§ 3669. Control period. 1. The authority shall impose a control period over the county or the Nassau health care corporation upon its determination at any time that any of the following events has occurred or that there is a substantial likelihood and imminence of such occurrence: (a) the county or the Nassau health care corporation shall have failed to pay the principal of or interest on any of its bonds or notes when due or payable, (b) the county or the Nassau health care corporation shall have incurred a major operating funds deficit of one percent or more in the aggregate results of operations of such funds during its fiscal year assuming all revenues and expenditures are reported in accordance with generally accepted accounting principles, subject to the provisions of this title, (c) the county or the Nassau health care corporation shall have otherwise violated any provision of this title and such violation substantially impairs the marketability of the county's bonds or notes or the Nassau health care corporation's bonds or notes, (d) the chief fiscal officer's certification at any time, at the request of the authority or on the chief fiscal officer's initiative, which certification shall be made from time to time as promptly as circumstances warrant and reported to the authority, that on the basis of facts existing at such time such officer could not make the certification described by paragraph (b) of this subdivision in the definition of interim finance period in section thirty-six hundred fifty-one of this title, or (e) the authority makes the finding required under paragraph (g) of subdivision two of section thirty-six hundred sixty-seven of this title. The authority shall terminate any such control period when it determines that none of the conditions which would permit the authority to impose a control period exist. After termination of a control period the authority shall annually consider paragraphs (a) through (e) of this subdivision and determine whether, in its judgment, any of the events described in such paragraphs have occurred and the authority shall publish each such determination. Any certification made by the chief fiscal officer hereunder shall be based on such officers' written determination which shall take into account a report and opinion of an independent expert in the marketing of municipal securities selected by the authority, and the opinion of such expert and any other information taken into account shall be made public when delivered to the authority. Notwithstanding any part of the

foregoing to the contrary, in no event shall any control period continue beyond the later of (i) January first, two thousand thirty, or (ii) the date when all bonds of the authority are refunded, discharged or otherwise defeased.

2. In carrying out the purposes of this title during any control period:

(a) The authority shall (i) consult with the county or the covered organizations in the preparation of the financial plan, and certify to the county the revenue estimates approved therein, (ii) prescribe the form of the financial plan and the supporting information required in connection therewith, (iii) exercise the rights of approval, disapproval and modification with respect to the financial plan, including but not limited to the revenue estimates contained therein, and (iv) in the event the authority has made the finding required under section thirty-six hundred sixty-seven of this title, formulate and adopt its modifications to the financial plan, such modifications to become effective on their adoption by the authority.

(a-1) If a control period is imposed over the Nassau health care corporation, the authority shall require the Nassau health care corporation to report financial information to the authority in such form and manner and containing such information as the authority shall prescribe, including, but not limited to, expenditure and cash flow projections, disbursements and receipts, and budget data depicting overall trends of actual revenue and expenditures and any other information described in section thirty-six hundred sixty-seven of this title determined to be relevant by the authority.

(b) The authority shall, from time to time and to the extent it deems necessary or desirable in order to accomplish the purposes of this title, (i) review the operations, management, efficiency and productivity of such county operations and of such covered organizations or portions thereof as the authority may determine, and make reports thereon; (ii) audit compliance with the financial plan in such areas as the authority may determine; (iii) recommend to the county and the covered organizations such measures relating to their operations, management, efficiency and productivity as it deems appropriate to reduce costs and improve services so as to advance the purposes of this

title; and (iv) obtain information on the financial condition and needs of the county and the covered organizations. Nothing herein shall diminish the powers of the state comptroller otherwise provided by law and the authority may request the assistance of the state comptroller in the performance of the above functions.

(c) The authority shall (i) receive from the county and the covered organizations and from the state comptroller, and review, such financial statements and projections, budgetary data and information, and management reports and materials as the authority deems necessary or desirable to accomplish the purposes of this title, and (ii) inspect, copy and audit such books and records of the county and the covered organizations as the authority deems necessary or desirable to accomplish the purposes of this title.

