:
Out of the ten.

COMMISSIONER DAWSON:
I'm sorry? Out of eleven we four.

D.P.O. HORSLEY:
Are they from the East End Towns?

COMMISSIONER DAWSON:
We have a vacancy in Babylon, Islip and Southold. And I believe the at large.

LEG. D'AMARO:
How long have they been vacant?

COMMISSIONER DAWSON:
I know Islip's been vacant since I left a year ago.

LEG. D'AMARO:
Well, that can be remedied by the 120-day provision, however.

COMMISSIONER DAWSON:
It could. It could. And I just -- also, for the record, I know they're just advisory, but the Board of Trustees actually voted on this at their last meeting and they're fully in support of it.

LEG. D'AMARO:
Well, you mean -- and not -- how many members are on that Board?

COMMISSIONER DAWSON:
Right now I think we're down to seven.

LEG. D'AMARO:
Seven?

COMMISSIONER DAWSON:
Yeah, it's actually difficult sometimes to get a quorum to make a vote.

LEG. D'AMARO:
Well -- but the difficulty of getting a quorum is a different issue than whether -- the type of individual that you put onto the board. I mean, just because it's -- we broaden the scope of who can be appointed doesn't mean that you'll necessarily have any better luck getting a quorum.

COMMISSIONER DAWSON:
I think we're just trying to fill the vacancies.

LEG. D'AMARO:
What's that?

LEG. HAHN:
If they're there for their job, they might be kind of required to be there.

LEG. D'AMARO:
Well, no. If someone doesn't fulfill their obligation on any Board, they're subject to removal. I mean, that's the remedy for not getting quorums and not having proper attendance. You know, to change to make a policy shift because we can't get someone who's on the Board to live up to their obligation doesn't -- to me that's a mismatch.

COMMISSIONER DAWSON:
No. I think, for the most part, we have almost perfect attendance at these meetings. But we need a full vote of seven to meet the quorum. And if one Trustee or two Trustees don't -- don't happen to make it that month, it's difficult.

LEG. D'AMARO:
Right, well, I don't disagree. I don't disagree with that.

CHAIRPERSON NOWICK:
All right, so there still is not a motion on this.

LEG. HAHN:
I'll make a motion to approve.

D.P.O. HORSLEY:
I'll second it.

CHAIRPERSON NOWICK:
We have a motion to approve and a second. Any other motions?

LEG. D'AMARO:
You know, for just -- I'll offer a motion to table.

CHAIRPERSON NOWICK:
I'm going to second that. I'm not totally convinced that the idea of taking -- I just don't -- I just think there are other people in the Town that could be good Trustees and -- rather than having appointed. So anyway -- so there's a motion to table and a second. All in favor? I'm in favor. Opposed?

LEG. HAHN:
I'm opposed.

D.P.O. HORSLEY:
Opposed.

LEG. STERN:
(Indicated opposed)

CHAIRPERSON NOWICK:
All right. So that motion fails. There's a motion to approve.

LEG. STERN:
On the motion.

CHAIRPERSON NOWICK:
On the motion.

LEG. STERN:
I may have shared many of the concerns raised, but ultimately we're talking -- this is an advisory panel. And I think that whether -- how we -- we go down the line of classifications, ultimately I would hope my colleagues would agree, that ultimately we're looking for the best person to represent all of our residents and they all come with different perspectives.

And sometimes the positions that they hold may be of great benefit to us. I don't know if I would want to see any particular person, wherever they come from, excluded from serving in an advisory role simply because of the position that they might hold when they might bring great value to what we're trying to accomplish on that board. I would like to -- to at least have the opportunity to consider the best people for that role. Ultimately, regardless of the recommendation of a particular person to serve, ultimately the decision is ours as the Legislature as we -- as we approve those trustees. So because we ultimately are responsible for making that selection, we have the ability to make that selection, I'm going to support this legislation.

CHAIRPERSON NOWICK:
Okay. We have a motion to approve and a second. All in favor? Opposed? I'm going to abstain.

LEG. D'AMARO:
I'll oppose.

CHAIRPERSON NOWICK:
Motion to approve is passed. **(VOTE: 3-1-1-0)**

1178, Appropriating funds in connection with Waterproofing, Roof and Drainage at Suffolk County Vanderbilt Museum (CP 7439). (Spencer) I'm going to make a motion.

LEG. D'AMARO:
Just on the bill, Commissioner, was there -- do you have a position on this particular bill?

COMMISSIONER DAWSON:
I'm sorry, which one are you asking about?

LEG. D'AMARO:
It's the Vanderbilt so I would --

COMMISSIONER DAWSON:
No, that would be Lance.