(d) All contracts entered into by the county or any covered organization during any control period must be consistent with the provisions of this title and must comply with the requirements of the financial plan as approved by the authority. With respect to all contracts or other obligations to be entered into by the county or any covered organization during any control period requiring the payment of funds or the incurring of costs by the county or any covered organizations:

(i) Within twenty days from the commencement of a control period, the county executive, or the chairperson of the Nassau health care corporation in the case of a control period imposed pursuant to paragraph a-one of subdivision two of this section, shall present to the authority proposed guidelines respecting the categories and types of contracts and other obligations required to be reviewed by the authority pursuant to this subdivision. Any such guidelines may provide a different standard for review with respect to contracts of any covered organization as the authority shall determine. Within thirty days from the commencement of a control period, the authority shall approve or modify and approve such proposed guidelines or promulgate its own in the event that such proposed guidelines are not submitted to it within the twenty days as provided for herein. Such guidelines may thereafter be modified by the authority from time to time on not less than thirty days' notice to the county executive or chairperson of the Nassau health care corporation and the county executive or chairperson of the Nassau

health care corporation may from time to time propose modifications to the authority. Unless expressly disapproved or modified by the authority within thirty days (or such additional time, not exceeding thirty days, as the authority shall have notified the county or covered organization that it requires to complete its review and analysis) from the date of submission by the county executive or chairperson of the Nassau health care corporation, any such proposed guidelines or modifications shall be deemed approved by the authority;

(ii) Prior to entering into any contract or other obligation subject to review of the authority under its guidelines, the county or any covered organization shall submit a copy of such contract or other obligation to the authority accompanied by an analysis of the projected costs of such contract or other obligation and certification that performance thereof will be in accordance with the financial plan, all in such form and with such additional information as the authority may prescribe. The authority shall promptly review the terms of such contract or other obligation and the supporting information in order to determine compliance with the financial plan;

(iii) The authority shall, by order, disapprove any contract or other obligation reviewed by it only after adoption of a resolution determining that, in its judgment, the performance of such contract or other obligation would be inconsistent with the financial plan, and upon such order the county or covered organization shall not enter into such contract or other obligation; and

(iv) If the authority approves the terms of a reviewed contract or other obligation, the county or covered organization may enter into such contract or other obligation upon the terms submitted to the authority. Failure of the authority to notify the county or covered organization within thirty days (or such additional time, not exceeding thirty days, as the authority shall have notified the county or covered organization that it requires to complete its review and analysis) after submission to it of a contract or other obligation that such contract or other obligation has been disapproved shall be deemed to constitute authority approval thereof.

(e) The authority shall review the terms of each proposed long-term and short-term borrowing by the county and any covered organization to be effected during any control period, and no such borrowing shall be

made during any control period unless it is approved by the authority. Neither the county nor any covered organization shall be prohibited from issuing bonds or notes to pay outstanding bonds or notes.

(f) The authority shall issue, to the appropriate official of the county and each covered organization, such orders as it deems necessary to accomplish the purposes of this title, including, but not limited to, timely and satisfactory implementation of an approved financial plan. Any order so issued shall be binding upon the official to whom it was issued and failure to comply with such order shall subject the official to the penalties described in subdivision four of this section.

(g) The authority is authorized to and shall withhold any transitional state aid and not pay such moneys to the county during any control period.

3. Authorization for wage freeze. (a) During a control period, upon a finding by the authority that a wage freeze is essential to the adoption or maintenance of a county budget or a financial plan that is in compliance with this title, the authority, after enactment of a resolution so finding, may declare a fiscal crisis. Upon making such a declaration, the authority shall be empowered to order that all increases in salary or wages of employees of the county and employees of covered organizations which will take effect after the date of the order pursuant to collective bargaining agreements, other analogous contracts or interest arbitration awards, now in existence or hereafter entered into, requiring such salary increases as of any date thereafter are suspended. Such order may also provide that all increased payments for holiday and vacation differentials, and shift differentials for employees of the county and employees of covered organizations which will take effect after the date of the order pursuant to collective bargaining agreements, other analogous contracts or interest arbitration awards requiring such increased payments as of any date thereafter are, in the same manner, suspended. Such order may also provide that all increased payments for salary adjustments according to plan and step-ups or increments be suspended; provided, however, when (i) the county executive provides a four year financial plan approved by the county legislature pursuant to paragraph (a) of subdivision two of section thirty-six hundred sixty-seven of this title and the authority