LEG. D'AMARO:
Oh, okay. Lance, you had in the past -- you still here? Yeah. I'm sorry. You had in the past indicated you are looking for some alternate funding source, but you've addressed that now.

MR. REINHEIMER:
I wasn't looking for it. The Executive asked for it to be tabled because they were looking -- they were hoping to get Sandy -- Federal funds through Super Storm Sandy.

LEG. D'AMARO:
Oh, that's right.

MR. REINHEIMER:
And -- according to County Executive's office. I'll let them speak on it.

LEG. D'AMARO:
Thank you.

MR. VAUGHN:
Yes, sir, we did look into that. And the project didn't qualify so we are supportive of it going forward.

CHAIRPERSON NOWICK:
Okay. We have a motion. Do we have a second?

LEG. STERN:
Second.

CHAIRPERSON NOWICK:
Second by Legislator Stern. All in favor? Opposed? **1178 is approved. (VOTE: 5-0-0-0)**

PROCEDURAL MOTIONS

And now we have a **Procedural Motion PM07, To renew agreement with PFM Asset Management LLC. (Pres. Off.)** I will make a motion.

LEG. D'AMARO:
Second.

CHAIRPERSON NOWICK:
Second by Legislator D'Amaro. All in favor? Opposed? **PM07 is approved. (VOTE: 5-0-0-0)**

LEG. D'AMARO:
I have an issue, if I could. I have something I wanted to ask the Commissioner.

CHAIRPERSON NOWICK:
Legislator D'Amaro has a question for the Commissioner.

LEG. D'AMARO:
Yeah, very quickly. Commissioner, I just -- in 2008 the Legislature passed a bill entitled a local law to promote corporate sponsorship or sale of naming rights of suitable County facilities, Parks or roads. Are you familiar with that?

COMMISSIONER DAWSON:
Vaguely.

LEG. D'AMARO:
Okay. Well, the bill was designed to -- you know, it's a revenue raising measure for corporate sponsorship of suitable facilities or areas within County parkland or the naming of such suitable facilities or areas. And I was the sponsor of the bill and it was passed and signed into law.

The bill requires the Commissioner of the Department of Parks, Recreation and Conservation to create, maintain and update a listing of all facilities or areas within County active or passive parkland suitable for corporate sponsorship or naming in exchange for monetary consideration. And in addition to that, it directed your office to create and implement a promotional program for sponsorship and naming opportunities. And I just wanted to ask you about whether or not that's been done?

COMMISSIONER DAWSON:
Not to my knowledge, Legislator.

LEG. D'AMARO:
Okay. Well, this bill was passed in 2008. And it also requires, I believe -- I have to find it in here, but I think it also requires that your office report no less than annually, or at least I think update the list no less than annually, with respect to the promotional program and the list.

COMMISSIONER DAWSON:
Well, we'll certainly get that to you. I can only speak -- I can't speak on behalf of the prior Commissioners.

LEG. D'AMARO:
I understand.

COMMISSIONER DAWSON:
I was only in office last year.

LEG. D'AMARO:
Yeah. Okay. Well, when do you think you can have that to us?

COMMISSIONER DAWSON:
Can I get back to you? I'd really like to research exactly what that's going to entail.

LEG. D'AMARO:
U-huh. Excuse me. It actually details even the criteria to be used when there's a request for naming. There's all kinds of criteria. A lot of effort went into this because the County has such a dire financial posture right now, and even back in 2008. And it's disappointing, of course, to hear that here we are five years later and the bill was never implemented or acted upon. Maybe it was. I mean, I don't know. So if you could look into that, I'd appreciate that.

COMMISSIONER DAWSON:
I certainly will.

LEG. D'AMARO:
Or maybe at the next meeting you could give us an update.

COMMISSIONER DAWSON:
I'll do that. I'm at a disadvantage. I don't have the bill in front of me, so.

LEG. D'AMARO:
Yeah. All right. Thank you. Thank you, Madam Chair.

CHAIRPERSON NOWICK:
Any other questions? Legislator Horsley.

D.P.O. HORSLEY:
Yeah, I just wanted to remind the Commissioner on the historic homes bill that, you know, as

quickly as possible, I'd really like to get this thing moving. I know we've had great -- at length conversations and we've -- I've been bugging you for a while. So I just wanted to reemphasize it and put it on the record.

COMMISSIONER DAWSON:
Heard on the record.

CHAIRPERSON NOWICK:
I guess this meeting is adjourned.

THE MEETING CONCLUDED AT 2:16 PM
{ } DENOTES SPELLED PHONETICALLY