determines, pursuant to paragraph (b) of such subdivision, that such financial plan is complete and complies with the standards set forth in such subdivision, and (ii) the authority makes a certification to the county setting forth revenue estimates agreed to by the authority in accordance with such determination, the salary adjustments according to plan and step-ups or increments, not including cost of living increases, shall not be suspended for each year in which the four year financial plan has been certified. This inability to suspend the salary adjustments according to plan and step-ups or increments shall be applicable to county employees and employees of covered organizations, whether or not they are covered by a collectively negotiated agreement, if an individual employee or members of an employee's bargaining unit previously participated in a wage freeze implemented by the authority under this section and such wage freeze was subsequently lifted by the authority by the issuance of a resolution, pursuant to paragraph (b) or (c) of this subdivision, certifying that the suspension of their wage increases or an agreement by the collective bargaining representative or by such unrepresented employee was an acceptable and appropriate contribution toward alleviating the fiscal crisis of the county. Irrespective of the duration of any approved or accepted four-year financial plan, for employees who are members of a bargaining unit, this inability to suspend the salary adjustment according to plan and step-ups or increments shall take effect October first, two thousand sixteen and shall be in effect for employees for the duration of the next collective bargaining agreement succeeding either (i) the collective bargaining agreement in effect on November sixth, two thousand eighteen or (ii) the most recently expired collective bargaining agreement prior to November sixth, two thousand eighteen; whichever is later. If the succeeding collective bargaining agreement's duration is modified, extended, or renewed, this modification, extension or renewal does not modify, extend or renew the term of the inability to suspend salary adjustments according to plan and step-ups or increments. For employees who are not members of a bargaining unit, this inability to suspend the salary adjustment according to plan and step-ups or increments shall be effective October first, two thousand sixteen through December first, two thousand twenty-one. For the purposes of computing the pension base of retirement allowances, any suspended

salary or wage increases and any suspended other payments shall not be considered as part of compensation or final compensation or of annual salary earned or earnable. The suspensions authorized hereunder shall continue until one year after the date of the order and, to the extent of any determination of the authority that a continuation of such suspensions, to a date specified by the authority, is necessary in order to achieve the objectives of the financial plan, such suspensions shall be continued to the date specified by the authority, which date shall in no event be later than the end of the interim finance period, provided that such suspensions shall terminate with respect to employees who have agreed to a deferral of salary or wage increase upon the certification of the agreement by the authority pursuant to paragraph (b) of this subdivision.

(b) This subdivision shall not be applicable to employees of the county or employees of a covered organization covered by a collective bargaining agreement or an employee of the county or a covered organization not covered by a collective bargaining agreement where the collective bargaining representative or such unrepresented employee has agreed to a deferment of salary or wage increase, by an instrument in writing which has been certified by the authority as being an acceptable and appropriate contribution toward alleviating the fiscal crisis of the county. Any such agreement to a deferment of salary or wage increase may provide that for the purposes of computing the pension base of retirement allowances, any deferred salary or wage increase may be considered as part of compensation or final compensation or of annual salary earned or earnable.

(c) The authority may, if it finds that the fiscal crisis has been sufficiently alleviated or for any other appropriate reason, direct that the suspensions of salary or wage increases or suspensions of other increased payments or benefits shall, in whole or in part, be terminated.

4. Prohibition; penalties. (a) During any control period (i) no officer or employee of the county or of any of the covered organizations shall make or authorize an obligation or other liability in excess of the amount available therefor under the financial plan as then in effect; (ii) no officer or employee of the county or of any of the

covered organizations shall involve the county or any of the covered organizations in any contract or other obligation or liability for the payment of money for any purpose required to be approved by the authority unless such contract has been so approved and unless such contract or obligation or liability is in compliance with the financial plan as then in effect.

(b) No officer or employee of the county or any of the covered organizations shall take any action in violation of any valid order of the authority or shall fail or refuse to take any action required by any such order or shall prepare, present or certify any information (including any projections or estimates) or report to the authority or any of its agents that is false or misleading, or, upon learning that any such information is false or misleading, shall fail promptly to advise the authority or its agents thereof.

(c) In addition to any penalty or liability under any other law, any officer or employees of the county or any of the covered organizations who shall violate paragraph (a) or (b) of this subdivision shall be subject to appropriate administrative discipline, including, when circumstances warrant, suspension from duty without pay or removal from office by order of either the governor or the county executive; and any officer or employees of the county or any of the covered organizations who shall knowingly and willfully violate paragraph (a) or (b) of this subdivision shall, upon conviction, be guilty of a misdemeanor.

(d) In the case of a violation of paragraph (a) or (b) of this subdivision by an officer or employee of the county or any of the covered organizations, the county executive or the chief executive officer of such covered organization shall immediately report to the authority all pertinent facts together with a statement of the action taken thereon.